IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS 2009 RENEWABLE ENERGY STANDARD COMPLIANCE PLAN

DOCKET NO. 08A-532E

ANSWER TESTIMONY OF ERIKS BROLIS

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 08A-532E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY FOR APPROVAL OF ITS 2009 RENEWABLE ENERGY STANDARD COMPLIANCE PLAN

ANSWER TESTIMONY OF

ERIKS BROLIS

Q. Please describe how the development of renewable energy resources may be encouraged in Colorado.

A. CoSEIA applauds the fact that the Public Service Company of Colorado's (the "Company's") proposes to increase the target MW of on-site solar from the levels established in the 2007 Compliance Plan. *See* Direct Testimony of Pamela J. Newell, p. 7. Additionally, although the Company is not "concerned about the 50% drop in new [on-site solar] acquisitions from 2009 to 2010," (Newell Direct, page 7, lines 5-6; and page 8, lines 1-3) CoSEIA is very concerned and continues to strongly advise the Commission to consider Rule Section 3651 which states "it is in the best interests of the citizens of Colorado to develop and utilize renewable energy resources to the maximum practicable extent." CoSEIA asserts the best way to develop the on-site solar industry in Colorado to the "maximum practicable extent" is to establish a target growth rate in excess of the average annual growth rate for the national solar industry to the extent that it is achievable without exceeding the statutory retail rate cap.[1] It is CoSEIA's

[1] CoSEIA supports a statutory change that would eliminate the rate cap and grant the Commission the authority to set specific retail rate impact levels for the 0-10kW, 10.1kW-100kW, 100kW-500kW and 500kW to 10mW market segments.

understanding that the annual global and national growth rates for the industry have been approximately 40%.

It imperative to set a positive, year-over-year, growth rate to foster the long-term viability of the industry to meet the ongoing requirements of the compliance standard and reduce the total cost of installation of solar resources. The more long-term certainty that is provided for the anticipated growth in solar resource acquisition, the more effectively the local industry will be able to increase rate of production and installation, achieving greater economies of scale, thus reducing the price of solar over time. The growth of the solar industry on a global scale is poised to continue; if Colorado would like to continue as a leader and attract or even maintain businesses and jobs, we must continue to at least keep pace with other solar markets.

If the industry contracts, as will be the result with the Company's proposed acquisition strategy (Newell Direct, page 7) it will have the opposite effect: making future development of Colorado's solar resources more expensive. Furthermore, it will be more difficult for the state to attract new jobs and businesses in the future when the industry's history contains an avoidable downturn that could cause hundreds of jobs to be lost, hundreds of companies to close, and/or millions of investment dollars to be lost. At minimum, a target growth rate should be established such that in every consecutive year there is an increase in the number of installed megawatts of on-site solar resources in each market segment: small, medium, and large.

Q. How can RESA monies be used to promote increased acquisition of solar resources?

A. At this point, we believe the full 2% RESA should be collected. If not immediately required for resource acquisition, it is CoSEIA's understanding these funds can yield interest returns, therefore providing the ability to acquire more on-site solar and providing a beneficial investment for the rate-payer. In addition, CoSEIA suggests that to the extent possible, future RESA collections should be leveraged in order to allow for the consistent, positive year-over-year acquisition of resources. This is especially true for the small category (<10kW), which is unique compared with the medium and large categories because of the upfront REC payment. At first glance of the monthly RESA reports filed by the Company, the <10kW program appears to be the most expensive, consuming a disproportionate share of the available RESA funding in any given month. This may be true from a month-to-month cashflow perspective, but does not take into account the long term, total lifetime cost implications. For example, if incentives are no longer needed in 5 years, the small category systems will require no further ratepayer funds from that point forward, whereas the medium and large categories will continue to incur payment obligations until the end of the 20-year REC purchase contract term. CoSEIA believes that an appropriate balance of funding for small, medium, and large categories needs to based upon the total lifetime incentive payment obligations associated with each category.

Q. What factors should the Commission consider when reviewing the Company's application?

A. When deciding whether or not to approve the Company's application, the Commission should continue to consider factors beyond the bare percentage of generation capacity that must be obtained from eligible resources. The State of Colorado and the Company have to this point exceeded the people's percentage goals, giving the Company and this Commission latitude to optimize the compliance plan to maximize the broad policy objectives of Amendment 37. Specifically, the Commission should recognize that the Company's application lacks a plan to grow the various sectors of the solar industry to a point where rebates and incentives become unnecessary.