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Comments on 2009 IEPR – Feed-in Tariffs
Docket # 08-IEP-1 and #03-RPS-1078
Submitted October 10, 2008
By Infinia Corporation

Thank you for the opportunity to provide comments on the Staff Workshop and Questions on the draft consultant report, "California Feed-in Tariff Design and Policy Options Report" publication No. CEC-300-2008-009-D.

Infinia Corporation is a US company based in Kennewick, Washington producing a 3kWac solar electric system, the Infinia Solar System (ISS). Infinia plans to implement commercial shipments in January 2009, and is expanding its Kennewick, WA manufacturing center and its L.A.-based U.S. sales and service center to ensure a successful launch. Infinia currently has contracts to deliver Infinia Solar Systems in 2009 to projects of 1MW and larger.

Overview:

Infinia believes implementing Option 6 (depending on the final Solar Feed-in Tariff rate and other details) could work to quickly bring significantly more renewable energy generation into the renewable energy market, including Infinia's Solar System. Expanding Option 6 to larger MW projects (like Option 1) could be done anytime that the Energy and Public Utility Commissions deem appropriate – and we would welcome that expansion.

Infinia believes that over the next 5 years with strong sales it should be able to intersect a MPR-type rate structure, thus competing with grid costs for other new generating technologies. But, getting from NOW to THEN for a new technology in the energy market is a significant issue. Annual sales growth is what helps get us there. Immediate implementation of Option 6 (20MW and under projects) would help bring Infinia and other emerging solar and renewable technologies into the market and onto existing distribution lines. Option 6 could quickly bring a substantial increase and a diverse generation mix of renewable energy generation to the California RPS program. Generally, with Option 6 there is no need to wait for transmission projects to enable large renewable projects in remote locations. Renewable energy generation projects of 20MW and below can be sited on the existing distribution system nearer to load centers. The market response to Option 6 can be managed by the California PUC through Feed-in Tariff rates and other terms. Option 6 can provide excellent value to California electricity consumers by quickly bringing a substantial amount of renewable generating resource into the generation mix to hedge volatile fossil-fuel energy prices and provide long-term pricing stability.

Again, larger MW projects can continue to be RFP-based, but could be offered a Feed-in Tariff option (e.g. Option 1) when more experience under Option 6 guides its implementation.

Detailed Response to the Staff Questions:

A. Representative Policy Paths

1. Option 6 is the most appealing because it could bring immediate response of substantially more renewable energy generation projects into the RPS market. The projects will not have to wait for new transmission lines to be built. The projects will be build nearer to load centers and bring other distributed generation benefits. The financial risk of “overpaying” to bring a diverse mix of renewable technologies into the market appears to be manageable by the California PUC.

The least appealing Option is #5 because it is a single technology feed-in tariff and it does not address solar generating technology. Option #4 also is a limited, single technology option and is therefore less attractive.

2. Near-term options: Option #2, #4, #5, and #6
Mid-term options: Option #1
Long-term: Option #3
3. No comment.
4. No comment
5. Pilot-scale programs allow the cautious exploration of various policy experiments, but none proposed will make much impact on the 2020 goals, and some proposed pilots will not encourage resource diversity.
6. The Pros of setting an automatic implementation of a policy conditioned on a future triggering milestone is that it might appear to be an “easier to sell” today. The Cons include the failure of policy leadership and the delay of actions that are clearly warranted today.
7. Option # 6 can be implemented immediately with technology & size differentiated FIT rates established by the PUC. Based on some market experience, the FIT rates can be made available to larger size projects. The financial risks can be managed by the PUC under Option #6 while learning how best to stimulate the building of a diverse source of renewable generation technologies.

B. Interactions between Policy Paths

1. Pros for Figure 3 include alternatives that step-in. Cons include the delay of action to move toward meeting the 2020 goals...a continued hope that the current path will EVENTUALLY get the renewable MWs operational by the 2020 target date.
2. See the discussion in the Overview and in A.7 above of Option #6 providing a pathway to Option #1.

C. Interaction with RPS & other policies

1. A feed-in tariff provides a clear understanding of the revenue for a project, provides a standard PPA contract to reduce the cost of negotiating with the utility, and a certainty for interconnection of the project to the utility. This certainty can

provide the basis for a significant response of renewable generators into the market. This has been demonstrated in Germany and Spain. If you want to get renewable resources into the market, a successful FIT can make it happen.

2. Option #6 is best suited to coexist with the current RPS solicitation process. The renewable energy generators under 20MWs have the most relative cost impact of going through the RFP process. The cost of the RFP process is a smaller % of the cost of a larger project. Option #1 has the most issues with the current RFP solicitation process. In the current process the utility controls the RFP process. In a feed-in tariff, the utility is in a “must-take” situation and is NOT the controller for project installations, rather it is the financial institutions identifying what projects return adequate returns. Projects will get built, as demonstrated in Europe.
3. -----
4. Option #1 could be used along with CREZ transmission corridors to bring larger or more remote projects into the market.
5. A Feed-in Tariff process does not have to work with or evolve from a Market Price Referent process. In Europe the successful FIT programs are based on cost-based rates for the various technologies (or sizes). But, it can work with the MRP process. A technology differentiated feed-in tariff could be “based” upon the MRP process information as a base. The technology differentiation can be a multiplier of the MRP to account for any number of other technical or policy factors.

Overall, Infinia recommends that the Commission consider the immediate implementation of Option #6 for projects under 20MW. The Commission should use the experience of exercising this Option in the market along with information from the European experience to guide the move to larger project sizes.

Thank-you for the opportunity to comment on this matter of significant importance to Infinia.

Respectively submitted,

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