

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1505

In the Matter of)	
)	
PUBLIC UTILITY COMMISSION)	
OF OREGON)	SUPPLEMENTAL COMMENTS
)	OF OREGONIANS FOR
Solar Photovoltaic Program Draft Report)	RENEWABLE ENERGY POLICY
Comments and Recommendations)	

Oregonians for Renewable Energy Policy (OREP) appreciates Staff’s revisions to the Draft Report and the opportunity to present testimony at today’s public hearing. We address here several factors which we feel will give the Legislature more comprehensive information on the Solar Photovoltaic Pilot Programs.

COMMENTS ON THE DECEMBER 8, 2010 REPORT

Estimated Rate Impact

It appears that the programs’ offset costs are still not adequately accounted for, leading to an inflated estimate of the percentage rate impact. We would like clarification about the figures in the tables on pages 11 and 12 of the report which set out the estimated costs of the three utilities. The PacifiCorp table at the bottom of page 11 shows the same dollar amount for Offsets to Costs from 2013 to 2024 and a constant figure for Total Program Costs for the years 2014 to 2024. We would assume that, with rising electricity rates, the avoided energy value would increase over that time period, reducing the Total Program Costs.

The Idaho Power table on page 12 shows a constant dollar figures for Offsets to Costs and Total Program Costs for the years 2012 to 2024. These two tables suggest that expected increases in avoided energy value have not been taken into account in the calculations.

The PGE table at the top of page 11, by contrast, shows increasing Offsets to Costs at an annual rate of 2.8% and corresponding decreases in Total Program Costs for these same years. This annual rate increase seems low relative to historical rate increases and, while PGE does appear to have included expected increases in avoided energy value in the calculation, we would like to see the basis for this cost assumption.

We also do not see, in the three tables of estimated costs, any valuation for the renewable energy credits (RECs) which the utilities receive from the pilot programs. The ownership of the RECs was a subject of much discussion during consideration of HB 3039 and

legislators might be interested to see some mention of RECs in the report. The value of the RECS, it would seem, should be included in the programs' Offsets to Costs, and should reduce the estimated impact on rates.

As we mentioned in our oral testimony, earlier versions of HB 3039 provided for a 0.25% rate impact on ratepayers and a matching amount from Business Energy Tax Credits to the utilities. When the BETC funding portion of the bill was removed, the technical fix, increasing the estimated rate impact from 0.25% to .5%, was not made. It is important to note that the costs of the pilot programs have not doubled since the passage of HB 3039, as might be inferred. The programs' estimated costs are in line with projections made originally, all of them now coming from reimbursement in rates, rather than 50% through tax credits.

More Information on Program Utilization

Many stakeholders requested more information in the report so that they can understand how the pilot program capacity is being utilized. As we mentioned in oral testimony, we would like to see the small and medium-sized systems separated from one another in Tables 2 and 3 on page 8. It would be helpful to know the numbers of systems in the two different incentive rate categories and the distribution of system sizes within those categories.

It would also be useful to have the geographic distribution by zip code or county, and to have a link to a website with this information, as rule 860-084-0430 provides. As others have requested, allocation totals to residential, community, commercial or industrial systems would be helpful as well.

Transparency in the pilot programs is vital to the process. It would be useful for stakeholders and the public to see winning bid prices for large systems, rather than the average.

Lastly, stakeholders would like to know how many contractors have been engaged and have installed systems and the breakdown of the project sizes.

Thank you for your efforts to improve the pilot programs and for the opportunity to comment on and contribute to the work you are doing for the public.

DATED this 14th day of December, 2010.

Oregonians for Renewable Energy Policy (OREP)

/s/ Mark E. Pengilly
OREP Representatives

/s/ Kathleen A. Newman