Written comments regarding docket number 02-REN-1038.

(Staff Workshop on Possible Changes to the Emerging Renewables Program)

I work in the small wind turbine industry, I do sales and consulting primarily in the Solano County area. I have been working with both the CEC and the CPUC on wind turbine issues. I think that the proposal to allow the ERP to fund 50% of a wind turbine installation should be modified.

Earlier this year I helped Commissioner Peevey and his staff from the CPUC understand how government incentives were over funding wind turbine projects. The CPUC has also recently published a draft of their new guidelines for the SGIP incentives for large wind turbines. The new SGIP rules now limit the incentives of this program to 30% of the total cost of an installation. I think my emails to the Commissioner helped them decide on this number.

My primary concern with the proposed changes to the ERP guidebook are the guidelines that allow funding of up to 50% of the cost of a small wind turbine project. Businesses in California can use state and federal incentives to completely pay for a wind turbine installation this year. This means that businesses this year will still have a large incentive to use ERP funding to install wind turbines in low wind speed areas. The amount of incentive money is limited, and I do not think this money should be going to fund wind turbines that will produce little electricity.

I thought that the staff at the ERP was aware of the above mentioned over funding problem. The ERP suspension notice had stated that funding of wind turbines in low wind speed areas was a problem that would be addressed. The proposed ERP program has failed to change in a way that will discourage this waste of resources.

The federal incentives this year, plus the ERP incentives will allow businesses to recoup all of the installation costs within 1 year. For the rest of 2011 the US Treasury is providing a 30% cash payment for wind turbine installations. The federal government is also allowing 100% depreciation of equipment this year. This depreciation can allow a wind turbine customer to save up to 35% of the cost on a wind turbine installation. There are many other considerations to the financing of a wind turbine installation. There are federal taxes on state rebates, and other costs, however the proposed 50% ERP incentives in 2011 have the potential to encourage installations in low wind speed areas.

I think the CEC should carefully take into consideration the federal funding incentives that are available for wind turbine installations. These incentives are likely to be reduced at the end of 2011. I think the CEC should anticipate these changes and be prepared to respond to changes in the federal incentives. Considering how weak the economy is, I think that for the rest of 2011 the ERP incentive should be reduced to 40% of the installed cost for businesses. I believe a better solution would be a production based ERP incentive program. However I know that implementing a production based system might further delay the lifting of the present ERP suspension.

I think that it is also imperative to quickly lift the present suspension of this program. This suspension is causing the loss of a large amount of economic activity in California. Many residents and businesses are missing an opportunity to use the very generous federal incentives that are available for wind turbine installations this year.

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