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July 25, 2013

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
550 Capitol Street NE, #215
PO Box 2148
Salem OR 97308-2148

**Re: UM 1452 – INVESTIGATION INTO PILOT PROGRAMS TO DEMONSTRATE
THE USE & EFFECTIVENESS OF VOLUMETRIC INCENTIVE RATES FOR
SOLAR PHOTOVOLTAIC ENERGY SYSTEMS**

Attention Filing Center:

Enclosed for filing in UM 1452 are an original and three copies of:

- **Joint Opening Comments of Portland General Electric Company and Pacific Power on the VIR for the Upcoming October 2013 Enrollment Window for Small and Medium Systems**

This document is being filed by electronic mail with the Filing Center, and simultaneously served electronically upon the UM 1452 and UM 1505 service lists.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Richard George", with a long horizontal flourish extending to the right.

J. Richard George
Assistant General Counsel

JRG:qal
Enclosures
cc: Service List-UM 1452/UM 1505

**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.

**Opening Comments of Portland General
Electric Company and Pacific Power on
the VIR for the Upcoming October 2013
Enrollment Window for Small and
Medium Systems**

Introduction

Portland General Electric Company (“PGE”) and PacifiCorp d/b/a/ Pacific Power (“Pacific Power”) (collectively, the “Joint Utilities”) appreciate the opportunity to provide comments regarding the Volumetric Incentive Rate (“VIR”) and the Automatic Rate Adjustment Mechanism (“ARAM”) for the upcoming October 2013 enrollment window in the Solar Photovoltaic Pilot Program (the “Pilot Program”). In this upcoming October 2013 enrollment window only small systems will enroll in the lottery, with prices established approximately two months in advance of the enrollment window. Medium system capacity will be distributed through a request for proposals process. This upcoming enrollment window will be the final one out of eight enrollments originally slated to disburse the 25 MWs of capacity.

In Order No. 11-339 (“Order”), the Public Utility Commission of Oregon (“Commission”) modified the ARAM to better meet the goal of setting a VIR that provides sufficient incentives to fill available capacity while mitigating the impact on utility customer rates. The ARAM is a mechanism that determines if the price will increase, decrease or remain

constant in the subsequent capacity enrollment window based on the adjusted capacity reservation requests in the previous enrollment window.

In these comments, the Joint Utilities recommend VIRs for the October 2013 window for small-scale systems only. For small-scale systems, the Joint Utilities propose the price remain unchanged for Zone 1 and a 10 percent decrease for Zones 2, 3, and 4. In the upcoming enrollment window (October 2013), the VIRs for medium systems will be determined by the lowest bids. We also provide some context for the level of capacity and prices for the small, medium and large systems from the last enrollment window. Finally, since there is only one round of comments prior to the Public Meeting, the Joint Utilities will generally respond to Parties positions in the workshop.

Large Systems Request-for-Proposal VIR and Capacity Results

For informational purposes only, PGE received five RFP bids totaling 1,754 kW DC in capacity, which is about double the available capacity for the window. The range of bid prices was \$0.1787 to \$0.3899 per kW. The lowest winning bid price was \$0.1787 and the average winning bid price was \$0.1881.

Pacific Power received nine RFP bids totaling 3.2 MW DC in capacity, which is more than five times the available capacity of 582 kW DC. The lowest bid price was \$0.1095 cents per kilowatt hour (kWh). The winning bid did not fill the available capacity; the remaining capacity of 82 kW is less than the 100 kW minimum threshold for large projects, and as such was not awarded and will be rolled forward into a subsequent enrollment window. Prices for large systems have declined considerably since the first enrollment window.

The last enrollment window for large systems was April 1, 2013. All large systems in PGE’s Zone 1 have, to date, been installed as planned. We do not expect any systems to fail to install. In the event a large system does fail to install, the capacity will rollover to a subsequent enrollment window. Below are historical bid prices for large systems by enrollment window.

Table 1 (Large Systems, Greater than 100 KW, less than 500 KW) – (In cents per kWh)

Utility	Jul 2010 Actual	Apr 2011 Actual	Apr 2012 Actual	Apr 2013 Actual
PGE (Lowest Bid Price)	39.7	22.5	20.98	17.87
Pacific Power (Lowest Bid Price)	23.97	20.00	15.75	10.95

Medium Systems VIR

Participation for medium systems for the Joint Utilities has been robust since the onset of the Pilot Program. Whether it’s a bid option or lottery process, systems are successfully built, and prices continue to decline, mitigating impact on utility customers. The Joint Utilities are beginning to experience materially different enrollment amounts. To provide some context around the level of activity, PGE’s medium system available capacity was approximately 714 kW DC and, at the end of the three month enrollment window, total capacity reservation requests amounted to approximately 1,000 KW DC. For Pacific Power, initial capacity was 434 KW and total capacity of applications received was 1,789 KW DC.

The upcoming enrollment window for the medium systems is based on bids. The lowest bids will be selected. Below are historical prices for medium systems in PGE’s Zone 1 and Pacific Power’s Zones 2-4.

Table 2 (Medium Systems, Greater than 10 KW, less than 100 KW) - (In cents per kWh)

Rate Zone	Jul 2010 Actual	Oct 2010 Actual	Apr 2011 Actual	Oct 2011 Actual	Apr 2012 Actual	Oct 2012 Actual	Apr 2013 Actual	Oct 2013 Bid Option

1	55	49.5	39.6	31.7	28.5	23.0	23.0	TBD
2	55	49.5	39.6	31.7	25.0	16.89	18.1	TBD
3	55	49.5	39.6	31.7	25.0	16.74	18.1	TBD
4	55	49.5	39.6	31.7	25.0	16.70	18.1	TBD

Small Systems VIR

With the exception of PGE's Zone 1 for small systems, prices for the upcoming October 2013 window should decrease by 10 percent in accordance with the ARAM. Commission precedent also suggests that Zone 1 prices for small systems should remain unchanged.

At the end of the three-month enrollment window, PGE's small system available capacity was 1,547 kW DC and the total number of capacity reservations was 1,964 kW DC. Selected applicants had three days to pay a deposit securing their participation in the program and approximately 90 percent of the applicants paid the deposit. Under the current ARAM, PGE's ratio of adjusted capacity reservation requests to available capacity (in kW) was 114 percent and results in the VIR remaining unchanged from the previous window's price which is 39 cents per kWh. If adjusted capacity is between 75 and 125 percent, the ARAM dictates the rate remain unchanged.

At the end of the 24-hour lottery, PGE received 262 individual capacity requests totaling 1,906 kW DC, exceeding available capacity. Of those requests, 238 applicants were selected and 27 did not pay the deposit. Total capacity currently on the waitlist is 50 kW.

Pacific Power's available capacity for small systems was 1,029 kW DC. Customers submitted applications totaling 2,425 kW DC. All of applicants selected to participate paid the deposit within the specified timelines. Pacific Power's ratio of adjusted capacity reservation requests to available capacity was 235 percent. Pacific Power's results using the ARAM suggest that the VIR should decrease by 10 percent.

In the interest of not confusing customers in the same rate zone (Zone 1) or creating a reoccurring seesaw effect if developers alternate marketing efforts between the utilities' customers depending on rates, the Joint Utilities recommend having one rate for all participating customers who reside in the same zone. This is consistent with previous Commission decisions in this docket, where the ARAM results for PGE were used to determine the price in Zone 1 and the ARAM results for Pacific Power were used to determine the prices in Zone 2, 3, and 4.

The following tables summarize the Joint Utilities' recommendations for the VIRs for the April 2012 enrollment window.

Table 3 (Small Systems, 10 kW and under) - (In cents per kWh)

Rate Zone	Jul 2010 Actual	Oct 2010 Actual	Apr 2011 Actual	Oct 2011 Actual	Apr 2012 Actual	Oct 2012 Actual	April 2013 Actual	Oct 2013 Proposed
1	65	58.5	46.8	37.4	41.1	41.1	39.0	39.0
2	60	54.0	43.2	34.6	34.6	34.6	31.1	28.0
3	60	54.0	43.2	34.6	34.6	34.6	31.1	28.0
4	55	49.5	39.6	31.7	31.7	31.7	28.5	25.6

July Workshop Topics

In the July 19, 2013 workshop, Parties discussed the rates for the upcoming October enrollment window as described above. Additionally the parties discussed how to allocate rollover amounts from the original 25 MW capacity and the impacts of House Bill 2893. Recently, Oregon House Bill 2893 amended Oregon Revised Statute 757.365, adding 2.5 MW AC nameplate capacity to the existing 25 MW AC for individual systems of 5 to 100 kW. The amendments to ORS 757.365 become operative on March 31, 2014. The language states that the cumulative nameplate capacity of the qualifying systems enrolled in all of the pilot programs may not exceed 27.5 megawatts of alternating current. The Commission may adopt and adjust a percentage goal for capacity deployed by residential and small commercial qualifying systems


based on the costs of the energy generated, the feasibility of attaining the goal and other factors. The pilot programs closes to new participants on the earlier of March 31, 2015 or when 27.5 MW has been installed. The Joint Utilities recommended that the pilot program continue to be administered in the same manner as it is done today to minimize administrative costs, promote stability in the industry and minimize confusion for customers. Commission Staff advised Parties that future workshops will occur to establish a method for distributing unused capacity from the original 25 MW and how the additional 2.5 MW will be allocated.

Conclusion

The upcoming enrollment window in October is the final enrollment window to allocate the original 25 MW AC. The Joint Utilities recommend the Commission adopt the rate results determined by the ARAM and Commission precedent, which is no change in the price for Zone 1 and a ten percent decrease for Zones 2-4. We also recommend that rate parity be maintained for utilities in zones where both utilities have customers.

DATED this 25th day of July, 2013.

Respectfully Submitted,



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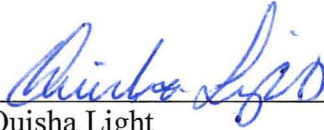


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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **Joint Opening Comments of Portland General Electric Company and Pacific Power on the VIR for the Upcoming October 2013 Enrollment Window for Small and Medium Systems** to be served by electronic mail to those parties whose email addresses appear on the attached service list from OPUC Docket Nos. UM 1452 and UM 1505.

Dated at Portland, Oregon, this 25th day of July, 2013.



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