

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

**UM 1505
Phase 2**

In the Matter of)	
)	
PUBLIC UTILITY COMMISSION OF OREGON)	OPENING COMMENTS OF INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES
Solar Photovoltaic Program Draft.)	
_____)	
)	
)	

I. INTRODUCTION

The solar photovoltaic pilot program (“pilot program”) was established in 2009 pursuant to House Bill (“HB”) 3039, and modified in 2010 by HB 3690. Under ORS § 757.365(13), the Public Utility Commission of Oregon (“OPUC” or the “Commission”) is required to submit a report to the Legislature (“Legislative Report”) regarding the costs and effectiveness of the solar photovoltaic pilot program every two years. The first Legislative Report was submitted on January 1, 2011. The Commission initially opened Docket No. UM 1505 to allow parties to provide comments on drafts of the Legislative Report. During the UM 1505 workshop and Commission hearing, and in the comments on the Legislative Report, the parties raised many issues that were outside the scope of the Legislative Report, and thus, the Commission is providing a second phase to allow parties an opportunity to address these outstanding issues.

The parties participated in a workshop on January 20, 2011, to identify issues for Phase 2. ICNU will not address all of the issues raised by parties, and will focus its comments

on 1) the customer surveys; 2) frequency of reporting to the Legislature; 3) the recommendation to shorten the capacity deployment of the pilot program; and 4) the 0.25% rate impact cap.

II. COMMENTS

1. Customer Surveys

The utilities are required by Commission rule to send out customer surveys to the pilot program participants; the pilot program participants must return the customer surveys to remain eligible for the pilot program and to receive the incentive payments. OAR § 860-084-0240(2)(g). The purpose of the customer surveys is to obtain qualitative feedback about the pilot program, and the surveys present an opportunity for stakeholders to learn about the decision-making process of the customers participating in the pilot program and the level of compensation that the customer requires to participate in the pilot program.

Currently, there are variations in the questions asked in the customer surveys among the three utilities. As one example, PacifiCorp structured its questions Q18A-D to ask the customer what level of compensation would create a sufficient incentive for the customer to participate in the program. Neither Portland General Electric Company's ("PGE") nor Idaho Power Company's ("Idaho Power") customer surveys contain this question. The customer surveys should be modified so that they are uniform across all three utilities. Asking the same questions of all participants in the pilot program will allow for better analysis of the data obtained through the surveys. To the extent possible, the questions should be uniform among all of the utilities so that the results of the customer surveys can be compared as a whole and not separately for PacifiCorp, PGE and Idaho Power.

2. Annual Reporting to the Legislature

The Commission is required by statute to provide a report on the solar pilot program to the legislature every other year. ORS § 757.365(13). A report was submitted to Legislature on January 1, 2011; as currently required by statute, the next legislative report is due on January 1, 2013. The purpose of the report is to compare “the effectiveness of paying incentive rates under the pilot programs” with the effectiveness of the tax-based incentives “for promoting the use of solar photovoltaic energy systems and reducing system costs.” ORS § 757.365(13). The Commission acknowledges that the Legislative Report submitted on January 1, 2011 is deficient in this area, and states that it is “too early in the pilot for the Commission to draw conclusions about the relative effectiveness of the VIR versus the combination of tax credits and Energy Trust incentives....” Legislative Report at 3. Due to the timing of the issuance of the Legislative Report, it did not contain any qualitative information from the customer surveys.

At the January 20, 2011 Workshop, the parties suggested that it would be beneficial to require the Commission to report to the Legislature on an annual basis. ICNU supports this recommendation, particularly because very little qualitative information was presented in the first Legislative Report, and the next scheduled report will not issue until 2013.

3. Retain Existing Capacity Deployment Schedule

At the January 20, 2011 Workshop, parties discussed the possibility of deploying the capacity for the pilot program in two or three years instead of four years as provided in the current schedule for implementation of the pilot program. ICNU disagrees with the suggestion to shorten the pilot program and recommends that the solar pilot program maintain its current

schedule. Shortening the schedule will not allow the utilities and parties to provide feedback on the pilot program and make adjustments that will be effective during the life of the pilot program. The Commission should retain the existing schedule for the pilot program to provide adequate time to make necessary adjustments to the pilot program.

4. Maintain 0.25% Rate Impact Cap

The legislation implementing the pilot program provides that the Commission may limit the total generator nameplate capacity of an electric company if the revenue requirement for a particular class exceeds 0.25 percent. ORS § 757.365(7). The Legislative Report and the comments from the utilities indicate that the utilities expect that they will exceed a 0.25 percent rate impact. Legislative Report at 10-11. Because the costs to implement the pilot program are being deferred and the allocation of costs will not be addressed until the costs are amortized in rates, it is still not clear when the rate impacts will exceed 0.25 percent for a particular customer class.

At the January 20, 2011 Workshop, parties discussed the possibility of either eliminating the 0.25 percent rate impact cap or changing the cap to 0.50 percent. ICNU disagrees with the recommendations that the rate cap should be eliminated or increased to 0.50 percent. Because it remains uncertain how the costs of the program will be allocated among customer classes, and because it is also unclear when the rate impact will reach 0.25 percent, ICNU recommends that the 0.25 percent rate impact cap be retained. When these variables become more certain, ICNU recommends that the Commission, in a subsequent proceeding, describe a plan for curtailment of the pilot program when rate impacts exceed 0.25 percent for any given customer class.

III. CONCLUSION

ICNU appreciates this opportunity to file comments regarding the solar pilot program and looks forward to further participation in this docket.

Dated this 11th day of February, 2011.

Respectfully submitted,

/s/ Melinda J. Davison

Melinda J. Davison

Jocelyn C. Pease

Davison Van Cleve, P.C.

333 S.W. Taylor Street, Suite 400

Portland, Oregon 97204

(503) 241-7242 phone

(503) 241-8160 facsimile

mjd@dvclaw.com

jcp@dvclaw.com

Of Attorneys for Industrial Customers
of Northwest Utilities

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

**UM 1505
Phase 2**

In the Matter of)	
)	
PUBLIC UTILITY COMMISSION OF)	
OREGON)	OPENING COMMENTS OF INDUSTRIAL
)	CUSTOMERS OF NORTHWEST UTILITIES
Solar Photovoltaic Program Draft.)	
)	
_____)	

I. INTRODUCTION

The solar photovoltaic pilot program (“pilot program”) was established in 2009 pursuant to House Bill (“HB”) 3039, and modified in 2010 by HB 3690. Under ORS § 757.365(13), the Public Utility Commission of Oregon (“OPUC” or the “Commission”) is required to submit a report to the Legislature (“Legislative Report”) regarding the costs and effectiveness of the solar photovoltaic pilot program every two years. The first Legislative Report was submitted on January 1, 2011. The Commission initially opened Docket No. UM 1505 to allow parties to provide comments on drafts of the Legislative Report. During the UM 1505 workshop and Commission hearing, and in the comments on the Legislative Report, the parties raised many issues that were outside the scope of the Legislative Report, and thus, the Commission is providing a second phase to allow parties an opportunity to address these outstanding issues.

The parties participated in a workshop on January 20, 2011, to identify issues for Phase 2. ICNU will not address all of the issues raised by parties, and will focus its comments

on 1) the customer surveys; 2) frequency of reporting to the Legislature; 3) the recommendation to shorten the capacity deployment of the pilot program; and 4) the 0.25% rate impact cap.

II. COMMENTS

1. Customer Surveys

The utilities are required by Commission rule to send out customer surveys to the pilot program participants; the pilot program participants must return the customer surveys to remain eligible for the pilot program and to receive the incentive payments. OAR § 860-084-0240(2)(g). The purpose of the customer surveys is to obtain qualitative feedback about the pilot program, and the surveys present an opportunity for stakeholders to learn about the decision-making process of the customers participating in the pilot program and the level of compensation that the customer requires to participate in the pilot program.

Currently, there are variations in the questions asked in the customer surveys among the three utilities. As one example, PacifiCorp structured its questions Q18A-D to ask the customer what level of compensation would create a sufficient incentive for the customer to participate in the program. Neither Portland General Electric Company's ("PGE") nor Idaho Power Company's ("Idaho Power") customer surveys contain this question. The customer surveys should be modified so that they are uniform across all three utilities. Asking the same questions of all participants in the pilot program will allow for better analysis of the data obtained through the surveys. To the extent possible, the questions should be uniform among all of the utilities so that the results of the customer surveys can be compared as a whole and not separately for PacifiCorp, PGE and Idaho Power.

2. Annual Reporting to the Legislature

The Commission is required by statute to provide a report on the solar pilot program to the legislature every other year. ORS § 757.365(13). A report was submitted to Legislature on January 1, 2011; as currently required by statute, the next legislative report is due on January 1, 2013. The purpose of the report is to compare “the effectiveness of paying incentive rates under the pilot programs” with the effectiveness of the tax-based incentives “for promoting the use of solar photovoltaic energy systems and reducing system costs.” ORS § 757.365(13). The Commission acknowledges that the Legislative Report submitted on January 1, 2011 is deficient in this area, and states that it is “too early in the pilot for the Commission to draw conclusions about the relative effectiveness of the VIR versus the combination of tax credits and Energy Trust incentives....” Legislative Report at 3. Due to the timing of the issuance of the Legislative Report, it did not contain any qualitative information from the customer surveys.

At the January 20, 2011 Workshop, the parties suggested that it would be beneficial to require the Commission to report to the Legislature on an annual basis. ICNU supports this recommendation, particularly because very little qualitative information was presented in the first Legislative Report, and the next scheduled report will not issue until 2013.

3. Retain Existing Capacity Deployment Schedule

At the January 20, 2011 Workshop, parties discussed the possibility of deploying the capacity for the pilot program in two or three years instead of four years as provided in the current schedule for implementation of the pilot program. ICNU disagrees with the suggestion to shorten the pilot program and recommends that the solar pilot program maintain its current

schedule. Shortening the schedule will not allow the utilities and parties to provide feedback on the pilot program and make adjustments that will be effective during the life of the pilot program. The Commission should retain the existing schedule for the pilot program to provide adequate time to make necessary adjustments to the pilot program.

4. Maintain 0.25% Rate Impact Cap

The legislation implementing the pilot program provides that the Commission may limit the total generator nameplate capacity of an electric company if the revenue requirement for a particular class exceeds 0.25 percent. ORS § 757.365(7). The Legislative Report and the comments from the utilities indicate that the utilities expect that they will exceed a 0.25 percent rate impact. Legislative Report at 10-11. Because the costs to implement the pilot program are being deferred and the allocation of costs will not be addressed until the costs are amortized in rates, it is still not clear when the rate impacts will exceed 0.25 percent for a particular customer class.

At the January 20, 2011 Workshop, parties discussed the possibility of either eliminating the 0.25 percent rate impact cap or changing the cap to 0.50 percent. ICNU disagrees with the recommendations that the rate cap should be eliminated or increased to 0.50 percent. Because it remains uncertain how the costs of the program will be allocated among customer classes, and because it is also unclear when the rate impact will reach 0.25 percent, ICNU recommends that the 0.25 percent rate impact cap be retained. When these variables become more certain, ICNU recommends that the Commission, in a subsequent proceeding, describe a plan for curtailment of the pilot program when rate impacts exceed 0.25 percent for any given customer class.

III. CONCLUSION

ICNU appreciates this opportunity to file comments regarding the solar pilot program and looks forward to further participation in this docket.

Dated this 11th day of February, 2011.

Respectfully submitted,

/s/ Melinda J. Davison

Melinda J. Davison

Jocelyn C. Pease

Davison Van Cleve, P.C.

333 S.W. Taylor Street, Suite 400

Portland, Oregon 97204

(503) 241-7242 phone

(503) 241-8160 facsimile

mjd@dvclaw.com

jcp@dvclaw.com

Of Attorneys for Industrial Customers
of Northwest Utilities

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • mail@dvclaw.com
Suite 400
333 SW Taylor
Portland, OR 97204

February 11, 2011

Via Electronic and U.S. Mail

Public Utility Commission
Attn: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Solar
Photovoltaic Program Draft Report
Docket No. UM 1505

Dear Filing Center:

Enclosed please find an original and one (1) copy of the Phase 2 Opening
Comments on behalf of the Industrial Customers of Northwest Utilities in the above-referenced
docket.

Thank you for your attention to this matter.

Sincerely yours,

/s/ Sarah A. Kohler
Sarah A. Kohler
Paralegal

Enclosures
cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Phase 2 Opening Comments on behalf of the Industrial Customers of Northwest Utilities upon the parties, on the service list, by causing the same to be deposited in the U.S. Mail, postage-prepaid, and via electronic mail where paper service has been waived.

Dated at Portland, Oregon, this 11th day of February, 2011.

/s/ Sarah A. Kohler

Sarah A. Kohler

(W) DEPARTMENT OF JUSTICE

Janet L. Prewitt, AAG
NATURAL RESOURCES SECTION
1162 COURT ST NE
SALEM OR 97301-4096
janet.prewitt@doj.state.or.us

(W) DEPARTMENT OF JUSTICE

Stephanie S. Andrus, AAG
BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301-4096
stephanie.andrus@doj.state.or.us

(W) CITIZENS' UTILITY BOARD OF OREGON

GORDON FEIGNER
ROBERT JENKS
G. CATRIONA MCCrackEN
610 SW BROADWAY, SUITE 308
PORTLAND OR 97205
gordon@oregoncub.org
bob@oregoncub.org
catriona@oregoncub.org

(W) PORTLAND GENERAL ELECTRIC

J. Richard George
121 SW SALMON ST - 1WTC1301
PORTLAND OR 97204
richard.george@pgn.com

(W) ESLER STEPHENS & BUCKLEY

JOHN W STEPHENS
888 SW FIFTH AVE STE 700
PORTLAND OR 97204-2021
stephens@eslerstephens.com
mec@eslerstephens.com

(W) IDAHO POWER COMPANY

CHRISTA BEARRY
LISA D NORDSTROM
PO BOX 70
BOISE ID 83707-0070
cbearry@idahopower.com
lnordstrom@idahopower.com

(W) MCDOWELL RACKNER & GIBSON PC

LISA F RACKNER
419 SW 11TH AVENUE STE 400
PORTLAND OR 97204
lisa@mcd-law.com

PACIFICORP, DBA PACIFIC POWER

OREGON DOCKETS
825 NE MULTNOMAH ST, STE 2000
PORTLAND OR 97232
oregondockets@pacificorp.com

(W) OREGON DEPARTMENT OF ENERGY

ROBERT DELMAR
VIJAY A SATYAL
625 MARION ST NE
SALEM OR 97301-3737
robert.delmar@state.or.us

(W) PUBLIC UTILITY COMMISSION OF OREGON

KELCEY BROWN
PO BOX 2148
SALEM OR 97308
kelcey.brown@state.or.us

vijay.a.satyal@state.or.us

PACIFICORP

RYAN FLYNN

825 NE MULTNOMAH, SUITE 1800

PORTLAND OR 97232

ryan.flynn@pacificorp.com

(W) RENEWABLE NORTHWEST PROJECT

MEGAN WALSETH DECKER

917 SW OAK, STE 303

PORTLAND OR 97205

megan@rnp.org

(W) PORTLAND GENERAL ELECTRIC CO.

DOUG KUNS

RATES & REGULATORY AFFAIRS

121 SW SALMON STREET, 1WTC0702

PORTLAND OR 97204

pge.opuc.filings@pgn.com

(W) DR. DAVE SULLIVAN

208 6TH AVE SE

ALBANY OR 97321

dave.sullivan@bus.oregonstate.edu