Albert Rosen's comments on Docket numbers No. 09-IEP-1G and No. 03-RPS-1078

2009 IEPR- Feed-in Tariffs

CEC
Dockets Office, MS-4
Re: Docket No. 09-IEP-1G and 03-RPS-1078
1516 Ninth Street
Sacramento, CA 95814-5512

I am a member of Solar Santa Monica's Advisory Board and Santa Monica's Sustainable City Task Force, but these comments are my own.

I applaud the CEC's recommendation of a feed-in tariff for California that is based on system cost plus a reasonable return for the owner of the system. Tariffs based on the MPR or other methodology that focuses on the utilities' cost of power don't work. The CSI has produced modest results, but nowhere near what is required to meet California's renewable energy goals. The CSI's net metering program excludes virtually all multi-metered buildings, has inadequate subsidies (which degress automatically) and is difficult to explain, predict and navigate. A properly structured feed-in tariff will catalyze a massive increase in renewable energy production in California.

Issues and Comments:

1. **There should be no <u>lower</u> limit to the size of the systems eligible to participate.** The feed-in tariff should be available to systems rated at 1 kW and up. The value of smaller, distributed generation has been well documented.

The higher nominal cost of smaller systems is more than offset by the value of the externalities, ease of interconnection, lower distribution and transmission losses, widespread participation, local business and job creation, etc.

2. **There should be no automatic degression.** Annual or bi-annual reviews should determine the appropriateness of the feed-in tariff schedule. Those reviews could consider, among other things, changes (up or down) in system hardware and installation costs and the success or failure of the tariff to incentivize production. Automatic degression ignores real world changes in prices, technology and the investment environment and will changes tariffs inappropriately. Photovoltaic generation costs actually increased over the last two years.
3. **The contract term should be no less than 20 years**. Shorter terms make investment decisions more difficult, inhibit financing opportunities and will require higher tariffs.
4. **There should be no net metering**. The systems installed under the feed-in tariff should run all of their production through a new output meter. That will make the returns from the new system completely predictable because no part of the production will be used to offset onsite use (at variable and unpredictable rates). Retaining the existing on site meter to measure all onsite usage retains all the conservation incentives built into the rate schedule (time of use, high usage tiers, etc).
5. **One feed-in tariff schedule should be developed for taxable entities and another for tax exempt entities.** Tariffs for taxable entities should be lower to reflect the federal tax credit. The taxable schedule should not be based on the individual system owner's ability to use the credit, but the schedule should reflect the tax credit available to all taxable entities that install each particular type of system at the time the feed-in contract is signed. If we don't reduce the tariff to reflect the tax credit actually available, the ratepayers

will be paying more than they should have to and taxable system owners would be overcompensated.

6. **CEC and PUC should consider whether there should be a tariff set for the systems' production after the 20 year contract expires.** Perhaps participating systems should be required to sell and the utilities required to purchase all post-contract production at a discounted rate (10% lower than the utilities' wholesale cost of green energy?). This would benefit the utilities and the ratepayers by guaranteeing a continuing source of inexpensive green power and benefit the system owner byu extending the systems' income stream.

Thank you for considering my comments,

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