



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Set Public Hearing for September **19,2007** to introduce the Lodi Solar Rebate Program, to become effective January **1,2008 (EUD)**

**MEETING DATE:** September **5,2007**

**PREPARED BY** Electric **Utility** Director

**RECOMMENDED ACTION:** Set a Public Hearing for September 19,2007 to introduce the Lodi Solar Rebate Program, to become effective January 1,2008.

**BACKGROUND INFORMATION:** Senate Bill (SB) 1, otherwise known as the 'California Solar Initiative' or CSI, was enacted into state law in August 2006. In short, the CSI requires ALL electric service providers in the state to maintain a rebate program for the installation of eligible photovoltaic solar systems on residential, commercial and industrial customer sites. The official start date of the CSI is January 1,2008, and the program is mandated for 10 consecutive years. The new law requires utilities, like Lodi Electric Utility, to present its proposed solar rebate program to its governing board prior to the start-up date in January of 2008. The CSI also requires utilities to provide a rebate of no less than \$2.80/watt in year one, and then, the rebate level drops by 7% each year thereafter.

The statewide municipal utility share of the CSI for ten years is \$784 million, as established by the legislation. Lodi's municipal utility percentage share of the CSI is 0.79%, which is approximately \$6 million over ten years, based on energy sales during fiscal year 2005-2006. Lodi's obligation to provide rebates for the CSI is limited to this amount. The proposed Lodi Solar Rebate Pilot Program would budget and limit expenditures for this program at \$600,000 per year.

In order to distribute the available rebate dollars in a fair and equitable manner, the following is being recommended:

- utilize the 2008 calendar year (or year one of the CSI) as a pilot project year; staff will report back to Council in January 2009 on how the first year program has progressed, and recommend any changes at that time;
- distribute the first year program rebate budget by 2006 calendar year utility megawatt hour sales by customer class; thus for 2008, this would mean 25% of the \$600,000 budget be allocated for residential rebates (equaling \$150,000) and 75% for all non-residential rebates (equaling \$450,000);
- please see attachment A for the proposed program specifics; and
- provide rebates on a first-come, first-served basis; should any particular customer class NOT utilize funding by November 1,2008, then customers from another rate class may access those rebate funds.

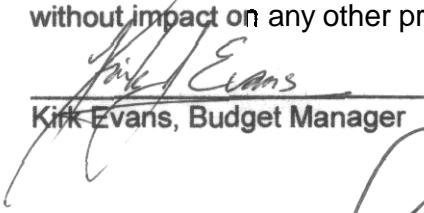
APPROVED: Blair King  
Blair King, City Manager

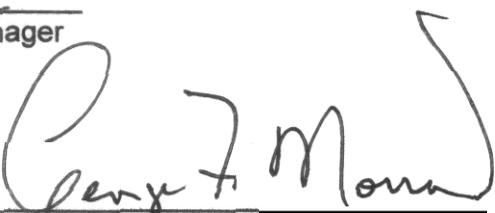
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September 5, 2007  
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\*Eligible solar projects: under the new state law, ALL solar systems must have a minimum warranty of 20 years; this warranty must cover both the photovoltaic/solar panels as well as the system inverter.

**FISCAL IMPACT:** The Electric Utility will spend up to \$600,000 per calendar year to implement the state-mandated solar rebate program in Lodi.

**FUNDING:** Electric Utility is proposing a rate surcharge to fund this state-mandated program without impact on any other programs.

  
Kirk Evans, Budget Manager

  
George F. Morrow  
Electric Utility Director

Prepared By: Rob Lechner, Manager, Customer Service & Programs

GFM/RSL/1st

Attachment

## Lodi Solar Rebate Pilot Project

- Effective date: January 1, 2008 to December 31, 2017
- Annual rebate/incentive budget: \$600,000
- Rebates only provided for systems installed AFTER January 1, 2008 forward
- Rebates provided *after* system is installed and confirmed operational by Electric Utility Department
- Customer may apply for a rebate before installation. A rebate application will hold the customer's place in line for available funds for up to sixty (60) days AFTER receipt of rebate application ( if system is NOT installed, approved and operational within the 60 day period, customer must re-apply for rebate funding)
- Rebate starts @ **\$2.80/watt** (year 1); decreases by 7% each year after
- Maximum rebate is up to \$375,000 per system, with a cap payment of \$75,000 per customer per year until entire rebate commitment is paid"
- Panels installed per LEU engineering **specifications**
- Should any rate class (residential or non-residential) fail to utilize funding by November 1, 2008, then customers from another rate class may access those rebate funds
  
- **Residential Customers\*\*:**
  - customer must consent to on-site energy audit
  
- **ALL Non-Residential Customers:**
  - customer is encouraged to conduct on-site energy audit
  
- Example ONE: if a customer installs a 100 kW system in year 1 of the program, the total rebate would be \$280,000; the first rebate installment would be \$75,000, second installment would be \$75,000, third installment would be \$75,000, and fourth installment would be \$55,000
  
- Example TWO: if a customer installs a 100 kW system in year 8 of the program, the total rebate would be \$167,000 (rebate level decreases by 7% annually; in year 8 of the program, the rebate level is \$1.67/watt); the first rebate installment would be \$75,000, the second installment would be \$75,000 and the third installment would be \$17,000
  
- Example THREE: if a customer installs a 100 kW system in year 9 of the program, the total rebate would be \$155,000 (rebate level decreases by 7% annually; in year 9 of the program, the rebate level is \$1.55/watt); the first rebate installment would be \$75,000, the second installment would be \$75,000 and there would NOT be a third installment (\$5,000) because the program would be concluded
  
- \*\* Systems larger than 10kW do not qualify for net metering; these systems will be charged using co-metering



*Please immediately confirm receipt  
of this fax by calling 333-6702*

CITY OF LODI  
P. O. BOX 3006  
LODI, CALIFORNIA 95241-1910

**ADVERTISING INSTRUCTIONS**

**SUBJECT** PUBLIC HEARING TO CONSIDER INTRODUCTION OF AN ORDINANCE  
REGARDING THE LODI SOLAR REBATE PROGRAM TO BECOME  
EFFECTIVE JANUARY 1,2008

**PUBLISH DATE:** SATURDAY, SEPTEMBER 8,2007

**LEGAL AD**

**TEAR SHEETS WANTED:** Three (3) please

**SEND AFFIDAVIT AND BILL TO:** RANDI JOHL, CITY CLERK  
City of Lodi  
P.O. Box 3006  
Lodi, CA 95241-1910

**DATED:** THURSDAY, SEPTEMBER 6,2007

**ORDERED BY:** RANDI JOHL  
CITY CLERK

  
JENNIFER M. PERRIN, CMC  
DEPUTY CITY CLERK

\_\_\_\_\_  
DANA R. CHAPMAN  
ADMINISTRATIVE CLERK

**Verify Appearance of this Legal in the Newspaper – Copy to File**

LNS Faxed to the Sentinel at 369-1084 at 12:30 (time) on 9/6/07 (date) 2 (pages)  
Phoned to confirm receipt of all pages at \_\_\_\_\_ (time) \_\_\_\_\_ JMP \_\_\_\_\_ DRC \_\_\_\_\_ (initials)



## **DECLARATION OF POSTING**

### **PUBLIC HEARING TO CONSIDER INTRODUCTION OF AN ORDINANCE REGARDING THE LODI SOLAR REBATE PROGRAM TO BECOME EFFECTIVE JANUARY 1, 2008**

On Friday, September 7, 2007, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider introduction of an ordinance regarding the Lodi Solar Rebate Program to become effective January 1, 2008 (attached and marked as Exhibit A) was posted at the following locations:

Lodi Public Library  
Lodi City Clerk's Office  
Lodi City Hall Lobby  
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 7, 2007, at Lodi, California.

ORDERED BY:

**RANDI JOHL  
CITY CLERK**

  
JENNIFER M. PERRIN, CMC  
DEPUTY CITY CLERK'

\_\_\_\_\_  
DANA R. CHAPMAN  
ADMINISTRATIVE CLERK



# CITY OF LODI

Carnegie Forum  
305 West Pine Street, Lodi

## NOTICE OF PUBLIC HEARING

Date: September 19, 2007

Time: 7:00 p.m.

For information regarding this notice please contact:

**Randi Johl**

**City Clerk**

**Telephone: (209) 333-6702**

### NOTICE OF PUBLIC HEARING

**NOTICE IS HEREBY GIVEN** that on **Wednesday, September 19, 2007**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) Introduction of an ordinance regarding the Lodi Solar Rebate Program to become effective January 1, 2008

Information regarding this item may be obtained in the Electric Utility Department, 1331 South Ham Lane, Lodi, (209) 333-6762. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 West Pine Street, 2<sup>nd</sup> Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

By Order of the Lodi City Council:

Randi Johl

City Clerk

**Dated:** September 5, 2007

Approved as to form:

D. Stephen Schwabauer  
City Attorney