

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO
DOCKET NO. 09A-772E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY FOR
APPROVAL OF ITS 2010 RENEWABLE ENERGY STANDARD COMPLIANCE PLAN

CROSS-ANSWER TESTIMONY
OF ERIKS BROLIS ON BEHALF OF
COLORADO SOLAR ENERGY INDUSTRIES ASSOCIATION

1 **Q: Please state for the record your name, position and business address.**

2 A: My name is Eriks Brolis. I am the Director of External Affairs for Namaste Solar. My
3 business address is 4571 Broadway Street, Boulder, Colorado, 80304. Namaste Solar is the
4 leading solar photovoltaic (“PV”) installer in Colorado’s residential and small commercial grid-
5 tied markets. I also serve as the President of the Board of Directors of the Colorado Solar
6 Energy Industries Association (“CoSEIA”), and as the Chair of the CoSEIA PV Policy
7 Subcommittee.

8

9 **Q: Have you previously filed testimony in this docket?**

10 A: Yes. I filed Answer Testimony on behalf of CoSEIA.

11

12 **Q: What is the purpose of your testimony in this proceeding?**

13 A: The purpose of my testimony is to address energy policy issues raised in the Answer
14 Testimony of William J. Dalton, on behalf of the Staff of the Public Utilities Commission, and in
15 the Answer Testimony of Frank Shafer, on behalf of the Office of Consumer Counsel.

16

17 **Q: What specific energy policy issues are you addressing?**

18 A: I will be addressing the Staff’s and the OCC’s concerns about the Company’s administration
19 of the small program segment of the Solar*Rewards program and concerns about the
20 securitization of RESA amounts. I will also discuss the effect of 2010 HB1001 on these issues,
21 if this legislation is enacted by both houses of the Colorado legislature.

22

1 **Q: Please describe the Staff's and the OCC's concerns about the administration of the**
2 **small program segment of the Solar*Rewards program.**

3 A: We are pleased that the Staff and the OCC acknowledged the important role that the small
4 program plays in both helping the Company to achieve the RES and in helping to develop the
5 on-site solar industry in Colorado. At the same time, I believe that the Staff and the OCC
6 mischaracterize the situation when they state that the Company has over-subscribed the small
7 program segment of the Solar*Rewards program at the expense of other available solar
8 resources.

9

10 **Q: Please explain.**

11 A: The Colorado legislature emphasized the importance of customer-sited solar installations
12 when it required that at least two percent of the renewable energy required each year under the
13 RES be derived from customer-sited solar electric generating technologies.¹ The Solar*Rewards
14 small program accounts for the majority of the applications for customer-sited solar installations,
15 allowing the opportunity for the greatest number of Coloradoans to invest and contribute towards
16 the New Energy Economy. These solar installations achieve a number of results which are
17 important to consumers in Colorado.

18

19 **Q: What important results do these on-site solar installations achieve?**

20 A: First, when on-site solar generation is installed, solar energy is produced during times of peak
21 demand during the day, thus reducing the need for higher cost peak power. Second, because on-
22 site solar generation uses the distribution system, costs associated with the use of the

¹ C.R.S. 40-2-124(1)(c)(II)(A)

1 transmission system are avoided. These transmission costs can be substantial, especially for new
2 transmission lines to distant solar generation development areas within the state of Colorado.
3 Third, the value of on-site solar in the state of Colorado has not yet been quantified using these
4 and numerous other value parameters. These value parameters include:

- 5 • The beneficial effect on the local economy, including job creation, the multiplier
6 effect of renewable energy expenditures and energy savings.
- 7 • Engagement by the greatest number of customers in clean energy production and
8 energy efficiency initiatives.
- 9 • Enhancement of the environment.
- 10 • Reducing reliance upon fossil fuels.
- 11 • Increasing energy security; and
- 12 • Avoiding price volatility associated with fuel costs.

13
14 Therefore, I believe that it is inaccurate for Staff to conclude that the cost of the rebate and REC
15 payments associated with the Solar*Rewards program results in the misallocation of resources to
16 the detriment of all customers.² In my opinion, the Company has administered the
17 Solar*Rewards small program in a manner that is consistent with the mandate of the Colorado
18 legislature.

19

20 **Q: Do you have other concerns with Staff’s testimony?**

21 A: Yes. I wish to address the suggestion by Staff that REC payment levels should be tied to the
22 cost of other solar resources, which may include lower cost utility scale projects.³ I believe that
23 the Company should retain flexibility in the management of REC pricing, recognizing the

² PUC Staff’s witness William J. Dalton, Answer Testimony, page 8, line 13 through 15.

³ PUC Staff’s witness William J. Dalton, Answer Testimony, page 10, line 13 through 16.

1 different requirements of the on-site solar industry segment. For example, in October 2008 when
2 the Company announced its dramatic reduction of the REC payment from \$2.50 per watt to
3 \$1.50 per watt, it must have realized that a large number of projects were in the process of being
4 developed using the higher REC payment amount. Many of these projects were already in the
5 pipeline of solar installers, at considerable embedded cost to the installers. Rather than add to
6 the disruption caused by lowering the REC payment, the Company attempted to honor the higher
7 REC payment for those projects which were in the pipeline and able to qualify for approval.
8 While many projects were actually lost or became uneconomic as a result of the REC drop, the
9 Company should be acknowledged for its efforts to minimize the disruption to its customers.
10 The ability of the Company to maintain or reduce REC payment levels should not be tied to the
11 cost of utility scale solar resources as suggested by Staff.

12

13 **Q: Do you have any other energy policy concerns which were raised by the witnesses for**
14 **the Staff or the OCC?**

15 A: Yes. While I agree that the RES rules do not allow for unlimited ratepayer funded spending
16 on renewable energy resources as stated by Staff witness Dalton,⁴ and that there are tradeoffs
17 associated with the timing of renewable energy purchases as stated by the OCC witness Shafer,⁵
18 I believe that the Company's administration of the Solar*Rewards program has complied with
19 the restrictions on spending for renewable energy resources. The Company recognizes that a
20 substantial front-end investment in on-site solar in the near term will result in the creation of a
21 competitive and robust solar industry that should continue to prosper as efficiencies increase and

⁴ PUC Staff's witness William J. Dalton, Answer Testimony, page 10, line 13 through 16.

⁵ The OCC's witness Frank Shafer, Answer Testimony, page 12, line 27, through page 13, line 3.

1 incentives decline over time. This means that job creation and economic benefits are more likely
2 to result if the Company is allowed to invest proportionately more in on-site solar in the early
3 years and is allowed to recover its carrying costs for that investment in the later years when
4 incentive levels are lower or potentially no longer necessary to stimulate consumer demand. I
5 believe that the Company should be acknowledged and encouraged to continue its efforts to
6 support the development of a robust on-site solar industry, rather than be criticized for the
7 staging and timing of its resource mix.

8

9 **Q: What additional energy policy issues do you wish to address?**

10 A: The Colorado House of Representatives has passed HB 10-1001,⁶ which if enacted would
11 increase the renewable acquisition targets for investor-owned utilities to 30%, and increase the
12 share of distributed generation, including on-site solar, to three percent. If enacted, this most
13 likely means that a higher statutory on-site solar installation target must be met within a shorter,
14 ten-year time frame. In order to meet these aggressive goals, it may be necessary to keep rebate
15 and REC payments at current levels in order to create attractive incentives for customers to
16 install on-site solar, at least for the first few years under the higher RES compliance standard. If
17 the Staff's and the OCC's positions were to prevail, the Company's flexibility to meet increased
18 on-site compliance standards may be jeopardized.

19

20 **Q: Does HB 10-1001 address other areas of energy policy that were raised by Staff or by**
21 **the OCC?**

⁶ Colorado House of Representatives. Reengrossed House Bill 10-1001, February 12, 2010.

1 A: Yes. HB 10-1001 specifically authorizes the Company to securitize RESA collections, thus
2 increasing currently available funds for REC acquisitions.

3

4 This allows the Company to recoup its carrying costs over time within the two percent retail rate
5 impact limit. This bill also demonstrates the Colorado legislature's will to increase the use of
6 renewable resources, specifically increasing the use of distributed generation and increasing the
7 proportion of distributed generation relative to centralized resources.

8

9 **Q: Please give examples of some of the provisions included in HB 10-1001 that may affect**
10 **the utility's acquisition levels in 2010 and beyond.**

11 A: Some additional provisions include:

- 12 • PUC discretion to reduce the \$2.00 per watt standard rebate.
- 13 • Removal of the 1.25 multiplier for "retail distributed generation," thus increasing
14 acquisition levels for distributed generation.
- 15 • Requiring best value metrics to be factored in the electric resource acquisition
16 process, including job creation and the long-term economic viability of Colorado
17 communities.

18

19 **Q: Are you recommending that REC payments be stabilized at current rates?**

20 A: Yes. If the REC payment offers are reduced in the near term and subsequently increased, this
21 may disrupt demand for on-site solar that may hinder the utility from meeting the increased
22 requirements under HB 10-1001, if enacted. Examples of how the marketplace may be disrupted
23 if the REC payment amount is reduced prematurely include:

- 24 • Demand may be reduced because potential solar customers may postpone a
25 purchasing decision in anticipation of an increase in incentive payments.

- 1 • Supply may be reduced because of the risk and expense to solar installation
2 companies of securing financing as well as carrying inventory and employees in an
3 uncertain marketplace.
- 4 • Prices may increase and installations may be reduced if solar installation companies
5 close or move out of state as a result of the premature reduction in REC payments.

6

7 **Q: Does this conclude your testimony?**

8 A: Yes it does.

Respectfully submitted this 4th day of March, 2010.

FURTHER AFFIANT SAYETH NAUGHT.



Eriks Brolis

STATE OF COLORADO)

)

COUNTY OF BOULDER)

The foregoing **CROSS-ANSWER TESTIMONY OF ERIKS BROLIS ON BEHALF OF COLORADO SOLAR ENERGY INDUSTRIES ASSOCIATION** was acknowledged before me this 4th day of March, 2010, by Eriks Brolis.

Witness my hand and official seal.



My commission expires: 3/06/2012

My Commission Expires 03/06/2012

THERESA A. LEMA

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CERTIFICATE OF SERVICE
09A-772E

I hereby certify that on this 4th day of March, 2010, the original and seven (7) copies of the foregoing **“CROSS-ANSWER TESTIMONY OF ERIKS BROLIS”** were hand delivered on:

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