



Portland General Electric Company

Legal Department

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November 23, 2010

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission

Attention: Filing Center

550 Capitol Street NE, #215

PO Box 2148

Salem OR 97308-2148

Re: UM 1505

Attention Filing Center:

Enclosed for filing in the captioned docket are an original and five copies of:

- **PORTLAND GENERAL ELECTRIC COMPANY'S COMMENTS**

This is being filed by electronic mail with the Filing Center.

An extra copy of the cover letter is enclosed. Please date stamp the extra copy and return to me in the envelope provided. Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Richard George", with a long, sweeping horizontal line extending to the right.

J. Richard George

Assistant General Counsel

JRG:smc

Enclosures

cc: UM 1505 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1505**

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Solar Photovoltaic Draft Report Comments and
Recommendations

**Comments of Portland General Electric
Company**

Portland General Electric Company hereby submits comments regarding the Solar Photovoltaic Program Draft Report (“Report”) filed with the Oregon Public Utility Commission (“Commission”) on November 9, 2010.

PGE’s comments are largely focused on clarification of a few elements in the Report. In general, we concur with the Report that the Oregon Solar Photovoltaic Program (hereinafter “Pilot”) is young and that it is too early to draw many conclusions about the success of the Pilot with respect to reducing the costs of photovoltaic systems and costs to PGE, PacifiCorp and Idaho Power customers. As the Pilot matures, it will be possible to obtain information that will help us draw informed conclusions and develop future strategies to promote the growth of solar in Oregon.

We do point out, however, that it is a reasonable conclusion that the cost impact of the Pilot will exceed the 0.25% of revenue requirement increase threshold for each of PGE’s customer classes by 2012. The main assumptions for PGE’s estimates regarding these impacts are that the capacity enrollment periods for the Pilot are fully subscribed and in service for the next few years. Given that the first two enrollment periods were fully subscribed in less than fifteen and ten minutes respectively, despite a price decrease

from the first window to the second, such an assumption is likely a good one. Consequently, the Report should state that as shown on the tables on page 5, the Commission fully expects the estimated costs of the VIR to exceed 0.25% of the electric companies' revenue requirements beginning in 2012 for PGE. With respect to specific suggestions to improve and clarify the Report, we offer the comments that follow. We recommend that the sentence on page 2 that is footnoted (#2) be modified to incorporate reference to Staff's dual proposal adopted by the Commission, which includes both the competitive bidding program for larger systems as well as the net metering approach. Otherwise, the sentence in the Report appears to suggest that the net metering approach is the best approach, and does not reflect the balanced approach the Commission considered in Order No. 10-198 in setting the parameters for the Pilot.

The first sentence on page 5 and its footnote (#4) provide important program cost and estimated rate impact information; however, the commentary and numerical tables show estimated payments only for years 2011 through 2014. The Report should explain that the VIR payment commitments to participants continue for fifteen years as allowed by 757.365(4). As drafted, the Report's page 5 tables could be misread that Pilot program costs continue only through 2014, although the Commission adopted an approach consistent with the fifteen-year commitments stated in the statute. Thus the financial commitments to participants covered by other customers extend beyond 2026. This is an important aspect of the program that will require evaluation in subsequent reports.

Other minor corrections include the need for citations for the FERC order discussed in the "Policy Considerations" section on page 5, and for the block quotations found on page 6 of the Report.

Finally, the Report should provide additional detail regarding the price adjustment mechanism established by the Commission for small-scale and medium-scale projects. This adjustment mechanism allows the Commission-established VIR to be adjusted up or down based on the level of participation for each capacity reservation period, consistent with the intent of HB 3039 to test the effectiveness of a feed-in tariff using incentive rates. The second (October) capacity reservation window established VIR rates 10% lower than the July window in response to the very rapid filling of the July capacity reservation allotment. Despite this adjustment, the second capacity window filled even faster than the first. We believe this information is important to convey to the Legislature, as it shows that there is significant demand for participation in the Pilot at current incentive levels, and that the Commission has adjusted and will continue to adjust prices to properly balance participation and cost impacts.

Thank you for this opportunity to comment on the Report.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **COMMENTS** to be served by electronic mail to those parties whose email addresses appear on the attached service list and by method specified, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service from OPUC Docket No. UM 1505.

Dated at Portland, Oregon, this 23rd day of November, 2010.



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