



**CITY OF LODI
COUNCIL COMMUNICATION**

M

AGENDA TITLE: Public Hearing to Introduce the **Lodi Solar Rebate Program**, to Become Effective January 1, 2008 (EUD)

MEETING DATE: September 19, 2007

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Conduct a Public Hearing to introduce the *Lodi Solar Rebate Program*, which would 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.

Lodi's program budget per year is \$600,000. This figure is based upon the formula provided in the new state law using total energy sales during the fiscal year 2005-2006, (Lodi's municipal utility percentage share of the CSI spending obligation is 0.79%; the total mandated rebate dollars for Lodi over 10 years is approximately \$6 million, while the total municipal utility share of the CSI for the 10 years is \$784 million).

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

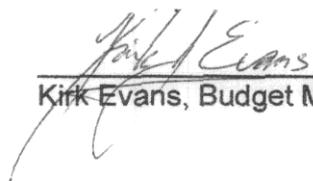
- utilize the 2008 calendar year (or year one of the CSI) as a pilot project year; Staff will report back to Council on how the first year program has progressed and recommend any changes at that time;
- distribute the first year program rebate budget by 2006 calendar year megawatt-hour sales by customer 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);
- 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; and
- other proposed program specifics are as highlighted in attachment 'A'.

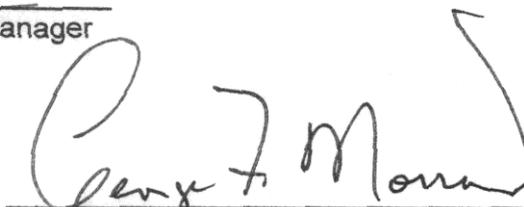
*Eligible solar projects: under the new state law, ALL solar systems must have a minimum warranty of 20 years; this warranty must cover both the photovoltaic/solar panels as well as the system inverter.

APPROVED:  Blair King, City Manager

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,


Kirk Evans, Budget Manager


George F. Morrow
Electric Utility Director

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

GFM/RSL/lst

Attachment

RESOLUTION NO. 2007-191

A RESOLUTION OF THE LODI CITY COUNCIL
ADOPTING A LODI SOLAR REBATE PROGRAM
TO BECOME EFFECTIVE JANUARY 2008

WHEREAS, the California State Legislature and the Governor of California enacted Senate Bill (SB) 1, otherwise known as the California Solar Initiative, in the summer of 2006; and

WHEREAS, SB1 requires all electric service providers to maintain a solar rebate program commencing January 1, 2008, and continue that program for ten consecutive years; and

WHEREAS, the Lodi Solar Rebate Program will provide rebates totaling \$600,000 annually to residential and commercial customers for installing solar systems on their property; and

WHEREAS, program criteria and eligibility requirements are outlined on Attachment A.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby approves a Lodi Solar Rebate Program to become effective January 1, 2008, and authorizes the Electric Utility Director to implement said program generally in accordance with the concepts contained in Attachment A and to make programmatic adjustments as necessary to comply with the spirit of SB1 and to promote customer satisfaction.

Dated: September 19, 2007

I hereby certify that Resolution No. 2007-191 was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 19, 2007, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Hitchcock, Katzakian, Mounce, and Mayor Johnson

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk

Lodi Solar Rebate Pilot Project

- Term: January 1, 2008 to December 31, 2017
 - Annual rebate/incentive budget: \$600,000
 - Rebates only provided for systems installed after January 1, 2008
 - Rebates provided after system is installed and confirmed operational/qualified by EUD
 - 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 ninety (90) days with staff discretion to extend for up to 90 days upon customer request.
 - 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 EUD engineering specifications
 - Should any rate class (residential or non-residential) fail to utilize its share of funding by November 1, 2008, customers from another rate class may access those rebate funds
 - Program funds unused in any one year will be carried forward to future periods
 - Residential customers must consent to on-site energy audit
 - Non-residential customers are encouraged to conduct on-site energy audit
 - Customers will be paid for electric energy provided to EUD from the installed solar systems pursuant to the Net Metering and Co-Metering rate schedules, as appropriate
- 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



*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
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, 2nd 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:

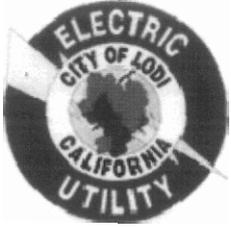
D. Stephen Schwabauer
City Attorney



Electric Utility Department

Lodi Solar Rebate Pilot Project

**City Council
September 19, 2006**



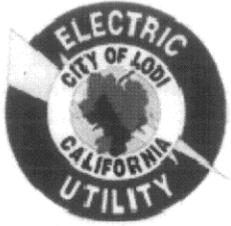
Topics

- What's driving this new program? An overview of Senate Bill (SB) 1
- Highlights of proposed Lodi Solar Rebate Pilot Program
- Fast facts about installed solar systems
- Next steps



Overview of SB1: 'The California Solar Initiative'

- Enacted into law August 2006
- Fulfills Governor Schwarzenegger's desire to cover one million rooftops with solar in the next 10 years (3000 megawatts of electricity total)
- SB1 delegates full implementation of the law to the California Energy Commission (CEC)
- ALL California electric utilities must have a solar rebate program in place on 1/1/08



Overview of SB (continued)

- SBI, an **unfunded** state mandate, allows utilities to fund rebates via existing cash resources or a rate surcharge
- Rebates start at \$2.80/watt (no less) on 1/1/08
- Rebates decline by 7% per year after 2008
- Solar systems must have a minimum 10 year warranty on all parts and labor



Overview of SB (continued)

- Requires residential customers to complete an energy audit
- Recommends that commercial customers consider energy efficiency improvements in conjunction with installing solar system
- Mandates that beginning 1/1/11, residential developments of more than 50 homes make solar systems an option on their new homes



Highlights of 'Lodi Solar Rebate Pilot Project'

- Rebates will start at \$2.80/watt on 1/1/08
- \$600k in total rebate funds available for 2008
- The rebate "pot" be allocated among customer classes based on 2006 sales
 - 25% for residential (\$150k)
 - 75% for non-residential (\$450k)



Highlights of 'Lodi Solar Rebate Pilot Project'

- Provides rebates on a first-come, first-served basis
- If one customer class **does not** utilize rebate funds by 11/1/08, then customers from another rate class may access those “unclaimed” funds
- Rebates provided **after** system is installed and confirmed operational



Highlights of 'Lodi Solar Rebate Pilot Project'

- Customer may apply for rebate funds before system is installed; rebate application will hold the funds for up to 90 days
 - Maximum rebate per any system is \$375k, with a cap payment of \$75k/year until rebate commitment is paid**
 - Solar system installed per EUD engineering specifications
- ** Depending upon the actual year system is installed, the maximum rebate available to a customer may be limited below \$375k



Fast Facts About Solar Systems

- 1 kilowatt (kW) of solar will generate about 1,500 kilowatt (kWh) of electricity per year
- Optimal direction for solar panels is 18 degrees south of southwest (EUD program will allow panels to face due south and west as well)
- Average cost per 1kW of solar is \$9000
- Typical home installs a 3kW system
- Federal government provides a one-time \$2000 tax credit
- Coupling a solar system with energy efficiency improvements is in customers best interest



NEXT STEPS

- Develop and prepare solar rebate application
- Continue tracking CEC rules & regulations updates regarding the 'California Solar Initiative'
- Ensure rebate funding mechanism is in place
- Conduct another solar fair in January 2008
- Prepare marketing/outreach program information



QUESTIONS??

Citizens interested in learning more about solar, or on-line links to solar information, may call:

Lodi Electric Utility at 333-6815