

McDowell Rackner & Gibson PC



WENDY MCINDOO
Direct (503) 595-3922
wendy@mcd-law.com

July 7, 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 the following documents:

Idaho Power's Opening Comments Regarding the VIR Implementation and Policy;

Idaho Power's Opening 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,

A handwritten signature in cursive script that reads "Wendy McIndoo".

Wendy McIndoo
Legal Assistant

cc: Service List

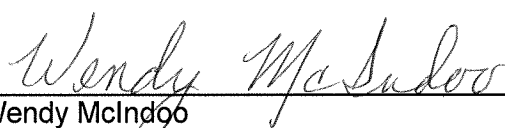
1 **CERTIFICATE OF SERVICE**

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

6	J. Richard George Portland General Electric richard.george@pgn.com	Rates and Regulatory Affairs Doug Kuns Portland General Electric pge.opuc.filings@pgn.com
7		
8	Moshrek Sobhy Public Utility Commission of Oregon moshrek.sobhy@state.or.us	Stephanie Andrus Department of Justice stephanie.andrus@state.or.us
9		
10	Irion A Sanger Davison Van Cleve las@dvclaw.com	Janet L. Prewitt Department of Justice
11		
12	Oregon Afl-Cio Afl-Cio@Oraflcio.Org; Duke@Oraflcio.Org	Melinda J Davison Davison Van Cleve mail@dvclaw.Com
13		
14	Bob Jenks Citizen's Utility Board of Oregon bob@oregoncub.org	John Bishop Jbishop@Mbjlaw.Com
15		
16	Gordon Feighner Citizen's Utility Board Of Oregon gordon@oregoncub.Org	Catriona McCracken Citizen's Utility Board of Oregon catriona@oregoncub.org
17		
18	Ryan Flynn Pacifcorp Ryan.Flynn@Pacifcorp.Com	John W Stephens Esler Stephens & Buckley Stephens@Eslerstephens.Com
19		
20	Megan Walseth Decker Renewable Northwest Project megan@Rnp.Org	Pacifcorp Pacific Power Oregon Dockets Oregondockets@Pacifcorp.Com
21		
22	Andrew Koyaanisqatsi Solar Energy Solutions Andrew@Solarenergyoregon.Com;	Mark Pengilly Oregonians for Renewable Energy Policy mpengilly@gmail.com
23		
24	Judy Barnes Oregonians for Renewable Energy Policy jbarnes@hevanet.com	Teddy Keizer Oregonians for Renewable Energy Policy teddy@goteddygo.com
25		
26		

1	Jennifer Gleason Environmental Law Alliance Worldwide jen@elaw.org	Raymond P Neff rpeff@efn.org
2		
3	Kacia Brockman Energy Trust of Oregon kacia.brockman@energytrust.org	John M. Volkman Energy Trust of Oregon john.volkman@energytrust.org
4		
5	Cable Huston Benedict Haagensen & Lloyd, LLP Raymond S. Kindley Rkindley@Cablehuston.Com	Southeast Uplift Neighborhood Coalition Tim O'Neil Tim@Southeastuplift.Org
6		
7	Ecumenical Ministries Of Oregon Kathleen Newman Knewman@Emoregon.Org	Ecumenical Ministries Of Oregon Jenny Holmes Jholmes@Emoregon.Org
8		
9	Multnomah County Warren Fish Warren.Fish@Co.Multnomah.Or.Us	Multnomah County Commissioner Commissioner Jeff Cogen District2@Co.Multnomah.Or.Us
10		
11	Oregon District Council Of Laboers Ben Nelson Nrocnelson@Qwest.Net	Oregon District Council Of Laborers' Melody Guy melodyg@qwestoffice.net
12		
13	Sunedison Joe Henri Jhenri@Sunedison.Com	Umpqua Bank Daniel Weldon Danweldon@Umpquabank.Com
14		
15	Sustainable Solutions Unlimited Llc Steven Mcgrath Steve@Solutions21st.Com Oregon Department of Energy Vijay A. Satyal Vijay.a.satyal@state.or.us	Oregon Department of Energy Robert Del Mar Robert.delmar@state.or.us
16		
17		

18 DATED: July 7, 2011

19 
 20 _____
 Wendy McIndoo
 Legal Assistant

21
22
23
24
25
26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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 Opening
Comments Regarding the VIR
Implementation and Policy**

I. INTRODUCTION

Idaho Power Company ("Idaho Power" or "the Company") submits the following comments in the above-referenced proceeding pursuant to the Prehearing Conference Memorandum issued by Chief Administrative Law Judge ("ALJ") Michael Grant on June 22, 2011. This phase of the proceeding has been initiated by the Commission to implement the Commission-ordered changes to the Solar Photovoltaic ("PV") Pilot Program established by House Bill 3039. The Company is concurrently filing comments addressing the appropriate Volumetric Incentive Rate ("VIR"), pursuant to the same June 22nd Prehearing Conference Memorandum.

II. BACKGROUND

In Order No. 11-089 in Docket UM 1505 the Commission announced several modifications to the Solar PV Pilot Program.¹ Staff moved the Commission to reopen this docket to implement these and other possible changes to the program and to establish the appropriate VIR for the October 2011 enrollment window. Pursuant to Staff's request, ALJ Grant adopted a bifurcated schedule whereby parties concurrently file separate comments

¹ *Re Solar Photovoltaic Program Draft*, Docket UM 1505, Order No. 11-089 (Mar. 17, 2011).

1 related to the VIR level and the implementation and policy issues. These comments,
2 therefore, address only the implementation and policy issues and not the appropriate VIR
3 level for the October 2011 enrollment window.

4 In addition to reopening this docket, Staff also intends to open a rulemaking
5 proceeding to allow for any necessary changes to the Commission's rules required by the
6 modifications to the Solar PV Pilot Program announced in Order No. 11-089. The
7 Company, along with PacifiCorp and Portland General Electric Company ("PGE"), provided
8 Staff with proposed revisions to the Division 84 rules and the Company intends to file
9 comments in that rulemaking proceeding as well.

10 III. DISCUSSION

11 Most of the policy and implementation changes announced by the Commission in
12 Order No. 11-089 do not apply to Idaho Power. For example, the Commission ordered
13 PacifiCorp and PGE to implement a lottery system for small- and medium-scale systems
14 eligible for the VIR. Idaho Power, however, was ordered to continue to use the first-come,
15 first-served system.² And the Commission adopted Staff's recommendation to bifurcate the
16 medium-scale systems between competitive bidding and the VIR.³ Idaho Power has no
17 medium-scale systems and this change is therefore inapplicable. Because of the limited
18 applicability of the Commission's ordered changes to Idaho Power's Solar PV Pilot Program,
19 these comments will address only the issue of how to apply the Commission's 90 percent
20 rule to new construction.

21 When the Commission originally designed the Solar PV Pilot Program it adopted a
22 rule that limited the capacity of qualifying systems in the program to 90 percent of the
23 customer's usage at the premises where the system would be installed.⁴ The purpose of

24 ² Order No. 11-089 at 11 and 14.

25 ³ Order No. 11-089 at 8.

26 ⁴ OAR 860-084-0100(1)(e).

1 this rule was to mitigate the economic incentive of participants in the program to use excess
2 energy to increase their VIR subsidy.⁵ If the capacity of the system were limited to an
3 amount that should, in most circumstances, be less than the participant's annual usage, the
4 Commission reasoned that the perverse incentive problem would be effectively managed.

5 The Commission's current rules do not specifically address how this 90 percent rule
6 is to be applied to new construction. In the accompanying rulemaking proceeding, the
7 Company (along with PacifiCorp and PGE) has proposed a modification to OAR 860-084-
8 0100 to specifically address new construction. The proposed language would add a new
9 subsection (f) to the rule, which would state:

10 (f) For new construction, the qualifying systems shall be sized
11 to provide an estimated energy generation equal to 90 percent
12 of the estimated annual load as determined by a utility
provided load estimation document.

13 This proposed rule allows the utility to use tools and methods already in place to estimate
14 the load for new construction and the corresponding capacity of the qualifying system.
15 These tools and methods are used by the Company whenever estimates of new customer
16 loads are required. This ensures that the methods used for the Solar PV Pilot Program are
17 consistent with the methods otherwise used by Idaho Power. Moreover, because this
18 proposal utilizes existing Company practices, its implementation is unlikely to result in
19 additional material administrative costs associated with the Solar PV Pilot Program.

20 ////

21 ////

22 ////

23 ////

24 _____
25 ⁵ *Re Investigation Into Pilot Programs to Demonstrate the Need and Effectiveness of*
26 *Volumetric Incentive Rates for Solar Photovoltaic Energy Systems*, Docket UM 1452, Order No. 10-
198 at 9 (May 28, 2010).

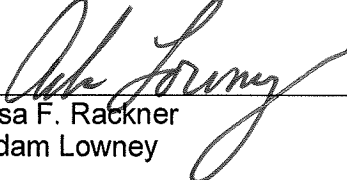
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

IV. CONCLUSION

For the foregoing reasons, Idaho Power supports the use of a load estimation document and existing utility methods for estimating load to determine the size of qualifying systems.

DATED: July 7, 2011.

McDOWELL RACKNER & GIBSON PC



Lisa F. Rackner
Adam Lowney

IDAHO POWER COMPANY

Lisa Nordstrom
Lead Counsel
PO Box 70
Boise, ID 83707

Attorneys for Idaho Power Company

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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 Opening
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 Prehearing Conference Memorandum issued by Chief Administrative Law Judge ("ALJ") Michael Grant on June 22, 2011. This phase of the proceeding has been initiated by the Commission to determine the appropriate Volumetric Incentive Rate ("VIR") for the October 2011 enrollment period for the Solar Photovoltaic ("PV") Pilot Program established by House Bill 3039.

II. BACKGROUND

After each Solar PV Pilot Program enrollment period, the Commission has the opportunity to adjust the VIR in response to participation levels in the enrollment period.¹ Pursuant to the rate adjustment mechanism adopted by the Commission in Order No. 10-198, if the available capacity is fully subscribed within the first three months of the

¹ *Re Investigation Into Pilot Programs to Demonstrate the Use and Effectiveness of Volumetric Incentive Rates for Solar Photovoltaic Energy Systems*, Order No. 10-198 at 16 (May 28, 2010).

1 enrollment period, there is a rebuttable presumption that the VIR should be decreased by 10
2 percent for the next enrollment period.²

3 In July 2010 Idaho Power held its first enrollment period. The capacity allocated to
4 that period was fully subscribed within two hours. Prior to Idaho Power's next (and final)
5 enrollment window, which was scheduled for April 2011, the Company proposed a 10
6 percent reduction in its VIR pursuant to the Order No. 10-198 adjustment mechanism.³ In
7 response to that filing, Staff proposed either a 30 percent reduction in the VIR or a
8 postponement of the April 2011 enrollment period to October 2011. The Commission chose
9 to postpone Idaho Power's enrollment period to October 2011.⁴ The October 2011
10 enrollment period will now be Idaho Power's last. Because Idaho Power has yet to hold its
11 second enrollment period, its VIR remains at the original level used for the July 2010
12 enrollment period.

13 Both PacifiCorp and Portland General Electric Company ("PGE") have held two
14 enrollment periods since July 2010—one in October 2010 and one in April 2011. Prior to
15 the October 2010 enrollment period the Commission reduced the VIRs for PacifiCorp and
16 PGE by 10 percent and prior to the April 2011 enrollment period the Commission reduced
17 the respective VIRs by 20 percent.⁵ Idaho Power understands that for both these enrollment
18 windows the available capacity sold out very quickly.

19 III. DISCUSSION

20 Idaho Power supports a reduction in the VIR according to the automatic rate
21 reduction mechanism adopted in Order No. 10-198. Based on the continued enthusiasm for
22 the Solar PV Pilot Program, Idaho Power believes that the VIR is still at above the level

23 ² Order No. 10-198 at 16.

24 ³ See Advice No. 11-03.

25 ⁴ Order No. 11-089

26 ⁵ Order No. 11-090.

1 necessary to attract the participation goals set forth in HB 3039. In Order No. 11-090 the
2 Commission specifically noted that, “the overwhelming demand for capacity . . . provides
3 compelling evidence that the VIR has been set too high . . .”⁶ Because there is no evidence
4 that this demand has decreased, the Company supports a reduction in the VIR.

5 For Idaho Power the unduly high rate contributes significantly to the overall rate
6 impact of the program, which has already exceeded 0.25 percent of annual revenue
7 requirement.⁷ In light of this rate impact, the Company supports a reduction in the VIR to a
8 level commensurate with the benefits provided by the program. The Company does not
9 believe that such a reduction will deter involvement in the program by its customers.

10 While Idaho Power supports the rate reduction mechanism in Order No. 10-198,
11 which creates a rebuttable presumption of a 10 percent reduction in the VIR if capacity is
12 fully subscribed within three months, Idaho Power believes that its current VIR should be
13 reduced by more than 10 percent to account for the rate reductions to both PGE and
14 PacifiCorp’s VIRs that have already occurred. For both of these utilities, the VIRs were
15 reduced by 10 percent for October 2010 and another 20 percent for April 2011—totaling a
16 28 percent reduction from their respective original VIRs. An additional 10 percent reduction
17 results in a total reduction of 35.2 percent from the original VIR rate. Thus, Idaho Power
18 supports a VIR reduction of 35.2 percent from its original VIR used in July 2010. Said
19 another way, the Company supports a VIR equal to a 10 percent reduction already reflected
20 in PacifiCorp’s current VIR for Rate Class 4—the rate class covering Idaho Power’s service
21 territory.⁸ Aligning Idaho Power’s VIR with PacifiCorp’s ensures that similarly situated
22 customers receive the same VIR regardless of their utility.

23 _____
⁶ Order No. 11-090 at 2.

24 ⁷ See ORS 757.365(7).

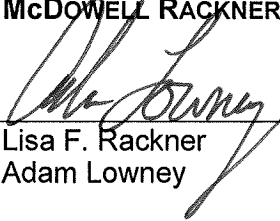
25 ⁸ Rate Class 4 consists of Baker, Crook, Deschutes, Jefferson, Lake, Malheur, and Harney
26 Counties. Idaho Power’s service territory is entirely within these counties.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

IV. CONCLUSION

For the foregoing reasons, Idaho Power supports a reduction to the VIR pursuant to the Commission’s automatic rate reduction mechanism—with an additional adjustment to Idaho Power’s VIR to account for the fact that its rate was not adjusted for the October 2010 and April 2011 enrollment periods.

DATED: July 7, 2011.

McDOWELL RACKNER & GIBSON PC


Lisa F. Rackner
Adam Lowney
IDAHO POWER COMPANY
Lisa Nordstrom
Lead Counsel
PO Box 70
Boise, ID 83707
Attorneys for Idaho Power Company