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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities
Chris Parker, Director
Artie Powell, Energy Section Manager
Carolyn Roll, Technical Consultant

Date: July 16, 2015

Re: Docket No. 15-035-57 - Rocky Mountain Power's Utah Solar Photovoltaic Incentive Program Annual Report for Program Year 2014: Pursuant to Commission Order in Docket No. 11-035-104. Division's Reply Comments.

BACKGROUND

On June 1, 2015 Rocky Mountain Power (Company) filed its Solar Photovoltaic Incentive Program (Program) Annual Report for Program Year 2015 (Report). On June 2, 2015 the Public Service Commission of Utah (Commission) issued a notice of filing and comment period inviting interested parties to submit comments on PacifiCorp's report on or before Wednesday, July 1, 2015, and reply comments on or before Thursday, July 16, 2015. Accordingly, the Division submits the following reply comments on the 2015 Report.

ISSUE

On July 1, 2015 Utah Clean Energy (UCE) submitted comments and recommendations regarding Rocky Mountain Power's Solar Photovoltaic Incentive Program to the Commission. The action request in this docket directed the Division to review the 2015 Report for compliance and to make recommendations on the Report. The Division recommended that the Commission

“Acknowledge” the Company’s Report as it met the reporting requirements that were ordered in Docket No. 11-035-104. In UCE’s comments they included recommendations for changes to the Solar Photovoltaic Incentive Program. While the Division will comment on some of these recommendations, and does not oppose several, the Division believes a much more thorough evidentiary record needs to be established before it can be established that the balance of UCE’s recommendations are in the public interest. Therefore, the Division recommends that the Commission decline to implement UCE’s disputed recommended changes at this time.

DISCUSSION

In its Order dated October 1, 2012 in Docket No. 11-035-104 the Commission ordered,

The Company will file an annual report for each Program year by June 1 of the following year. The Company may propose adjustments to Program parameters to account for, among other things, possible needed changes in the incentive structure and the effects of fluctuations in demand. The Application specifies that any Program adjustments will require Commission approval and will be announced by October 31, preceding the start of the Program year during which the adjustment will be implemented.

In the comments filed by UCE they included the following recommendation. “Given the relatively small amount of capacity available in this category, Utah Clean Energy recommends restructuring the residential category to have more impact on customers who might otherwise find it difficult to install solar, namely low-income Utahns.”¹ The Division is not clear how UCE envisions implementing this proposal. If, however, UCE envisions expansion of the residential category, the Division is opposed to the recommendation for several reasons. First, the Division notes that the residential category and available capacity under the incentive program is fully subscribed relatively quickly each year. Yet, it appears that far more residential systems are being installed each year without the incentive indicating that a robust market would exist without the Company’s incentive program. The Division’s understanding of the program was to provide a boost to an immature (but beneficial) market. The Division believes it may be time to discontinue the residential portion of the incentive program. Second, the Division is not convinced that an expansion or alteration in the program represents the best or most efficient use of ratepayer funds. And UCE has provided no evidence to support this is the best use of those

¹ Utah Clean Energy comments to the Commission in Docket No. 15-035-57 filed July 1, 2015, p. 1.

funds. Given the apparent robustness of the residential solar market, it may be better or more efficient to discontinue collection of those funds or apply the funds in a different area.

UCE also recommends increasing the cap for small non-residential from 25kW to 100 kW. UCE did not discuss if that would also include a change to the size of large non-residential category, with those projects ranging from 100-1,000 kW systems. The Division would not support overlap in size of project between categories since the incentive payment schedules are different for the small non-residential and large non-residential.

The final recommendation from UCE is to offer a Solar Incentive Program lottery in 2018 to award unallocated capacity from 2017. As this is a pilot program the Division would not support extending this program past the ordered end date of December 31, 2017 without a demonstration that a solar incentive program is warranted and in the public interest

For the small non-residential category, UCE proposes extending the time allowed for completion of projects from 12 months to 18 months. The Division is not opposed to this adjustment.

The Division supports in concept UCE's recommendation to require progress reports from the small and large non-residential participants and payment of a second deposit.

CONCLUSION

The Division recommends that the Commission acknowledge the Company's solar incentive report. As to the specific topics that UCE raised in their comments filed on July 1, 2015 the Division recommends that no action be taken by the Commission at this time where there is disagreement.

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