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Solar Santa Monica Comments Docket Numbers 09-IEP-1G and 03-RPS-1078

2009 IEPR- Feed-in Tariffs

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

DOCKET 09-IEP-1G	
DATE	DEC10 2008
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December 10, 2008

Dear California Energy Commission Officials:

Thank you for the opportunity to present comments on the workshop proceedings and policy positions presented regarding Feed-In Tariffs. These comments are being respectfully submitted by Solar Santa Monica.

Solar Santa Monica is a project of the City of Santa Monica, operated through the City's Office of Sustainability and the Environment. The Solar Santa Monica Advisory Board directs Solar Santa Monica's staff and consultants on policy issues.

The Solar Santa Monica Advisory Board Feed-In Tariff Subcommittee is working on the adoption of a solar feed-in tariff to help cities facilitate and contribute to local, regional, state, national, and global energy and environmental goals. In November 2008, the Subcommittee produced a White Paper on solar feed-in tariffs and convened a meeting of California cities to explore urban use of this incentive mechanism.

Here are five specific comments:

1. **Three Cheers!** Solar Santa Monica applauds the Commission and its staff and consultants for a thorough examination of feed-in tariffs and the issues

surrounding their design and pricing. We especially like the elimination of “go slow” strategies that impede progress.

2. **The Feed-In Tariff Potential:** There is clearly a huge potential for this policy instrument in California. Examining its success in Europe has provided a useful perspective that seemed lacking in prior discussions. Just this past week, the Santa Monica City Council authorized staff to explore the feed-in tariff policy instrument to achieve City goals. Solar Santa Monica is particularly supportive of feed-in tariffs for small-scale systems.
3. **The California Solar Cities Focus:** The City of Santa Monica's Solar Santa Monica program is particularly interested in a solar feed-in tariff for multi-metered buildings which comprise the majority of urban rooftops, but who cannot benefit financially from the solar investment. We believe that report titled “California Feed-In Tariff Design and Policy Options” (CEC #300-2008-009-D2) and its recommended policy option (Policy Path 6) addresses this focus and provides a powerful means for the City to help reach its energy and climate protection goals.
4. **Defining Reasonable Profit:** The City of Santa Monica supports the Commission's recommended pricing that abandons the utility avoided cost framework and replaces it with a “reasonable profit” foundation for solar investors. Santa Monica supports abandoning the market price referent methodology. Solar Santa Monica advocates a far more simple and transparent methodology presented herein:

“The Commission shall ensure that the solar feed-in tariffs are sufficient to provide a reasonable and reliable return to solar generators. A reasonable return is defined as an annual payment equal to 12% of the average net system cost for each category, fixed for 20 years.”

5. **The Value of Distributed Generation:** Solar Santa Monica believes that a feed-in tariff will only be effective if it has an effective price. Critics will invariably suggest that larger solar systems are more cost effective.

Solar Santa Monica encourages the Commission to begin a process of determining the values of distributed generation to increase the benefits of distributed generation. The advantages of distributed generation include:

1. Less lead time for siting, permitting and construction;
2. Promotes rapid large-scale deployment;
3. Less impact on the environment (less NIMBY opposition);
4. Allows widespread citizen and business ownership in PV systems;
5. Provides local investment and lending opportunities;
6. Encourages large investments of private capital for PV generation;
7. Fosters local solar installation businesses and green-collar jobs;
8. Location benefit avoids generation and transmission losses;

9. Adds value to all developed real estate in California;
10. Less vulnerable to major outages and terrorist attacks.

In addition to the distributed generation benefits above, DG also helps cities contribute to state and local mandates. Solar in the urban environment will enable California cities to contribute to the national Million Solar Rooftops vision. It addresses a number of other state and local mandates, including:

The California Global Warming Solutions Act of 2006 (AB 32) mandates reducing carbon dioxide emissions to 1990 levels by 2020, a reduction of 30% compared to business as usual. Solar in the urban environment – using the built environment to generate clean, renewable electricity -- will help achieve the AB 32 goals, powering homes, businesses, and cars.

Increasing the installation of solar PV generation in the urban environment also addresses California's Renewable Portfolio Standard (RPS) requirement. The RPS requires that 20% of the State's electricity be produced from renewable energy sources by 2010, and the State is currently considering raising that target to 33% by 2020.

Many California cities have made additional commitments to mitigate climate change. Santa Monica has a commitment to reduce greenhouse gases to a level 15% below the 1990 baseline by 2015. The goal of its Community Energy Independence Initiative is to be energy neutral (net zero electricity demand) by 2020. While progress is being made, many California cities realize that an additional solar policy instrument such as an effective feed-in tariff is required.