

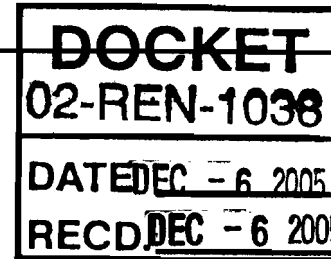
Wholesale Supplier - Systems Integrator
Solar Electric Power Systems & Components
Sol-Gen™ Solar Electric Generators
Solar Thermal & Radiant Heating Systems

1240 Holm Road
Petaluma, CA 94954
707.766.7727 fax 707.766.7722
email staff@solardepot.com
www.solardepot.com

Branch Offices:
Sacramento, CA
Corona, CA

December 6, 2005

California Energy Commission
Docket Unit, MS-4
1516 Ninth St.
Sacramento, CA 95814



RE: Comments to Renewables Committee Workshop on the Proposed Changes to the Emerging Renewables Program Guidebook (Docket No. 02-REN-1038)

Dear Commissioners:

I would like to present these written comments to the CEC Renewables Committee on the Proposed Changes to the Emerging Renewables Program Guidebook on behalf of Solar Depot, Inc. Established over 26 years ago, Solar Depot is one of the largest and most experienced wholesale distributors/systems integrators of solar energy systems in the U.S. Based in Petaluma, CA, with branches in Sacramento and Southern California, Solar Depot designs and sells solar electric and solar water heating systems for both residential and commercial applications. Solar Depot is also an active member of the California Solar Energy Industry Association (CALSEIA).

1. Maintain rebate level for solar PV systems at the current \$2.80/W.

We strongly urge the Commission to maintain the rebate level for solar photovoltaic systems at the current \$2.80/W through June 2006. I would like to present two distinct arguments for maintaining the rebate level at the current \$2.80/W—the first relating to the impact of the solar PV shortage, and the second relating to the proposed California Solar Initiative program, which is currently in development.

Solar PV Module Shortage

Due the silicon supply shortage, that has been ongoing since 2004 and is expected to continue into 2007, the availability of solar PV systems has been restricted and the price has been incrementally increasing over the past year, rather than decreasing as one would expect considering the increased demand for solar PV systems. Several of the solar PV manufacturers have confirmed a *minimum of a 10% increase* in module prices effective January 2006, which translates to roughly a \$0.25-0.30/W increase.

A \$0.20/W drop in the CEC rebate level at this time would further exacerbate this cost issue and could adversely impact the consumer demand for solar PV systems, leading to a decline in the growth of solar PV installations. To date, the ERP rebates have been very successful in reducing the direct system costs to the end-use consumer, thus, encouraging greater demand.

At this time, we believe it is necessary to maintain the rebate level for solar PV systems at \$2.80/W through June 2006, in order to provide a *sufficient* incentive that will help to mitigate the effect of the increased price of solar PV systems resulting from the near-term shortage. By maintaining the \$2.80/W rebate level, the CEC will help shield the end-use consumer from temporary price fluctuations due to market shortage, and it will promote a more consistent growth in demand for solar PV, which will lead to a reduction in PV system costs in the future.



Members: California Solar Energy Industries Association & American Solar Energy Society

Consolidated CSI Program

Additionally, maintaining the rebate level at \$2.80/W will ensure consistency with the CPUC's Self-Generation Incentive Program's rebate offering, which has been proposed at \$2.80/W, beginning January 1, 2006.

The CEC/CPUC Joint Staff Report on the Implementation of the California Solar Initiative recommends consolidating the residential and commercial solar incentive programs into one program by June 2006. In light of this, the CPUC has modified their incentive level to \$2.80/W beginning January 1, 2006, "so that it more closely conforms to the CEC's expected ERP incentive level."¹

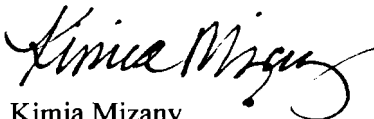
We strongly advocate for all PV projects to be offered the same incentive level, regardless of system size, upon consolidation of the residential and commercial solar incentive programs into the CSI. Maintaining the ERP rebate level at \$2.80/W will allow for a consistent incentive across the board, and set the stage for equitable incentives for all PV projects through the comprehensive CSI, once that is implemented.

2. Support Reservation Period Extension.

We support the Commission's decision to extend the reservation period from six to nine months for standard applications. We believe this is appropriate considering the delays in product availability that have resulted from the PV module shortage, which have prevented some applicants from being able to install systems within the initial six month reservation period. Nine months is a much more realistic reservation period with the current situation in place.

We appreciate your consideration of these comments, and we thank the Commission and its staff for all of its efforts to continue to develop and promote this important and valuable state program.

Sincerely,



Kimia Mizany
Business Development Coordinator

¹ "Interim Order Adopting Policies and Funding for the California Solar Initiative," CPUC, 11/15/05, page 8.