

# McDowell Rackner & Gibson PC



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July 15, 2011

## VIA ELECTRONIC FILING AND U.S. MAIL

PUC Filing Center  
Public Utility Commission of Oregon  
PO Box 2148  
Salem, OR 97308-2148

**Re: Docket No. UM 1452**

Enclosed for filing in the above-referenced docket are an original and five copies of Idaho Power's Closing Comments Regarding the VIR Update.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Very truly yours,

Handwritten signature of Wendy McIndoo in cursive script.

Wendy McIndoo  
Legal Assistant

cc: Service List

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BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

**UM 1452**

In the Matter of  
PUBLIC UTILITY COMMISSION OF  
OREGON,  
Investigation into Pilot Programs to  
demonstrate the use and effectiveness of  
Volumetric Incentive Rates for Solar  
Photovoltaic Energy Systems

**Idaho Power Company's Closing  
Comments Regarding the VIR Update**

**I. INTRODUCTION**

Idaho Power Company ("Idaho Power" or "the Company") submits the following comments in the above-referenced proceeding pursuant to the Errata Prehearing Conference Memorandum issued by Chief Administrative Law Judge ("ALJ") Michael Grant on July 5, 2011. These comments respond to the opening comments provided by Staff of the Public Utility Commission of Oregon, Renewable Northwest Project ("RNP"), Portland General Electric Company ("PGE"), PacifiCorp, and Oregonians for Renewable Energy ("OREP").

These comments address only the appropriate Volumetric Incentive Rate ("VIR") for the October 2011 enrollment period for the Solar Photovoltaic ("PV") Pilot Program. Idaho Power continues to support a reduction in the VIR of at least 10 percent. However, the Company would also support a greater reduction, such as the 20 percent reduction proposed by PGE and PacifiCorp.

**II. DISCUSSION**

All parties support at least a 10 percent reduction in the Rate Class 4 VIR level from that level set by the Public Utility Commission of Oregon ("Commission") for the April 2011

1 enrollment period.<sup>1</sup> As all of Idaho Power's service territory is in Rate Class 4, all parties  
2 support at least a 10 percent reduction in the VIR for Idaho Power. Idaho Power believes  
3 that a reduction in the VIR of at least 10 percent, which would result in a rate for Idaho  
4 Power of 35.6 cents per kilowatt-hour ("kWh"),<sup>2</sup> better aligns the costs of the program with its  
5 benefits. And the Company does not believe that such a reduction will adversely impact the  
6 enthusiasm for the program or otherwise hinder the development of a robust solar industry  
7 in the state.

8 Although the Company proposed a 10 percent reduction in the VIR, Idaho Power  
9 does not oppose a greater reduction, such as that proposed by PGE and PacifiCorp. In  
10 their opening comments, PGE and PacifiCorp proposed a 20 percent reduction in the VIR  
11 based on the same rationale used by the Commission to reduce the VIR by 20 percent prior  
12 to the April 2011 enrollment period. In Order No. 11-090 the Commission reduced the VIR  
13 20 percent for three reasons.<sup>3</sup> *First*, the demand for the program was overwhelming. As  
14 recognized by all parties, the allotted capacity continues to be fully subscribed very quickly.  
15 For PacifiCorp, the allotted capacity for the April 2011 enrollment window was fully  
16 subscribed in just *four minutes* for small systems.<sup>4</sup>

17 *Second*, following the October 2010 enrollment window the spread between the bid  
18 price for larger systems and the VIR for small projects was about 40 percent—an amount  
19 the Commission found excessive. According to PGE and PacifiCorp, this spread for the  
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21 <sup>1</sup> With the exception of OREP, all parties support at least a 10 percent reduction in the VIR for  
22 all classes. OREP's comments propose a 10 percent reduction in the VIR for Rate Classes 3 and 4  
and no reduction in the VIR level for Rate Classes 1 and 2.

23 <sup>2</sup> See Staff Opening Comments at 3.

24 <sup>3</sup> *Re Investigation into Pilot Programs to Demonstrate the Use and Effectiveness of*  
25 *Volumetric Incentive Rates for Solar Photovoltaic Energy Systems*, Docket UM 1452, Order No. 11-  
090 at 2 (Mar. 17, 2010).

26 <sup>4</sup> Opening Comments of PGE & PacifiCorp on VIR for October 2011 Enrollment Window at 4.

1 April enrollment window was between 30 and 40 percent—still an excessive amount by the  
2 Commission's standards.<sup>5</sup>

3 *Third*, the Commission cited the significant increase in the development of solar PV  
4 systems in the utility's net metering programs. The Commission found that these systems  
5 provide the same return on investment as a VIR of approximately 32 cents/kWh.<sup>6</sup> Because  
6 Idaho Power customers are not eligible for incentive payments from the Energy Trust of  
7 Oregon, their resulting return on investment would be even lower. If the current Rate Class  
8 4 VIR was reduced by 20 percent, it would be set at 31.7 cents/kWh—nearly the same rate  
9 as that provided through net metering for PGE and PacifiCorp but still exceeding that  
10 provided through Idaho Power's net metering. With that said, a mere 10 percent reduction  
11 in the VIR would result in a rate that still exceeds that available to customers utilizing net  
12 metering for all three utilities. And PGE and PacifiCorp also noted that interest in their net  
13 metering programs continues at a pace that may well exceed the pace in 2010.<sup>7</sup>

14 Based on these arguments, PGE and PacifiCorp recommend a 20 percent reduction  
15 in the VIR. Based upon the same analyses and conclusions presented by the other two  
16 utilities, Idaho Power believes that a 20 percent reduction in its VIR is also reasonable. For  
17 Idaho Power a 20 percent reduction would also mitigate the ratepayer impact of the  
18 program—a concern expressed by the Commission when it last reduced the VIR by 20  
19 percent.<sup>8</sup>

### 20 III. CONCLUSION

21 For the foregoing reasons, Idaho Power supports a reduction to the VIR of at least  
22 10 percent. However, based on the Commission's reasoning set forth in Order No. 11-090,

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23 <sup>5</sup> Opening Comments of PGE & PacifiCorp on VIR for October 2011 Enrollment Window at 4.

24 <sup>6</sup> Order No. 11-090 at 2.

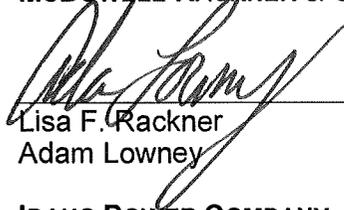
25 <sup>7</sup> Opening Comments of PGE & PacifiCorp on VIR for October 2011 Enrollment Window at 5.

26 <sup>8</sup> Order No. 11-090 at 2.

1 the Company is also supportive of a reduction of 20 percent as proposed by PGE and  
2 PacifiCorp.

3 DATED: July 15, 2011.

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**CERTIFICATE OF SERVICE**

I hereby certify that I served a true and correct copy of the foregoing document in Docket UM 1452 on the following named person(s) on the date indicated below by email and/or first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

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19 DATED: July 15, 2011

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