

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1505

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| In the Matter of: |) | |
| |) | |
| PUBLIC UTILITY COMMISSION OF |) | COMMENTS OF ENERGY TRUST |
| OREGON |) | OF OREGON |
| Solar Photovoltaic Volumetric Incentive |) | |
| Rate Pilot Program Draft Report to the |) | |
| Legislative Assembly |) | |

Energy Trust of Oregon (ETO) offers the following comments on the draft of the Commission's second report to the legislature.

1. Sections I-Background and II-Program Results to Date

- a) The report provides an excellent summary of the evolution of the Volumetric Incentive Rate Pilot Program (VIR) and the program's results to date.
- b) In reporting the VIR bid price history, we recommend showing which of the bid projects were awarded capacity, and which of those awarded projects have been completed. Knowing how many bid projects, if any, were not successfully completed would help inform the analysis of program effectiveness, including effectiveness of the criteria used for selecting bid projects to be awarded capacity.

2. Section IV-Survey Results

VIR participants were surveyed, but ETO participants were not. A survey of ETO participants to determine their awareness of the VIR as an incentive option, their reasons for choosing the ETO program and their perception of ease of participation in the ETO program would offer a more complete picture from which to compare the VIR and ETO programs. As an alternative to conducting a full survey of ETO participants,

ETO could begin to collect limited data incrementally by adding some VIR questions to our “fast feedback” participant surveys.

3. **Section V-Comparative Effectiveness of Alternative PV Incentive Options**

a) The report characterizes the ETO/RETC/BETC incentives as “not always clear and easily calculable,” “dependent on the level of previous incentive payouts,” involving a process that “can be burdensome,” and that “the relative ease of participating may make the VIR program more attractive than the rebate program to some participants.” It would be helpful to understand more about these observations, as they could affect not just the design and operation of incentive programs, but a decision whether to replace incentive programs with a VIR. Do the lack of clarity and administrative burdens stem primarily from the fact that the tax credit programs have undergone so much change in the past couple of years? Do ETO incentives contribute to the unpredictability and administrative burden? Is a VIR inherently more stable, such that there is no point in trying to clarify and streamline the other incentive programs? It could be informative to insert a table showing the incentives offered by ETO, RETC and BETC during the same time period as the VIR incentives.

b) In describing the ease of participation in the VIR, it is stated that “often the contractor is able to perform all the necessary paperwork on behalf of the participant.” It should be noted that this is also a feature of the ETO/RETC/BETC programs. In fact, in the ETO program the contractors *must* submit the paperwork on behalf of the participant.

c) We appreciate that the report, in comparing the VIR and the ETO/BETC/RETC programs, explores various reasons that participants might prefer one program over the other. We suggest adding the following: (i) Property owners considering selling their property within 15 years, prior to receiving all 15 years of VIR incentive payments, may prefer to receive the up-front incentive option; (ii) Participants seeking larger solar

installations may prefer the VIR option because ETO incentives are capped at smaller system sizes than those supported by the VIR.

d) In comparing the financial payback offered by the VIR and ETO/RETC/BETC programs, it should be noted that the incentives offered by each program are not set with the intent to make an effective comparison of the programs. Instead, the incentives are set at levels necessary to manage demand to meet the available capacity or incentive budget, which is different for each program. The VIR uses the Automatic Rate Adjustment Mechanism to adjust the incentive rate based on the ratio of participant demand to available capacity, with the goal to create consumer demand that fully utilizes, but does not oversubscribe, the available capacity. ETO uses the same principle to manage our annual incentive budget. This complete independence of the VIR and ETO incentive rate-setting processes diminishes the value of comparing participants' financial payback or return on investment in the two programs. However, the VIR and the ETO programs are comparable in that they are managing to similar capacity constraints. The VIR offers 6.25 MW per year; ETO supported 6.74 MW in 2010, 10.39 MW in 2011 and 6.91 MW as of November 2012.

4. Tables and Figures

In the Residential Trends and Commercial Trends tables, we recommend replacing the Installed Average Cost values for the ETO program with the values we provide below. The VIR costs in the table are based on the date projects received a capacity *reservation*, whereas the ETO costs shown are based on the date projects were *installed*, which can be up to one year after the incentive reservation date. In light of recent rapidly declining system costs, representing ETO cost data based on incentive reservation date would create an apples-to-apples comparison with the VIR cost data.

| | RESIDENTIAL | | COMMERCIAL | |
|-------|--|-----------|--|-----------|
| | Installed Average Cost Over Time (\$/W) | | Installed Average Cost Over Time (\$/W) | |
| | ETO – PGE | ETO - PAC | ETO – PGE | ETO - PAC |
| S2010 | 6.77 | 6.88 | 6.70 | 6.53 |
| F2010 | 6.12 | 6.49 | 6.62 | 6.33 |
| S2011 | 6.79 | 6.60 | 5.66 | 5.71 |
| F2011 | 6.85 | 6.30 | 5.37 | 5.75 |
| S2012 | 5.47 | 5.32 | 5.35 | 5.18 |

Respectfully submitted,

Kacia Brockman

Kacia Brockman
 Sr. Solar Program Manager
kacia.brockman@energytrust.org
 503-445-7623

December 5, 2012
 Date

CERTIFICATE OF SERVICE

I, Kacia Brockman, hereby certify that on this day I served a copy of the Comments of Energy Trust of Oregon upon all persons indicated on the attached service list via electronic mail, and also by first-class mail to those who have not waived paper service.

Dated this 5th day of December, 2012, at Portland, Oregon.



By:

Kacia Brockman, Sr. Solar Program Manager
Energy Trust of Oregon, Inc.

SERVICE LIST

| W=Waive Paper service | C=Confidential HC=Highly Confidential | Sort by Last Name | Sort by Company Name |
|------------------------------|---|--|--------------------------------------|
| W | TEDDY KEIZER | 1615 SE 30TH AVE PORTLAND OR 97214 teddy@goteddygo.com; teddy1a@aol.com | |
| W | RAYMOND P NEFF | 465-1/2 RIVER RD EUGENE OR 97404 rpneff@efn.org | |
| W | DR. DAVE SULLIVAN | 208 6TH AVE SE ALBANY OR 97321 dave.sullivan@bus.oregonstate.edu | |
| W | SANDRA WALDEN COMMERCIAL SOLAR VENTURES | 621 SW ALDER ST #300 PORTLAND OR 97205 swalden@r-e-s.us | |
| W | *OREGON DEPARTMENT OF ENERGY | | |
| | RENEE M FRANCE (C) SENIOR ASSISTANT ATTORNEY GENERAL | NATURAL RESOURCES SECTION 1162 COURT ST NE SALEM OR 97301-4096 renee.m.france@doj.state.or.us | |
| | TERRANCE MEYER (C) | 625 MARION ST NE SALEM OR 97301-3737 terrance.meyer@state.or.us | |
| | VIJAY A SATYAL (C) SENIOR POLICY ANALYST | 625 MARION ST NE SALEM OR 97301 vijay.a.satyal@state.or.us | |
| W | CABLE HUSTON BENEDICT HAAGENSEN & LLOYD, LLP | | |
| | RAYMOND S KINDLEY | 1001 SW FIFTH AVENUE, SUITE 2000 PORTLAND OR 97204-1136 rkindley@cablehuston.com | |
| W | CITIZENS' UTILITY BOARD OF OREGON | | |

| | | |
|--|----------------------------------|---|
| | GORDON FEIGNER ENERGY ANALYST | 610 SW BROADWAY, STE 400 PORTLAND OR 97205 gordon@oregoncub.org |
|--|----------------------------------|---|

| | | |
|--|------------------------------------|--|
| | ROBERT JENKS EXECUTIVE DIRECTOR | 610 SW BROADWAY, STE 400 PORTLAND OR 97205 bob@oregoncub.org |
|--|------------------------------------|--|

| | | |
|--|---|---|
| | G. CATRIONA MCCrackEN LEGAL COUNSEL/STAFF ATTY | 610 SW BROADWAY, STE 400 PORTLAND OR 97205 catriona@oregoncub.org |
|--|---|---|

W DAVISON VAN CLEVE

| | | |
|--|----------------|--|
| | JOSHUA D WEBER | 333 SW TAYLOR STE 400 PORTLAND OR 97204 jdw@dvclaw.com |
|--|----------------|--|

| | | |
|----------|-----------------------------|---|
| W | DAVISON VAN CLEVE PC | |
| | MELINDA J DAVISON | 333 SW TAYLOR - STE 400 PORTLAND OR 97204 mjd@dvclaw.com; mail@dvclaw.com |

W ENERGY TRUST OF OREGON

| | | |
|--|----------------|--|
| | KACIA BROCKMAN | 421 SW OAK ST., STE 300 PORTLAND OR 97204 kacia.brockman@energytrust.org |
|--|----------------|--|

| | | |
|--|-----------------------------------|---|
| | JOHN M VOLKMAN GENERAL COUNSEL | 421 SW OAK ST #300 PORTLAND OR 97204 john.volkman@energytrust.org |
|--|-----------------------------------|---|

**W ENVIRONMENTAL LAW ALLIANCE
WORLDWIDE**

| | | |
|--|------------------|--|
| | JENNIFER GLEASON | 1877 GARDEN AVE EUGENE OR 97403 jen@elaw.org |
|--|------------------|--|

| | | |
|----------|-------------------------------------|--|
| 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

PO BOX 70
BOISE ID 83707-0070
cbearry@idahopower.com

LISA D NORDSTROM
ATTORNEY

PO BOX 70
BOISE ID 83707-0070
lnordstrom@idahopower.com

**W INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES**

JOHN CARR
EXECUTIVE DIRECTOR

818 SW 3RD AVE #266
PORTLAND OR 97204
jcarr@icnu.org

W MBA, LEED AP

DANIEL WELDON
COMMERCIAL AND RESIDENTIAL
FINANCE

19790 SOUTH FERGUSON TERRACE
OREGON CITY OR 97045
leedbanker@gmail.com

**W MCDOWELL RACKNER & GIBSON
PC**

LISA F RACKNER
ATTORNEY

419 SW 11TH AVE., SUITE 400
PORTLAND OR 97205
dockets@mcd-law.com

W MULTNOMAH COUNTY

WARREN FISH

501 SE HAWTHORNE, STE 600
PORTLAND OR 97214
warren.fish@co.multnomah.or.us

W OREGON AFL-CIO

JOHN BISHOP

1635 NW JOHNSON ST
PORTLAND OR 97209
jbishop@mbjlaw.com

**W OREGON DISTRICT COUNCIL OF
LABOERS**

BEN NELSON

10245 SE HOLGATE BLVD
PORTLAND OR 97266

nrocnelson@qwest.net

**W OREGON SOLAR ENERGY
INDUSTRIES ASSOCIATION**

GLENN MONTGOMERY
EXECUTIVE DIRECTOR

PO BOX 14927
PORTLAND OR 97293
glenn@oseia.org

**W OREGONIANS FOR RENEWABLE
ENERGY POLICY**

KATHLEEN NEWMAN

1553 NE GREENSWORD DR
HILLSBORO OR 97214
kathleenoipl@frontier.com;
k.a.newman@frontier.com

MARK PETE PENGILLY

PO BOX 10221
PORTLAND OR 97296
mpengilly@gmail.com

W PACIFIC POWER

MARY WIENCKE

825 NE MULTNOMAH ST, STE 1800
PORTLAND OR 97232-2149
mary.wiencke@pacificorp.com

**W PACIFICORP, DBA PACIFIC
POWER**

OREGON DOCKETS

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

W PORTLAND GENERAL ELECTRIC

DOUG KUNS RATES &
REGULATORY AFFAIRS

121 SW SALMON ST 1WTC0702
PORTLAND OR 97204
pge.opuc.filings@pgn.com

**W PORTLAND GENERAL ELECTRIC
COMPANY**

J RICHARD GEORGE

121 SW SALMON ST 1WTC1301
PORTLAND OR 97204
richard.george@pgn.com

| | | |
|----------|--|--|
| | PUBLIC UTILITY COMMISSION OF OREGON | |
| | JOHN CRIDER | PO BOX 2148 SALEM OR 97308 john.crider@state.or.us |
| W | PUC STAFF--DEPARTMENT OF JUSTICE | |
| | STEPHANIE S ANDRUS | BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@state.or.us |
| W | RENEWABLE NORTHWEST PROJECT | |
| | MEGAN WALSETH DECKER | 421 SW 6TH AVE #1125 PORTLAND OR 97204-1629 megan@rnp.org |
| W | SOLAR ENERGY SOLUTIONS, INC. | |
| | ANDREW KOYAANISQATSI | 3730 SE LAFAYETTE CT PORTLAND OR 97202 andrew@solarenergyoregon.com |
| W | SOUTHEAST UPLIFT NEIGHBORHOOD COALITION | |
| | TIM O'NEIL | 3534 SE MAIN ST PORTLAND OR 97212 tim@southeastuplift.org; anne@southeastuplift.org |
| W | SUNEDISON | |
| | NICOLE MARANDINO | 12500 BALTIMORE AVENUE BELTSVILLE MD 20705 nmarandino@sunedison.com |
| W | SUSTAINABLE SOLUTIONS UNLIMITED LLC | |
| | STEVEN MCGRATH | 1339 SE 8TH AVE # B PORTLAND OR 97214 |

steve@solutions21st.com