

TD ~~274~~
34503



CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION

DOCKET	
02-REN-1038	
DATE	JUN 03 2005
RECD.	JUN 03 2005

June 3, 2005

Via E-Mail: docket@energy.state.ca.us
And US Mail

California Energy Commission
Re: Docket No. 02-REN-1038
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504

The California Solar Energy Industries Association hereby transmits these comments regarding the June 1, 2005 Renewables Committee Workshop.

A copy will be sent via US Mail today.

Les Nelson
Executive Director

**State of California
Energy Resources Conservation
And Development Commission**

In the Matter of:)	Docket No. 02-REN-1038
)	Renewable Energy Program
Implementation of Renewables Investment Plan)	Re: Changes to the <i>Emerging</i>
Legislation)	<i>Renewables Program Guidebook</i>
Public Utilities Code Sections)	
<u>381, 383.5, and 445; [SB 1038]</u>)	

**COMMENTS OF THE CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION
ON THE PROPOSED CHANGES TO THE
EMERGING RENEWABLES PROGRAM GUIDEBOOK**

*Fifth Edition Draft Guidebook
June 1, 2005 Committee Workshop*

June 3, 2005

Les Nelson, Executive Director
30012 Aventura, Ste. A
Rancho Santa Margarita, CA 92688
(949) 713-3500
lnelson@westernrenewables.com

In the Matter of: Implementation of Renewables Investment Plan Legislation Public Utilities Code Sections <u>381, 383.5, and 445; [SB 1038]</u>))))))	Docket No. 02-REN-1038 Renewable Energy Program Re: Changes to the <i>Emerging</i> <i>Renewables Program Guidebook</i>
--	----------------------------	---

**COMMENTS OF THE CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION
ON THE PROPOSED CHANGES TO THE
EMERGING RENEWABLES PROGRAM GUIDEBOOK**

CAL SEIA applauds the Commission’s proposed changes to the Guidebook which would preserve the rebate level at its current level of \$2.80/watt through the end of 2005¹. We note that in a letter to Commissioner Geesman dated March 7, 2005², CAL SEIA stated our strong concerns regarding an un-mistakable reduction in business activity, as measured in the reduction of new reservation applications submitted by our contractor members commencing after the rebate level was reduced from \$3.00 to \$2.80/watt on January 1st of this year. In the letter we urged the Commission to examine its records to confirm this reduction in reservation activity as compared with the same period in 2004. Although the Commission has not responded to our request for this information, we can only conclude that the Commission’s proposed six month freeze in the rebate level commencing July 1st has been proposed, at least in part, by such an examination and the information it yielded.

Notwithstanding this very positive recommendation to freeze the rebate level, CAL SEIA has a significant concern regarding the structure of the proposed change to rebate reservation - completed system payment mechanism.³

The proposed change reads, in part (underline added):

Table 1 lists the rebate levels available for standard reservation applications for systems installed between July 1, 2005 and December 31, 2005 by size category and technology type. The rebate levels are the same as in the prior rebate period, but the rebate level is now dependent upon the date a complete payment claim is received. Systems completed in the subsequent six month rebate period would qualify for a rebate of 20 cents less per watt (or the rebate level available at that time).

CAL SEIA is very concerned about the impact this proposed change would have on the program from several perspectives:

¹ Fifth Edition Draft, Section III. (E) *Adjustment of Rebate Levels*
² Letter to Commissioner John Geesman from Les Nelson, CAL SEIA Executive Director, March 7, 2005
³ Ibid. (A) *Rebates Offered*

1. **Safety:** This change will substantially reduce the window of time between a system sale, approval of the registration, installation and inspection of the system, and the receipt by the Commission of a complete payment claim. The later the sale in the year, the more compressed the schedule for installation will become, forcing contractors to work on roofs in end-of-year winter-time conditions in order to meet rebate level promises to their customers. In many cases, delays during that period of year are weather-related, and involve roof upgrades by roofing contractors before placement of the solar system can be completed. Competent, professional roofing contractors don't work in the rain for obvious reasons, and are usually hired by the property owner, not by the solar contractor, who consequently has no control over that aspect of the overall project.
2. **Administrative:** The Commission's ability to process ERP applications in a timely manner will have a pronounced influence on the level of rebate funding. The consumer and the contractor will be unfairly penalized by inefficiencies in the approval process. Various types of processing delays un-related to the quality of the initial reservation application have been experienced by program participants in the past, and this change will exacerbate the stress level of all concerned regarding processing timeliness.
3. **Contracts with Customers:** Systems cannot be sold with a variable price based on when the installation is completed. The existing methodology has been adequate, in terms of allowing for sufficient time to accommodate processing delays at the Commission, as well as unpredictable weather and job-specific construction problems. Inevitably, some significant number of reservation requests received after the mid to end August time frame will end up in a situation where the system won't be installed by December 31st despite the best efforts and intentions of the consumer and contractor. One of three scenarios will then occur (if in fact the rebate level is lowered on January 1, 2006):
 - Upon learning that the original rebate level is no longer available, the customer will cancel the transaction.
 - The customer will demand that the system be installed at the original contract price, causing the contractor to absorb the difference or try to cancel the contract.
 - The customer and the contractor will both look to the turn-around time for reservation approval at the Commission, citing that factor as the primary reason for the system not being able to be installed in time. A subsequent complaint, appeal or legal action by the injured parties will be a likely outcome at that point.

For these reasons and perhaps others that we have not anticipated, CAL SEIA strongly recommends that the Commission maintain the existing policy of granting a reservation with a six month expiration term.. This policy has maintained certainty for all parties since the ERP was first implemented. The proposed change is virtually certain to fray nerves and create finger pointing by all parties, the Commission included.

CAL SEIA appreciates the opportunity to provide these comments.