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Richard George
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July 15, 2011

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 1452 – INVESTIGATION INTO PILOT PROGRAMS TO DEMONSTRATE
THE USE & EFFECTIVENESS OF VOLUMETRIC INCENTIVE RATES FOR
SOLAR PHOTOVOLTAIC ENERGY SYSTEMS**

Attention Filing Center:

Enclosed for filing in UM 1452 are an original and five copies of:


- **CLOSING COMMENTS OF PGE ON THE VIR FOR OCTOBER 2011
ENROLLMENT WINDOW**

This document 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.

This document is being served electronically upon the UM 1452 service list.

Thank you in advance for your assistance.

Sincerely,


J. Richard George
Assistant General Counsel

JRG:cbm
Enclosures
cc: UM 1452 Service List

**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

**CLOSING COMMENTS OF PORTLAND
GENERAL ELECTRIC COMPANY ON
THE VIR FOR OCTOBER 2011
ENROLLMENT WINDOW**

PGE offers these comments in response to comments filed by parties on July 7, 2011.

Regarding the Automatic Rate Adjustment Mechanism (ARAM), both Oregonians for Renewable Energy Policy (OREP) and Renewable Northwest Project (RNP) suggest that the mechanism of adjusting the VIR based on the time it takes for capacity to fill is flawed or potentially flawed. RNP suggests that 45 minutes to fill capacity is a sign of waning interest in PGE's program, and also expresses concern that the lottery system may lead to higher attrition rates. PGE does not agree that a 45-minute timeframe for filling capacity is indicative of waning interest in its program. That time period is still extremely fast, and indicates interested participants were likely working to complete applications from the start of the enrollment period.

High attrition rates are certainly a concern and something that should be watched closely. However, attrition can be caused by a number of factors aside from the financial consideration of the VIR. It is important that utilities continue to track the statements made by participants that drop out after receiving capacity allotments to learn more about which factors may have had an effect. Concern about the potential for future attrition should not prohibit the establishment of a proper VIR today based on utility experience with the pilot. As it relates to demand for the

program, the ARAM reflects the expectation that it would take time for demand for systems at a particular VIR to be realized. An appropriate VIR will reflect that while there is adequate demand, it may take somewhat more time than just the pre-window work of contractors to fill it. Demand that continues to materialize in the aftermath of the window is still reflective of a VIR that provides adequate incentive. If contractors only have to work up to the window to secure adequate demand to fill the enrollment window, then that suggests that the VIR is in fact too high.

As we stated in opening comments, the goal should be to establish a VIR that provides enough incentive to fill the enrollment capacity, but provides nothing further than what is needed to induce adequate demand. This is the standard that ensures that customers of the utility pay no more than is necessary for these systems.

OREP goes further, suggesting that “the goal of the pilot program is to have PV systems installed, not simply reserved,” and that the “Commission should consider the percentage of reserved capacity that is actually installed within the twelve-month period following enrollment.” However, the ARAM was designed based on the pilot program as it is structured today. A semi-annual window requires that we establish the VIR every 6 months. If we were forced to wait up to 12 months to determine the actual amount of installations to inform the VIR, we should have one capacity window per year, not two. Further, there is no sign today that reserved systems are failing to be installed in significant numbers.


Finally, the goal of this program isn't just to get PV systems installed. If it were, we could have left the VIR at 65 cents/kwh for small systems, or the Commission could have adopted a single-capacity enrollment window for the pilot. Rather, the goal is to test the use and effectiveness of incentive rates on the development of small-scale solar facilities. Testing the

effectiveness means that we must find the limits of incentive rates in inducing adequate demand, which also fits squarely with the Commission's obligation to set rates that are fair, just and reasonable.

PGE urges the Commission to reduce the VIR by 20% for the reasons outlined here and in our opening comments.

DATED this 15th day of July, 2011.

Respectfully Submitted,



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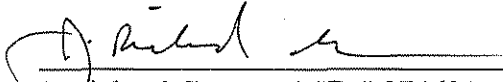
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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **CLOSING COMMENTS OF PORTLAND GENERAL ELECTRIC COMPANY ON THE VIR FOR OCTOBER 2011 ENROLLMENT WINDOW** to be served by electronic mail to those parties whose email addresses appear on the attached service list from OPUC Docket No. UM 1452. Hard copies for this filing will be mailed to the Filing Center.

Dated at Portland, Oregon, this 15th day of July, 2011.



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