

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1452**

In the Matter of

PUBLIC UTILITY COMMISSION OF  
OREGON

Solar Photovoltaic Pilot Program Design  
and Implementation

STAFF'S CLOSING COMMENTS

Re: Pilot Program Design and  
Implementation

On July 29, 2011, Staff filed with the Commission its opening comments in the second track of this proceeding regarding the Solar Photovoltaic Pilot Program's (Pilot Program) design and implementation. Concurrently, Portland General Electric (PGE) and PacifiCorp (collectively "Joint Utilities") filed their opening comments. In their opening comments, Joint Utilities included a presentation of their proposed plan to implement the new lottery capacity reservation system starting the October 3, 2011, enrollment period.<sup>1</sup> No other parties or intervenors filed opening comments. On August 10, 2011, Staff convened a third workshop and invited all parties to allow an opportunity to discuss issues regarding the Joint Utilities' proposal and Staff's opening comments.

Pursuant to the procedural schedule issued by the ALJ in this docket, Staff provides the following closing comments

1. Bifurcation of medium-scale capacity reservations between the net-metering and the competitive bid options:

Joint Utilities and Staff agreed on alternating between reservation methods from one enrollment window to the next as proposed in Staff's opening comments. Additionally, both Staff and Joint Utilities agree on assigning the October 3, 2011, enrollment window to reservation by competitive bidding to be followed by net-metering in the following enrollment period according to the alternating approach.

2. Implementation of capacity reservation through the authorized lottery system for the net-metering option:

- a) Determination of the successful winners: Staff proposed two options in its opening comments and recommended the first option in which it proposed to conduct a preliminary screening of the capacity reservation applications prior to the randomized selection step. Staff preferred this option because the pre-selection screening step should substantially minimize if not eliminate multi-applications by a single applicant

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<sup>1</sup> As directed by the Commission in Order No. 11-089.

or for the same meter. In Staff's opinion, if such manipulation or gaming of the system is not prevented, it would have a negative impact on the objective of the lottery system, i.e. addressing the unfairness issue raised in the first-come, first-served (FCFS) reservation method. Alternatively, Staff suggested the implementation of an application fee to be collected from all applications prior to the randomized selection step in order to minimize non-viable applications.

Following Staff's opening comments, Joint Utilities discussed with Staff the Joint Utilities' proposed method (Proposed Method) to implement the lottery reservation system. The first step of the Proposed Method is the addition of two fields to the application form. These two fields are the meter number and the account number to prevent duplicate applications for the same project. Allowing applicants to submit duplicate applications for the same project would result in the applicant having more than one slot in the selection process and thereby increasing their chances while reducing the chances of others. Staff believes that this measure is adequate to address its concern about potential system gaming.

Joint Utilities also presented that after 24 hours from opening the enrollment period a randomizer program will assign each application a queue position and available capacity will be distributed in the order of the application queue until capacity allocation is reached. The enrollment period will remain open for three months and capacity reservations will continue to be accepted and added to the queue on FCFS basis.<sup>2</sup>

During the August 10<sup>th</sup> workshop, Joint Utilities presented their Proposed Method to the parties. Staff supports the Joint Utilities' proposal.

b) Capacity Reservation Application Fee:

During the workshop, there were discussions among the parties regarding the implementation of an application fee as Staff proposed in its opening comments. Staff argued that in order to effectively deter non-viable applications from potentially flooding the enrollment period and causing an increased number of drop outs after reservations are awarded that the fee, if adopted by the Commission, should not be refundable. Other parties suggested implementing a refundable fee or alternatively a non-charging credit card reservation until winners are selected. Staff continues to maintain that the meaningful implementation of an application fee requires it to be non-refundable.

The Joint Utilities suggested deferring consideration of an application fee to a future enrollment period. Joint Utilities stated that their first priority at this point is to ensure that the lottery system be implemented at the start of the October 3, 2011, enrollment period. There is limited time to complete the design, testing, and making necessary modifications to ensure that the system will be ready for implementation by the deadline. Staff supports allowing the new lottery system to be implemented for at

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<sup>2</sup> Consistent with the Commission's directive in Order No. 11-089

least one enrollment period prior to implementing a reservation fee. This will provide all parties with the opportunity to monitor the issue of non-viable applications and further consider how to address them.

Staff supports the Joint Utilities' proposal.

c) Deposit period for waiting list applicants:

Under the proposed system, after the 24-hour application period successful lottery applicants are required to pay a deposit within three business days from notification by the electric company.<sup>3</sup> Reservations by applicants who fail to pay the required deposit within three business days will be made available to the next qualified applicant. This period is reasonable for the selected applicants after the 24-hour period. Applicants on the waiting list and who might get notified of being selected because an initial application fell through several weeks after the 24-hour period, might need additional time to decide whether to follow through with the reservation. Therefore, Staff proposes a 5-day period to pay the deposit for those applicants who are selected due to the failure of the first applicant to move forward with their project.

3. Resource Value Calculations:

During the workshop, OREP reiterated its belief that there needs to be more specificity regarding the calculation of the resource value of the Pilot Program projects. Staff believes that the current administrative rules adequately address the issue of calculating, reporting and reviewing resource value. Specifically, OAR 860-084-0370(1) states the following:

“On November 1 of 2010, 2012, and 2014, each electric company must file, for review in a Commission proceeding, its estimate of the 15-year levelized resource value for the company, along with supporting work papers.” (emphasis added)

This rule clearly provides a mechanism for parties to comment on issues regarding resource value upon reviewing the information to be provided by the electric companies. Staff recommends that parties who wish to comment on the resource value calculations to do so within the mechanism prescribed in the above rule. Depending on the merits and the discussions that will take place during such proceeding, the Commission could adopt changes to the resource value calculation.

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<sup>3</sup> OAR 860-084-0195(3)

Alternatively, Staff does not oppose the Commission opening a generic investigation into the calculation of resource value. However, Staff does not recommend that a specific calculation be fixed in administrative rules.

This concludes Staff's closing comments in the Pilot Program Design and Implementation phase of Docket No. UM 1452.

A handwritten signature in black ink, appearing to read 'Moshrek Sobhy', written in a cursive style.

**Moshrek Sobhy**

**Electric and Natural Gas Division, Staff**

UM 1452  
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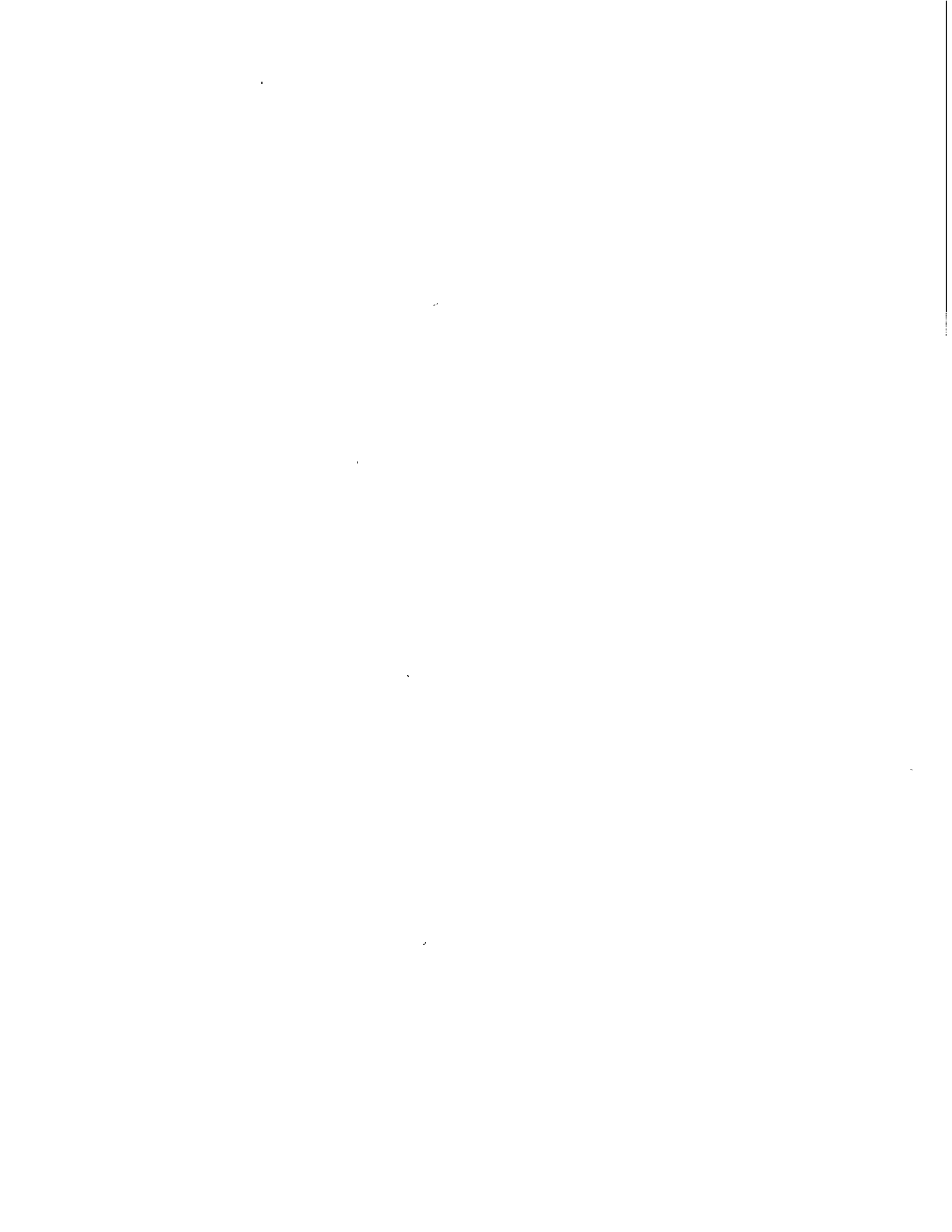
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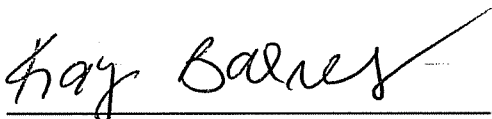


**CERTIFICATE OF SERVICE**

**UM 1452**

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated at Salem, Oregon, this 22nd day of August, 2011.



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