

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1505

In the Matter of)
)
PUBLIC UTILITY COMMISSION OF)
OREGON Solar Photovoltaic Program)
Draft Report Comments and)
Recommendations)

**COMMENTS ON STAFF'S DRAFT REPORT
OF THE
CITIZENS' UTILITY BOARD OF OREGON**

December 5, 2012



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OF OREGON
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)	COMMENTS ON STAFF’S DRAFT
PUBLIC UTILITY COMMISSION OF)	REPORT OF THE CITIZENS’
OREGON Solar Photovoltaic Program)	UTILITY BOARD OF OREGON
Draft Report Comments and)	
Recommendations.)	

CUB appreciates the opportunity to submit reply comments on the Draft Report created by the PUC Staff to submit to the State Legislature. Staff’s first description of the goals of the VIR program in its Data Analysis merits attention. The Report states, “One goal of the VIR pilot program is to help reduce costs for installed solar PV systems.” (pg 16) While CUB would agree with that goal, it is only one of several. CUB would also caution that another primary concern in installing a PV system is arguably the upfront capital costs. The Draft Report acknowledges this when it cites PacifiCorp’s survey. The survey revealed that 45 out of 58 (over 77%) participants viewed initial cash outlay as a barrier in participating in the program. In this case, a capacity-based approach would likely be more effective in reducing initial capital costs.

Participants in the VIR program are not eligible for the Residential Energy Tax Credits (RETC), nor the Energy Trust of Oregon (ETO) solar rebates. While VIR participants may still utilize federal tax credits to reduce capital costs, combining all three incentives—federal, ETO,

and RETC—reduces upfront costs the most. As Staff rightly notes, any changes to the state incentive or abolishment of the federal incentive could drastically change preferences.

Staff also indicated that the capacity-based approach generally led to shorter payback times on investments. While it was noted that each installed PV system is different in its characteristics, PGE’s survey results reveal that *all* participants considered payback time in their decision-making, and that they had a low tolerance for an extended payback period. The report notes that through state, federal, and ETO rebates, most costs could be recovered in as little as 5 years, whereas the payback time for the VIR program is expected to be about 10 years on average, with a range from 3 to 21 years. This should be examined in more depth, as shorter payback times would presumably provide a stronger incentive to install a PV system. CUB appreciates Staff’s overview of the comparisons between capacity-based incentives and the VIR program. Further analysis should be undertaken toward the end of the pilot program to determine lessons learned from the pilot and whether the VIR approach overall has enough merit to consider continuing as a choice for consumers considering solar installations.

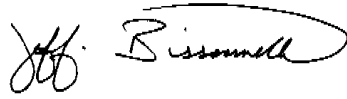
On a final note, Staff states that the VIR incentive is simpler to understand (pg 24). CUB cautions that the program may be more nuanced than this, as some of the survey questions suggested that participants in the program were unaware of the availability of the federal incentives, the metering fee, the need for right-sizing, and other nuances revealed on page 18. These nuances should be part of future analyses so that any permanent program and its relative costs and benefits can be communicated well to prospective consumers.

Ultimately, Staff brought to light important distinctions between the VIR program and other approaches to reducing the financial burden of installing a PV system. CUB looks forward to further analysis and results of the program.

Respectfully Submitted,
December 5, 2012



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UM 1505 – CERTIFICATE OF SERVICE

I hereby certify that, on this 5th day of December, 2012, I served the foregoing **COMMENTS ON STAFF'S DRAFT REPORT OF THE CITIZENS' UTILITY BOARD OF OREGON** in docket UM 1505 upon each party listed in the UM 1505 OPUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending one original and five copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

(W denotes waiver of paper service)

(C denotes service of Confidential material authorized)

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Respectfully submitted,

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