



December 4, 2005

California Energy Commission
Docket Unit, MS-4
1516 Ninth Street
Sacramento, California

RE: Docket No. 02-REN-1038

Commissioners,

I am founder and president of Sun Light & Power Company, one of the oldest and one of the larger solar integrators in the state. We employ 40 people and will generate solar system sales of approximately \$8 million this year, all in California.

This letter is in response to requests for comments on the proposed changes to the Emerging Renewables Program. My position is that I am in support of all of the changes, with the single exception of the proposed reduction in the rebate level from \$2.80/W to \$2.60/W.

There are several reasons why I and most others in my industry think that a rebate reduction right now is not a good idea:

1. Module costs have been steadily rising for the past 1½ years, while rebates have dropped, causing the net cost to the consumer to rise. In our case, the after-rebate cost per watt to the consumer of a typical residential system has risen by over 33% in the last year and a half. Even allowing for the \$2,000 federal tax credit in 2006, the loss of the state tax credit at the end of 2005 will still leave the consumer paying about 30% more for a system in 2006 than they paid in mid-2004.
2. Although worldwide module production continues to increase, module availability has been dropping in California, because other countries and other states have been offering higher incentives than what is offered here. This places California businesses at a disadvantage; since we can't afford to pay the higher prices, we watch the wholesalers send the modules overseas to Germany, Spain, and Italy, or to New Jersey or other states recently jumping on the solar bandwagon. We are losing business and wasting valuable resources trying to track down product to sell because of this, and it will only get worse if the rebates are dropped further.
3. The CPUC has already come out publicly in support of maintaining a \$2.80/W rebate level. If the CEC creates a lower level of rebate, what will the consumer do? Simple - the same thing that consumers do whenever the government sends mixed messages - nothing. Many consumers will shut their wallets, put down their pens and wait for the CPUC to act, because they don't want to go for a \$2.60 rebate now if there is a \$2.80 rebate coming sometime in the future. Would you? This will once again put the brakes on the solar industry in California, as has happened so many times before, and it drives me crazy.

The negative effect of these types of market disruption cannot be over-emphasized. Businesses simply can't properly plan for growth when they do not know beyond a few months what their market will look like. How can we hire and train workers if we don't know whether we will have work for them next month or next year? How can we invest in vehicles and equipment? Lenders and investors won't invest in a business which cannot show them a believable business plan that promises stable, steady growth. The dedicated owners and employees of these hundreds of solar companies will face months of uncertainty and possibly layoffs. Companies that have been struggling to make it through this last year will be forced to go out of business, and perhaps their life's savings will be lost. Many companies, including mine, have been considering expanding or moving to other states because of the difficulties caused by the starts and stops of the solar market here in California. All of this in an industry that the CEC is trying to support, not drive away.

Although the financial concerns mentioned above would support an INCREASE in the rebate at this time, I am not asking for an increase because of the negative affect that this would have on out existing customer base, creating the same type of customer paralysis that the decrease would create.

We in the solar industry are depending on the Commission to pay close attention to the market and carefully adjust the rebate levels to maintain and grow the California solar market. We count on you to make wise decisions that support a robust, healthy solar infrastructure. Please consider these issues carefully and do NOT decrease the rebate on January 1, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary T. Gerber", with a long horizontal flourish extending to the right.

Gary T. Gerber, PE

President, Sun Light & Power Co.