

The Case for Raising the Small Wind Rebates

Workshop on the Proposed Changes to the ERP Guidebook

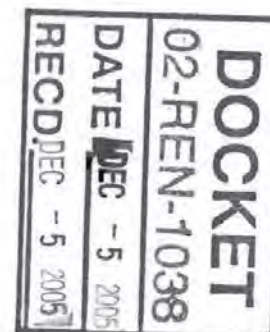
CEC Docket No. 02-REN-1038

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Chair, AWEA Small Wind Turbine Committee

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Two Comments:

- ❖ We support extending rebate reservations back to 9 months – helps with permitting delays
- ❖ **We encourage the Commission to restore small wind rebate to par with solar, per the proposed \$2.60/W**



Solar is Not a Silicon Bullet



It Can Be Much More Expensive

For 1,500 kWh/Month in
San Bernardino Co.,
(before subsidies):

Wind: \$46,000

Solar: \$82,000

Small Wind's Stock is Rising

**Wal-Mart “Experimental
Supercenters” feature
small wind**



Californians Want Small Wind



Small Wind's Potential in California is Significant

- ❖ 24% of California has sufficient resources for small wind*
- ❖ 1.8 M acres are prime for small wind*
- ❖ Top 200 ZIP Codes have ~ 52,000 suitable properties* ... ~ 400 MW potential



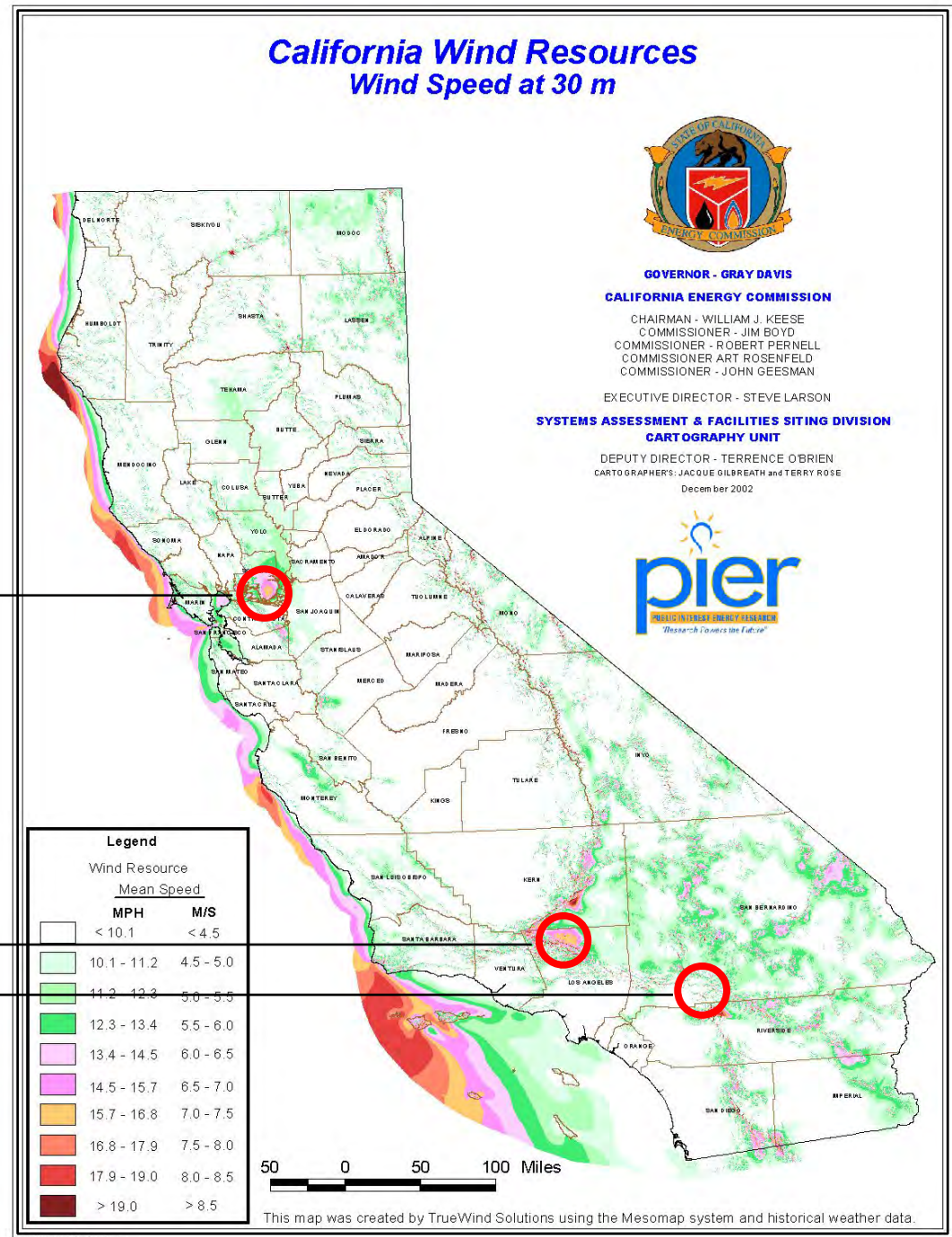
*Source: CEC Small Wind Permitting Guide

Primary Small Wind Market Areas

Solano County

**Note: Wind Resources
Coincide With Residential
Peak Load Periods**

Antelope Valley
Hesperia Area



The Policy Says



Emerging Renewables Program

Goal is to accelerate cost reduction and market acceptance through high volume production of emerging renewable technologies

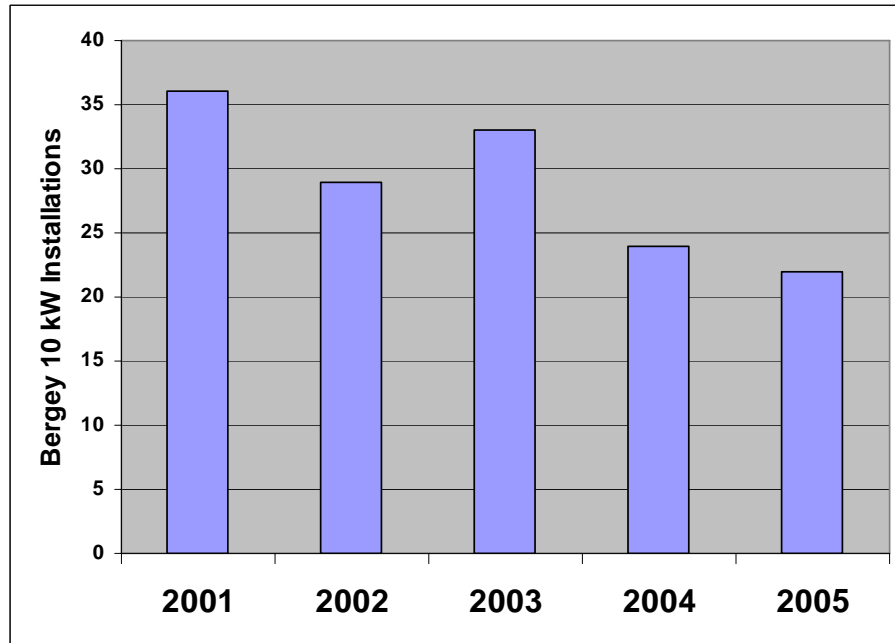
- Provides rebates for purchasing & installing distributed generation renewable energy systems
- Reduces the up-front costs for customers
- Eligible technologies: solar photovoltaic and thermal electric, small wind, fuel cells

Small Wind Hasn't Felt the Love

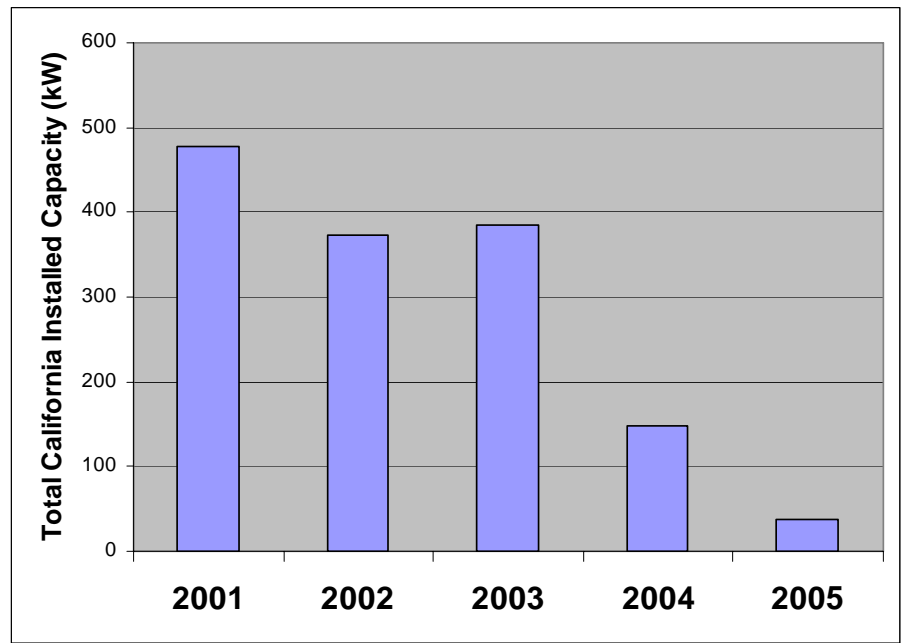
- ❖ In 2003, the CEC cut small wind rebates more than it did for PV, even though small wind was not part of the over-subscription problem and small wind sales had not “exploded”
- ❖ Small wind rebates have further declined at double the rate of PV
- ❖ Current rebate is ~ 25% on a 10 kW system
- ❖ Performance-Based Incentive program only covers PV



Resulting in Declining Sales:



Bergey Sales Data



CEC Rebate Data



Our Proposed Turnaround

- ❖ For the next two years, give small wind the same rebate as proposed for PV: \$2.60/W (up to 10 kW, \$1.60 above that)



Costs and Benefits

- ❖ Projected Costs: \$2.6 M in 2006, \$4.2 M in 2007 \$6.8M Total
- ❖ Projected Installation of 2.6 MW New in Two Years (vs. 1.4 MW in Last 6 Years)
- ❖ Projected Installed Cost Reduction of 16%



There's Precedent and Sufficient Funding

- ❖ In 2001, the CEC raised the PV rebate from \$3.00/W to \$4.50/W due to low PV sales
- ❖ From 1999 to 2003 PV and small wind had the same rebate level (subject to a 50% cap)
- ❖ As of Nov. 8th, the < 30 kW ERP fund contained \$51 million
- ❖ Draft Investment Plan allocates ~\$55 M per year for the ERP (net of repayment)



Additional Considerations

- ❖ Active sales lead to streamlining of permitting
- ❖ Small wind is subject to property taxes, unlike solar, increasing payback
- ❖ Product availability problems with solar and large wind, not so with small wind
- ❖ Both Bergey and Southwest have new factories with substantial production growth capability



Summary

For ~ 6 % of projected ERP funding over the next two years the CEC could transform the small wind market, lower costs appreciably, drive local and state policy/regulatory advances, and give Californians' more energy choices ... without jeopardizing the California Solar Initiative



Transformation
is Good

