

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1505 (Phase II)

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Solar Photovoltaic Pilot Program.

Supplemental Comments of Renewable
Northwest Project, Oregon Solar Energy
Industries Association, SolarCity, and
Tanner Creek Energy

Renewable Northwest Project (RNP), Oregon Solar Energy Industries Association (OSEIA), SolarCity, and Tanner Creek Energy appreciate the opportunity to respond to a new issue raised for the first time in Closing Comments. In their Closing Comments, Staff of the Public Utilities Commission (PUC or “Commission”) and PacifiCorp/Portland General Electric Company (the “Joint Utilities”) separately recommended reducing the capacity for the April 1 allocation of the Solar Photovoltaic Pilot Program (“pilot program”) by 75 percent¹ and 50 percent,² respectively, as an alternative to Staff’s prior recommendation of a greater than 10 percent volumetric incentive rate (VIR) reduction for April 1.

While we share a desire to minimize rate impacts—and have consistently advocated for a lower VIR—we believe that abrupt changes to core program elements will damage the pilot program. For the solar industry and its customers, a sudden capacity reduction would have similar or even more severe consequences than a greater than 10 percent adjustment to the VIR. Moreover, no one has attempted to quantify the expected reduction in rate impacts resulting from a significant capacity reduction on April 1 versus the reduced rate

¹ UM 1505 Phase II—STAFF’s Reply Comments and Recommendations. Filed February 28, 2011. Page 6.

² UM 1505 Phase II—Joint Reply Comments of Pacific Power and Portland General Electric. Filed February 28, 2011. Page 3.

impacts that would result from less disruptive changes that could be implemented on October 1. A drastic adjustment to the program on short notice could come at the expense of overall program success and greatly reduce public and industry confidence in the program. Proponents of the capacity reduction have not demonstrated that the marginal reduction of rate impacts associated with an abrupt change on April 1 outweighs the detrimental effects such a change would have on program stability and the industry overall .

Various parties have stressed the importance of stability and the need for sufficient notice regarding significant program adjustments in order to maintain a successful program. The Energy Trust of Oregon and Oregon Department of Energy stated that, “[I]n our experience, program stability is key to attracting the investment by consumers and suppliers necessary to support a strong, maturing solar market.”³ “[W]e feel that changes to the program should be made in a manner that provides adequate time for the utilities to communicate the changes to the solar industry and the public.”⁴ An unpredictable pilot program does not serve the purpose of the pilot program to “promot[e] the use of solar photovoltaic energy systems and reduc[e] system cost.” ORS 757.365(13).

In our Closing Comments, we provided a suggested timeline that would address rate impacts of the VIR on a schedule that is much less disruptive to the program. It would allow parties to evaluate a more appropriate VIR in a deliberative fashion, while still leaving time for industry and customers to react to program changes.

We reiterate that, after making the decision to set the initial VIR where it did, with knowledge of the inevitable rate impacts, the Commission should not seek to lower the rate

³ Phase II--ODOE's and ENERGY TRUST's Joint Opening Comments. Filed February 11, 2011. Page 1.

⁴ *Id.*, Page 2.

impacts of the program to capture unknown savings in a manner that is highly disruptive to the program and its participants. In UM 1452, the solar industry was explicit in its claim that the initial VIR was set too high, the result of which has already been played out in the first two allocations. A severe reduction in the upcoming allocation is an inappropriate, reactionary measure that does little to resolve past mistakes, further harms the program and will have significant negative effects on the Oregon solar industry.

Another reason that the capacity allocation on April 1 should not be drastically reduced is to properly test the mechanisms developed during UM 1505 to alleviate the problems associated with intense demand. For example, utilities suggested a method for “slowing down” the online application process as a solution to the perceived unfairness in the application process. In order for this method to be properly tested, it should be implemented with an allocation period that has an amount of capacity similar to previous allocations. In the absence of a “controlled experiment,” it would be difficult to evaluate the results of the new method. However, if the method were tested on April 1 with an allocation similar in size to previous allocations, the results could better inform the Commission as to the method’s effectiveness in creating an application process that is perceived as more equitable.

Knowing whether these methods work would be beneficial to the Commission and the parties to UM 1505 as they seek to address the perceived unfairness issue in the least disruptive manner possible. Without reliable information on how these methods have worked, the Commission and parties will lose the opportunity to make better decisions about how to address the perceived fairness issue for the October 1 allocation.

We appreciate the ability to file supplemental comments on this issue and hope that the Commission will use this opportunity to recognize that the ultimate benefit to ratepayers, if any, of the recommendation to abruptly and significantly reduce the April 1 capacity allocation has not been provided. Less disruptive measures for limiting ratepayer impacts that can be implemented on October 1, and that have a much broader consensus among stakeholders, have been provided to Commission. We urge the Commission to continue working with stakeholders after April 1 to improve the program in a reasonable manner that will not erode public and private confidence in the program.

DATED this 14th day of March, 2011.

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CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing **SUPPLEMENTAL COMMENTS OF RENEWABLE NORTHWEST PROJECT, OREGON SOLAR ENERGY INDUSTRIES ASSOCIATION, SOLARCITY, AND TANNER CREEK ENERGY** on the following persons on March 14, 2011, by hand-delivering, faxing, e-mailing, or mailing (as indicated below) to each a copy thereof, and if mailed, contained in a sealed envelope, with postage paid, addressed to said attorneys at the last known address of each shown below and deposited in the post office on said day at Portland, Oregon:

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