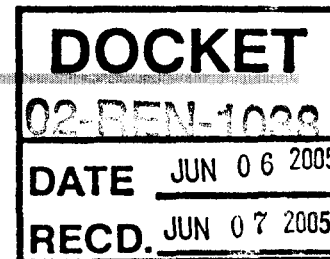


Docket Optical System - Docket No. 02-REN-1038

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Date: 6/6/2005 5:50 PM
Subject: Docket No. 02-REN-1038
CC: <ttutt@energy.state.ca.us>

With respect to the ongoing disparity in rebates as between small (under 30 kW installations) and those Over 30 kW, it is not really clear to us why such disparity is being allowed to continue.

It seems that the real issue has to do, not so much with the difference in system size, but the differential in rates as between one class of customer and another. There seems to be an implicit assumption that Over 30 kW systems are commercial with correspondingly lower marginal electricity rates than for typical residential (presumably requiring a higher per watt rebate value to justify the investment).

What about all of the 10 kW to 30 kW systems also being purchased by small businesses who are being billed at comparable commercial rates as their larger business counterparts? Why should they be penalized in favor larger businesses? Perhaps the rebated value should be based upon rate classification rather than system size.

Moreover, in keeping with typical rules governing the economies of scale, it would generally seem that the larger the system - the lower the installed cost per watt. Therefore, it would seem more equitable for small commercial systems to benefit differentially, with a higher rebate value for smaller (10-30 kW systems), than for larger systems over 30 kW.

As a correlary to these observations, it seems likely that the pool of PG&E rebate dollars might last a bit longer, AND - by taking some of the demand out of the equation - might allow for a better matching of supply with demand - perhaps resulting a lowering of module prices which have spiked up over 15% during the past 18 months - largely owing to the surge in demand created by the oversubscribed Self Gen program.

Some food for thought.

Sincerely,
Davis ACE Hardware

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