

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, DECEMBER 17, 2013**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, December 17, 2013, commencing at 7:00 a.m.

Present: Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hansen, and Mayor Katzakian

Absent: Council Member Nakanishi

Also Present: Deputy City Manager Ayers, City Attorney Schwabauer, and City Clerk Johl-Olson

B. Topic(s)

B-1 Lodi Solar Program Update (PW)

Business Development Manager Rob Lechner and Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the solar program update. Specific topics of discussion included program summary, developing issues, renewable portfolio standard (RPS), net energy metering (NEM), program participation, solar costs, and future of the program.

In response to Mayor Pro Tempore Hansen, Mr. Lechner stated the One Million Homes Program appears to be on target based on the fact that the program funds are being used in their entirety and Lodi has approximately 180 homes.

In response to Mayor Katzakian and Mayor Pro Tempore Hansen, Ms. Kirkley stated the solar rate applies to both residential and commercial properties. She stated the rate is available all year round on a retail basis to offset excess solar generation. Ms. Kirkley also explained the annual true-up process for excess generation above what is actually used.

In response to Council Member Johnson and Mayor Pro Tempore Hansen, Mr. Lechner and Ms. Kirkley stated the consultant will do a rate study for all electric rates and will also look at solar rates and charges during that review.

In response to Mayor Pro Tempore Hansen, Mr. Lechner confirmed there are zero days for solar energy generation based upon the number of foggy and cloudy days.

In response to Mayor Pro Tempore Hansen, Ms. Kirkley stated a low-income customer that pays into the solar program will likely be unable to purchase a solar system and therefore there is an equity issue.

In response to Mayor Pro Tempore Hansen, Mr. Lechner stated pay back on a solar system is typically about 7 to 10 years currently.

Discussion ensued amongst Mayor Pro Tempore Hansen, Ms. Kirkley, and Mr. Lechner regarding the timeline for future hydro and geo projects and RPS qualifications and eligibility.

In response to Mayor Katzakian, Ms. Kirkley stated there are no customers right now in the City that are generating excess solar energy.

In response to Mayor Pro Tempore Hansen, Mr. Lechner stated he cannot think of any reason the City would want to stop or prevent the NEM legislation.

In response to Mayor Katzakian, Mr. Lechner confirmed that solar systems are most beneficial to keep customers out of the Tier 4 and Tier 5 energy usage.

In response to Council Member Mounce, Mr. Lechner stated there is generally little incentive for a property owner to install a solar system for a rental property, which is likely true for east side properties.

In response to Mayor Pro Tempore Hansen, Mr. Lechner confirmed that 2010 legislation requires new homes to be solar ready and may also require some solar paneling.

In response to Council Member Johnson, Mr. Lechner stated shading in an area, along with the direction the house is facing and roof condition, may affect the effectiveness of a solar system.

In response to Council Member Johnson, Mr. Lechner stated there is no pre-approved list for solar system contractors although he does provide several names verbally if asked.

A brief discussion ensued amongst the City Council regarding the pros and cons of establishing a pre-approved list of solar installation contractors.

In response to Mayor Katzakian, City Attorney Schwabauer stated solar contractors are licensed and bonded through the State and the City also requires a business license.

In response to Mayor Pro Tempore Hansen, Mr. Lechner stated the City has a rebate program, there is a federal tax credit available, and the State tax credit has expired.

In response to Mayor Pro Tempore Hansen, Mr. Lechner stated three years ago a non-residential lottery was held for six slots and ten entries were received for the rebate program.

In response to Mayor Pro Tempore Hansen, Mr. Lechner stated there have been no complaints received to date regarding the rebate program.

In response to Mayor Pro Tempore Hansen, Mr. Lechner stated the rebate program is first come, first serve unless there are more applications received than slots available.

In response to Mayor Katzakian, Mr. Lechner stated of the \$450,000, \$210,000 is for residential and the remaining is for non-residential. Mr. Lechner stated any unused funds from one side will be combined with the other side as necessary.

C. Comments by Public on Non-Agenda Items - None

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:00 a.m.

ATTEST:

Randi Johl-Olson
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Lodi Solar Program Update

MEETING DATE: December 17, 2013

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Receive Lodi Solar Program update.

BACKGROUND INFORMATION: In 2007, the City of Lodi created and implemented the Lodi Solar Program. This program includes the collection and expenditure of revenue to fund rebates for installed solar projects, as well as a designated electric utility rate for customers who have installed a solar system on their property.

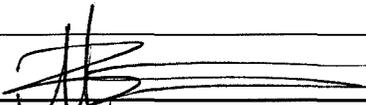
The Lodi Solar Program Update will include a brief overview of the State law that requires the City of Lodi to offer a solar program and what issues are developing in the area of solar in California. In addition, staff will discuss customer participation in the Lodi Solar Program to date, as well as information pertaining to the Renewables Portfolio Standard, net-energy metering, and specifics regarding the 2014 Lodi Solar Program.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.



Elizabeth Kirkley
Electric Utility Director

APPROVED: 

Konradt Bartlam, City Manager

Lodi Solar Program Update

December 17, 2013

Lodi City Council Shirtsleeve Meeting



Lodi Solar Program Update

- Program Summary
- Developing Issues
- Renewable Portfolio Standard (RPS)
- Net Energy Metering (NEM)
- Program Participation 2008 to 2013
- Solar Costs
- Solar Program 2014 & Beyond



Program Summary

- Senate Bill (SB) 1 (2006)
 - 10-year program (1/1/08 to 12/31/17)
 - All electric service providers must offer solar incentives
 - Lodi requirement - \$6.1M
 - Rebates decline 7% per year
- Lodi Program established in 2007
 - Collected monthly via the *California Solar Surcharge* (\$0.00125/kWh)



Developing Issues

- Claimed Solar Benefits
 - Green job creation
 - Reduces power purchases
 - Peak load reduction → distribution system capacity
 - Supports carbon and renewable requirements
- Equity Argument
 - Fixed cost recovery (distribution system)
 - Power costs for solar vs. non-solar customers
 - Affordability



Renewables Portfolio Standard (RPS)

- 33% RPS requirement by 2020
- Current Lodi RPS Solar Resources (2013)
 - NCPA Hydro Solar – Lodi share @ ~7 MWh/yr
 - NCPA Geo Solar – Lodi share @ ~300 MWh/yr
- Future solar generation
- Customer-owned solar ineligible



Net Energy Metering (NEM)

- Lodi's 180 solar customers receive NEM
- Annual true-up for excess energy generation
- Program caps
 - 5% of peak load or 2017, whichever comes first
 - Current subscription at one-third of cap



Program Participation 2008 to 2013

- 150 residential
 - 7 installed prior to 2008
- 30 non-residential
 - 2 installed prior to 2008
- Smallest system - 0.7 kilowatts
- Largest system - 190 kilowatts
- Total installed capacity - 2.052 MW
- Annual generation ~3 million kWh
 - 384 homes; < 1% Lodi load



Program Participation 2008 to 2013

- Solar marketers in Lodi
 - Initially dozens of firms
 - Tapered off dramatically in 2011
 - Currently less than 10 licensed solar contractors

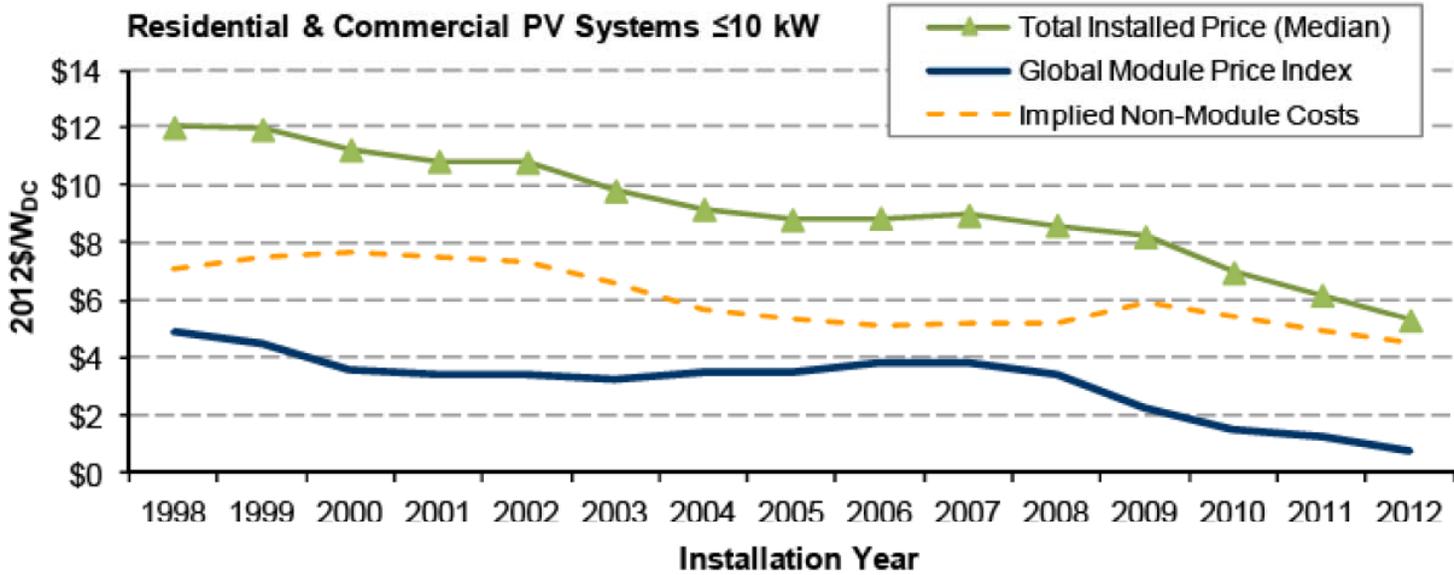


Program Participation 2008 to 2013

- Actuals since 2008 (through 11/1/13)
 - \$3,118,785 rebates issued
 - \$2,722,139 solar surcharge revenue (\$0.00125/kWh)
(anticipated revenue: \$3,600,000)
 - To be reviewed as part of upcoming utility rate study



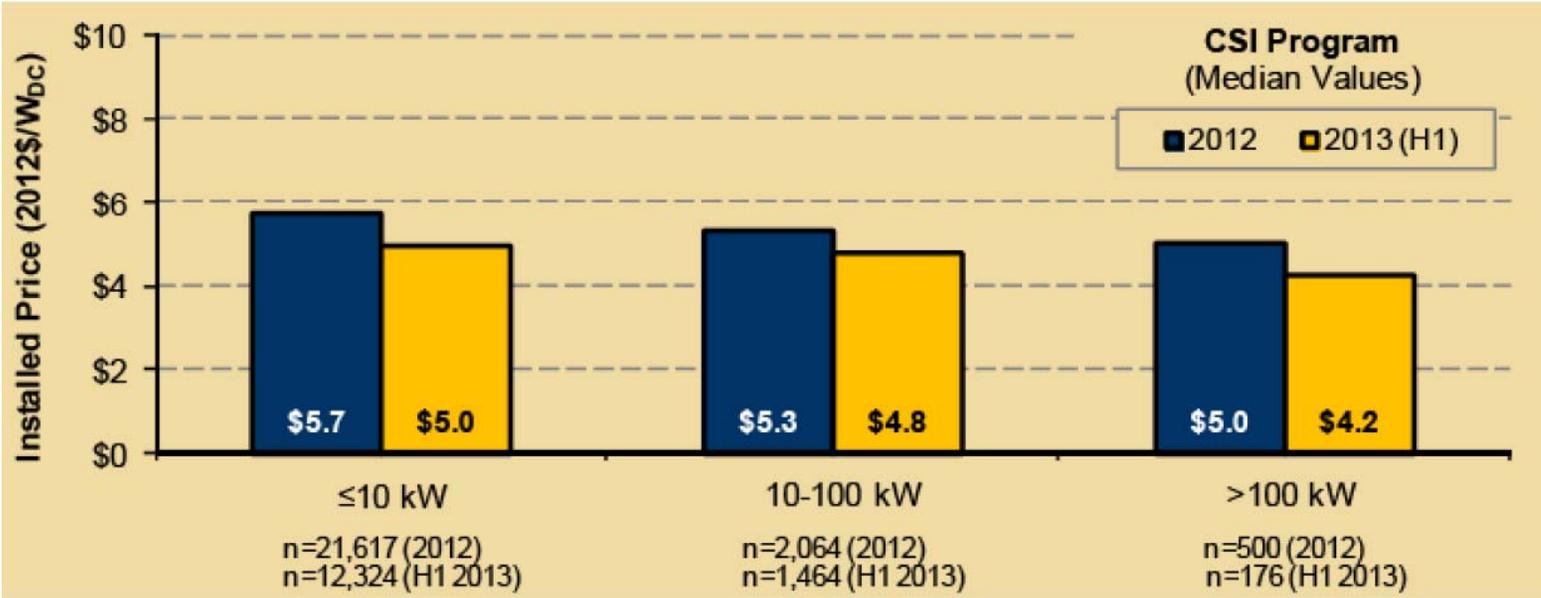
Solar Costs



Source: CEC Renewable Energy – Tracking Progress



Solar Costs



Source: CEC Renewable Energy – Tracking Progress



Solar Program 2014 & Beyond

- \$450,000 available in rebates
- Rebate \$1.80/watt
- Capped at 50% of the project cost
 - \$7,000 for residential
 - \$40,000 for non-residential
- City will begin accepting rebate applications 1/1/14
- Rebates first-come, first-served basis
 - Lottery if oversubscribed



Solar Program 2014 & Beyond

- Evaluate progress toward meeting \$6.1M funding requirement
 - Review options as part of upcoming rate study
- Assess ratepayer impacts of solar requirements
- Track pending & new solar legislative proposals



Solar Program Update

For more information:

(209) 333-6815

www.lodielectric.com

