

ORDER NO. 11 088
ENTERED MAR 17 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1452

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Investigation into Pilot Programs to
demonstrate the use and effectiveness of
Volumetric Incentive Rates for Solar
Photovoltaic Energy Systems.

ORDER

DISPOSITION: ADVICE NO. 11-003 SUSPENDED

Pursuant to Order No. 10-198, Idaho Power Company (Idaho Power) filed Advice No. 11-03 to effectuate changes in the Company's Volumetric Incentive Rates (VIR) payable to new participants in the Solar Photovoltaic Pilot Program, effective April 1, 2011. Idaho Power's advice filing came before the Commission at its March 17, 2011 Public Meeting.

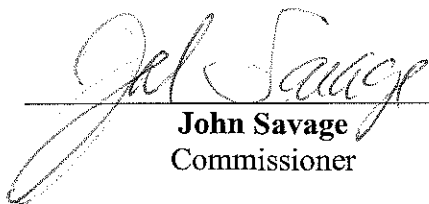
At the meeting the Commission Staff proposed that Idaho Power's advice filing be suspended. Staff recommended that that the Commission first decide matters related to Idaho Power's pilot program participation in docket UM 1505, to become effective October 1, 2011.

Idaho Power did not oppose Staff's recommendation.

ORDER

IT IS ORDERED that Idaho Power Company, Advice No. 11-03 is permanently suspended.

Made, entered, and effective MAR 17 2011.



John Savage
Commissioner



Susan K. Ackerman
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. 1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 17, 2011

REGULAR CONSENT EFFECTIVE DATE March 23, 2011

DATE: March 7, 2011

TO: Public Utility Commission

FROM: Kelcey Brown *KB*

THROUGH: Lee Sparling and Maury Galbraith *MG*

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1452/Advice No. 11-03)
Revises Schedule 88, Solar Photovoltaic Pilot Program.

STAFF RECOMMENDATION:

Staff recommends that the Commission suspend Idaho Power Company's (Idaho Power or Company) Advice No. 11-03. This recommendation for suspension is contingent on the Commission adopting Staff's proposed enrollment window change from April 1, 2011 to October 1, 2011. In the event that the Commission does not adopt Staff's proposed enrollment window schedule in UM 1505, Staff recommends that the Commission suspend Advice No. 11-03 and order a compliance filing that reduces the Volumetric Incentive Rate (VIR) by 30 percent.

DISCUSSION:

On February 11, 2011, Idaho Power filed a supplemental filing for tariff Advice No. 11-03 with the Oregon Public Utility Commission. The purpose of this filing is to revise the Solar Pilot Program incentive rates in Schedule 88 for the reservation period that begins April 1, 2011 in compliance with Order No. 10-198 and to make clarifications and/or revisions to Schedule 88.

Commission Order No. 10-198 directed Idaho Power to implement a rate-adjustment mechanism prior to its second, and last, enrollment window with presumed, yet rebuttable, VIR for that reservation period. The adjustment mechanism functions in the following manner:

1. If during the previous reservation period less than 50 percent of the available capacity for the system size class is reserved after a five-

month period, then the VIR would be increased by 10 percent for the subsequent rate period.

2. If more than 50 percent, but less than 75 percent of the available capacity is reserved after a five-month period, then the VIR would be increased by 5 percent for the subsequent rate period.
3. If more than 75 percent, but less than 100 percent, of the available capacity is reserved after a five-month period, then the VIR would not be changed.
4. If 100 percent of the available capacity is fully subscribed in less than three months, then the VIR would be decreased by 10 percent.
5. If 100 percent of the available capacity is achieved between three and five months, then the VIR would be decreased by 5 percent.¹

During the July 1, 2010 reservation period, Idaho Power reached full subscription of its available capacity soon after opening the reservation window. Therefore, pursuant to the Commission's rate adjustment mechanism, Idaho Power reduced the VIR by 10 percent for the April 1, 2011 capacity reservation period. Using the prescribed ten percent reduction the new VIR is \$0.495/kWh.

The April 1, 2011 reservation period is Idaho Power's last scheduled open enrollment window. Staff's proposal in UM 1505 is to postpone the open enrollment period to October 1st.

If the Commission decides not to postpone Idaho Power's open enrollment window, Staff's secondary recommendation is a rate reduction of 30 percent resulting in a VIR of \$0.385/kWh.

In Joint Opening Comments in UM 1505 the utilities showed that the annual number of applications received by Portland General Electric (PGE) and PacifiCorp for Net Metering services has maintained significant growth rates. For PacifiCorp, the number of net metering applications doubled from 2009 to 2010. This continued increase in participation of net metering for both utilities is in the face of changes in tax incentives and the introduction of the feed-in tariff pilot program. The market continues to show that the net metering option, with available tax incentives, is an attractive option for those interested in installing solar panels. Staff's proposed 30 percent rate reduction

¹ See Order No. 10-198, at 16.

puts the VIR at a commensurate level with existing incentive programs over a similar fifteen year period.

In summary, Staff's primary recommendation is to suspend Idaho Power's filed supplemental tariff with the 10 percent reduction of the VIR, contingent on the Commission adopting Staff's proposed enrollment window postponement. Staff's secondary proposal, if the Commission does not adopt Staff's proposed enrollment window postponement in UM 1505, is also to suspend Idaho Power's supplemental tariff filing and order a compliance filing that reduces the VIR by 30 percent.

PROPOSED COMMISSION MOTION:

Idaho Power Advice No. 11-03 be suspended.