

STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the matter of the Design of the Emerging
Renewables Program

Docket No. 02-REN-1038

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COMMENTS ON PROPOSED CHANGES
TO THE EMERGING RENEWABLES PROGRAM GUIDEBOOK



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**COMMENTS OF THE UTILITY REFORM NETWORK
ON PROPOSED CHANGES
TO THE EMERGING RENEWABLES PROGRAM GUIDEBOOK**

In response to the April 14, 2011 notification of proposed guidebook changes for the Emerging Renewables Program (ERP), The Utility Reform Network (TURN) submits these comments. TURN appreciates the quick action by CEC staff to suspend the ERP in light of the behavior of several unscrupulous vendors and distributors of certain small wind turbine models. In order to prevent additional harm to the ERP and ratepayers, TURN recommends several key changes to the overall program and strongly urges the Commission to rescind all unpaid awards for systems that do not satisfy the revised program requirements. Unless these actions are taken, the Commission risks losing its credibility as a competent administrator of this important program.

Based on review of the presentations at the April 14 workshop, TURN recommends the following program modifications:

- Adopt the product eligibility certification recommendations proposed by the Distributed Wind Energy Association. Specifically, the existing product list should be scrapped. All turbines should be tested and approved by the Small Wind Certification Council (SWCC) in order to be eligible for ERP rebates. The CEC should work with SWCC to ensure that the certification requirements are appropriate, independent and rigorous.

- The rebates should be capped at no more than 50% of the overall system cost to ensure that customers are making significant investments with their own capital and to prevent “free” or “cash back” turbine sales. The Commission should require proof of total payments by the customer with severe consequences for fraudulent submissions.

- The Commission should consider performance-based incentives and adopt such a mechanism if the reporting, compliance and processing costs are reasonable. Alternatively, the Commission may develop a system for rating small wind turbines (in coordination with SWCC) to provide differentiated up-front rebates based upon the relative efficiency, reliability, and expected performance of specific models.
- All rebates not yet paid should be suspended until the customer can demonstrate that the rebate does not exceed 50% of the system cost and that the turbine models have received independent certification by SWCC or UK Microgeneration Certification Scheme (see DWEA presentation). No awards should be made for fraudulent transactions, turbines offering theoretically impossible capacity ratings, or turbines that have not demonstrated the ability to operate reliably over extended periods of time.

TURN cannot emphasize strongly enough that the credibility of the Commission is at stake. There should be no question regarding the importance of freezing of payments for applications that fail to meet the tests identified above. No rebate applicant has a right to defraud the Commission and the ratepayers who finance this program. The Commission has a duty to protect these funds from misuse and to ensure that unexpected loopholes in the guidelines are not exploited.

TURN understands that there may be up to \$5 million in fraudulent rebate reservations pending. There is no valid reason to make such payments given the circumstances. The Commission should therefore rescind all unpaid rebates, revise the program guidelines to prevent similar abuses in the future, and then expeditiously reopen the program to ensure that legitimate distributed wind technologies are eligible to receive reasonable levels of financial support from the ERP.

Respectfully submitted,

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