

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1505

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Solar Photovoltaic Pilot Program.

Joint Comments of Renewable Northwest
Project, the Citizens' Utility Board of
Oregon, the Oregon Solar Energy
Industries Association, SolarCity, and
Tanner Creek Energy.

Renewable Northwest Project (RNP), the Citizens' Utility Board of Oregon (CUB), the Oregon Solar Energy Industries Association (OSEIA), SolarCity, and Tanner Creek Energy appreciate the opportunity to provide recommendations for adjustments to the Solar Photovoltaic Pilot Program before the April 1, 2011, open enrollment period, and longer-term recommendations for consideration before the October 1, 2011, enrollment period. In brief, for the April 1 enrollment period, we recommend that the Public Utility Commission (PUC or "Commission") make no changes that would undermine the stability of the program or create confusion in the marketplace. The only changes we recommend for the short term are those that would improve collection of demand and market price data and address the issue of duplicate applications, without disrupting the April 1 enrollment date. However, we also recommend that, with this proceeding, the PUC begin consideration of more significant changes for the October 1 enrollment period.

I. Background: UM 1505 Procedural History

On October 14, 2010, the PUC opened docket UM 1505 to receive comment on its legislative report on the Solar Photovoltaic Pilot Program. During the initial UM 1505 proceedings, the PUC received recommendations from various stakeholders for improving

the pilot program. These recommendations were, for the most part, not included in PUC's report to the Legislature. In order to provide a forum for these recommendations to be heard, the Commission initiated a second phase of Docket UM 1505.

At the PUC workshop held on January 20th, PUC Staff requested that stakeholders focus their comments on recommendations that could be implemented prior to the April 1 open enrollment period. Stakeholders discussed multiple recommendations for improving the effectiveness of the pilot program that could be accomplished in a short time period. One recommendation that received significant discussion and support, both as a method to alleviate intense demand and to better capture data on unserved demand was to alter the application process to a lottery system, rather than awarding capacity on a first-come first-served basis. The utilities indicated that this change could not be implemented prior to April 1, but suggested that it could be accomplished if the April 1 open enrollment period was delayed.

After further reflection on the workshop discussion, the impacts of delay and uncertainty, and the experience thus far in the three segments of the pilot, we do not support moving to a lottery-based enrollment system. As we explain below, with the April 1 enrollment only two months away, we do not recommend major changes to the program.

II. Recommendations for the April 1, 2011 Enrollment Period

A. Program success requires on-time, predictable April 1 enrollment launch.

None of the policy objectives discussed at the January 20 workshop is significant enough to risk delaying the April 1 enrollment period. Postponing the open enrollment period would disrupt business planning for solar contractors, create communication

challenges for the utilities, and sow confusion among interested participants. The timelines for design and implementation have been rapid, and we have come to believe that some consistency and predictability in the initial year of the program is critical.

B. Do not implement a lottery system for the April 1, 2011, enrollment period.

Foremost, utilities have indicated that a lottery system cannot be implemented prior to the April 1, 2011, enrollment period and that the enrollment period would need to be delayed to accommodate the adjustment. As previously stated, the problems associated with disrupting program timelines do not justify any changes that cause the enrollment period to be postponed. Furthermore, changing the application process to a lottery system is a superficial solution to the underlying supply and demand issues that have become apparent in the first two enrollment periods. The lottery system is unnecessary for the small-system category as the open enrollment period for that category is long enough to ensure that most or all interested applicants are able to reserve an allocation. The lottery system does provide one potential remedy that could alleviate inequity issues that have surfaced in the application process for the medium-system category. However, other options are available that could increase supply and decrease demand in this category; these more fundamental solutions should be evaluated prior to implementing a lottery system.

C. VIR changes should not be made immediately before program enrollment periods.

As a consequence of the need for predictability, we recommend that any consideration of changes to the VIR that differ from the methodology outlined on page 16 of Order No. 10-198 be undertaken well in advance of the enrollment window for which the

change is being considered. Currently, the PUC has set forth a process for commenting on the VIR that takes place entirely within the month of March, with Staff's recommended VIRs presented to the Commission on March 22, 2011. It is not feasible for the industry to respond in one week to a VIR different from that contemplated in Order No. 10-198. Contractors will have been communicating with potential applicants for months before the open enrollment launch, and will have signed contracts at the expected price.

Many parties, including RNP, have advocated for the Commission to consider a VIR that is better calibrated to current system costs. But the process for setting that rate should give participants adequate time to plan. If the PUC wishes to continue evaluating changes to the VIR at the end of the 6-month period, we recommend that the new rate apply not to the immediately upcoming enrollment period, but to the next enrollment period. A better solution, if the current pace of enrollment continues, would be to evaluate the VIR for the next enrollment period soon after the preceding enrollment period's capacity is fully allocated.

D. Data depicting unmet demand for the program should be collected on April 1, if feasible without delaying the enrollment period.

Currently, the amount of time that the enrollment periods are open is the only metric available to analyze the extent of customer demand for the pilot program. Although this metric is sufficient for informing the Commission's automatic rate adjustment mechanism, it does not provide information on the amount of interested customers who were denied an allocation. If a change can be made that allows for better data collection prior to the April 1, 2011, open enrollment period, it should be implemented.

One method for capturing better demand data would be to accept applications after the capacity has been allotted—ideally for a twelve-hour period (8am – 8pm) on open enrollment days. Applicants could be notified after the twelve-hour period whether or not they were successful in obtaining an allocation. Allocation winners would still be chosen on a first come first served basis. Credit/debit card numbers could be taken from all applicants and authorized, but only charged if the applicant was successful. As discussed above, however, if reprogramming the utilities’ online application systems would cause a delay in the April 1 enrollment launch, we recommend that this change be considered for October 1.

A method for capturing some demand data with fewer administrative burdens would be to survey participating contractors following the April 1 enrollment. A simple survey could ask how many customers and how much capacity the contractor had attempted to enroll in each size category.

E. The PUC should report winning bid prices for large systems.

The PUC legislative report released only the average bid prices for PGE and PacifiCorp large-scale systems. This information does not give interested parties a clear signal of current market conditions or trends in the solar industry. It is understandable that utilities have preferred to follow standard procedures for RFP processes by not revealing winning bid prices; however, it is important to realize that a mature market does not exist for the solar industry and that adhering to standard industry practices may not be appropriate for the pilot program. The pilot program provides a unique opportunity to gain insight into the Oregon solar industry and establishes benchmarks for a potential expanded program. Therefore, any information that can be gleaned from the program

should be reported, especially information regarding market trends as it is crucial to the pilot program learning process. Finally, this information would also be very useful to parties interested in developing a large-scale system as it would prevent those unable to compete from undertaking the time- and resource-intensive process of developing a bid price.

A concern raised by Staff and utilities is that revealing the winning bid prices may artificially influence subsequent bidding. It is obvious that revealing winning bids would create a price ceiling, which contractors would aim to beat in the next allocation round. However, the primary concern is that after seeing the winning bid, contractors may not submit their lowest possible price and instead submit a higher price that they believe is still likely to win an allocation. Although this is a valid concern, it is important to understand that the winning bid would only be one of many variables considered by solar contractors when establishing a bid price. Since there is so little capacity in the large-scale system category relative to the size of projects, there is little room for misjudgment when submitting bids because only one or two projects will receive allocations. This alone is likely to drive contractors' bid prices as low as possible.

F. The PUC should provide guidance on utilities' response to duplicate applications.

It is currently unclear what action the utilities should take when duplicate applications are submitted for a single project. A clear rule and guidance on this issue should be provided to the utilities to avoid subjective and possibly differing responses to the situation. Allowing applicants to submit multiple applications for a single project is problematic because it reserves space in the allocation queue that would otherwise be

awarded to a viable project. This problem could be easily resolved by using identification specific to a single project to block subsequent applications from the same project. It is reasonable for the PUC to provide guidance on this issue and require utilities to implement necessary software changes to block duplicate applications prior to the April 1, 2011, enrollment period. If for some reason these changes would require delaying the April 1 enrollment period, the changes should instead be made effective on October 1, 2011.

III. Conclusion

We appreciate the PUC opening a docket to consider adjustments to the pilot program, and we believe adjustments should be considered. However, to ensure adequate time for consideration of major adjustments, we recommend that the PUC look to implement any adjustments for the October 1 period to avoid disrupting the fast-approaching April 1 enrollment for which contractors already have plans in place. Further recommendations for the PUC to consider for the October 1 period are discussed in separately filed comments.

DATED this 11th day of February, 2011.

RENEWABLE NORTHWEST PROJECT

By: /s/ Megan Walseth Decker
Megan Walseth Decker
Senior Staff Counsel
Renewable Northwest Project

By: /s/ Adam Schumaker
Adam Schumaker
Policy Associate
Renewable Northwest Project

k:\maureen\rnp\um 1505\um 1505 ii april 1 opening cmt.docx

CERTIFICATE OF SERVICE—PUC DOCKET NO. UM 1505

I hereby certify that I served the foregoing **JOINT COMMENTS OF RENEWABLE NORTHWEST PROJECT, THE CITIZENS' UTILITY BOARD OF OREGON, THE OREGON SOLAR ENERGY INDUSTRIES ASSOCIATION, SOLARCITY, AND TANNER CREEK ENERGY** on the following persons on February 11, 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:

Dr. Dave Sullivan
dave.sullivan@bus.oregonstate.edu
208 6th Avenue S.E.
Albany, Oregon 97321

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Janet L. Prewitt
janet.prewitt@doj.state.or.us
Assistant Attorney General
Department of Energy
Natural Resources Section
1162 Court Street N.E.
Salem, Oregon 97301-4096

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Vijay A. Satyal
vijay.a.satyal@state.or.us
Senior Policy Analyst
Oregon Dept. of Energy
625 Marion Street N.E.
Salem, Oregon 97301

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Robert Delmar
robert.delmar@state.or.us
Energy Analyst
Oregon Department of Energy
625 Marion Street N.E.
Salem, Oregon 97301-3737

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Gordon Feighner
gordon@oregoncub.org
Utility Analyst
Citizen's Utility Board of Oregon
610 S.W. Broadway, Suite 400
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Bob Jenks
bob@oregoncub.org
Executive Director
Citizens' Utility Board of Oregon
610 S.W. Broadway, Suite 400
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

G. Catriona McCracken, Esq.
catriona@oregoncub.org
Staff Attorney
Citizen's Utility Board of Oregon
610 S.W. Broadway, Suite 400
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Melinda J. Davison
mjd@dvclaw.com
Davison Van Cleve, P.C.
333 S.W. Taylor, Suite 400
Portland, Oregon 97204

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Jocelyn C. Pease
jcp@dvclaw.com
Davison Van Cleve PC
333 S.W. Taylor, Suite 400
Portland, Oregon 97204

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Stephanie S. Andrus
stephanie.andrus@state.or.us
Department of Justice
1162 Court Street N.E.
Salem, Oregon 97301-4096

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Christa Bearry
cbearry@idahopower.com
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707-0070

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Lisa D. Nordstrom, Esq.
lnordstrom@idahopower.com
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707-0070

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Michael Early
mearly@icnu.org
ICNU
1300 S.W. Fifth Avenue, Suite 1750
Portland, Oregon 97201

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Lisa F. Rackner
lisa@mcd-law.com
McDowell Rackner & Gibson, P.C.
419 S.W. 11th Avenue, Suite 400
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Ryan Flynn
ryan.flynn@pacificcorp.com
Pacific Power & Light
825 N.E. Multnomah, Suite 1800
Portland, Oregon 97232

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

PacificCorp Oregon Dockets
oregondockets@pacificcorp.com
825 N.E. Multnomah, Suite 2000
Portland, Oregon 97232

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Doug Kuns
pge.opuc.filings@pgn.com
Portland General Electric Company
121 S.W. Salmon Street, 1WTC0702
Portland, Oregon 97204

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

J. Richard George
richard.george@pgn.com
Assistant General Counsel
Portland General Electric Company
121 S.W. Salmon Street, 1WTC1301
Portland, Oregon 97204

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Kelcey Brown
kelcey.brown@state.or.us
Public Utility Commission of Oregon
P.O. Box 2148
Salem, Oregon 97308-2148

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Megan Walseth Decker
megan@rnp.org
Renewable Northwest Project
917 S.W. Oak, Suite 303
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

DATED this 11th day of February, 2011.

ESLER, STEPHENS & BUCKLEY, LLP

By: /s/ John W. Stephens
John W. Stephens, OSB No. 773583
stephens@eslerstephens.com
Of Attorneys for Renewable Northwest Project

k:\maureen\rnp\um 1505\certserv 2-11-11 re 4-1-11 opening comments.doc