



## Lompoc City Council Agenda Item

**DATE:** September 16, 2008

**FROM:** Mary Kammer, Utility Conservation Coordinator  
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**SUBJECT:** ADDITIONAL FUNDING OF REBATE INCENTIVE FOR INSTALLATION OF PHOTOVOLTAIC (SOLAR) SYSTEMS TO MEET REQUIREMENTS OF SB1.

**RECOMMENDATION:** It is recommended that the City Council approve an additional appropriation of \$145,919.20 in Public Benefit Funds for rebate incentives for installation of photovoltaic (solar) systems, to be charged to account #52530-57203, entitled Investment In Renewable Energy Services.

**BACKGROUND:** In August of 2006, Governor Schwarzenegger signed SB1 into law. This law establishes a statewide mandate for all electric providers in the state to offer financial incentives to encourage the installation of solar systems on one million roofs in ten years. The components of the bill relating to incentives include:

- The bill is designed to result in 3,000 megawatts (in 10 years) of distributed solar power for California. To meet this goal, all electric utilities will need to offer incentives equaling a total of \$784,000,000. *It has been determined, by ranking of electricity sales, that the City's share will likely be \$1,746,256 over the ten year period or an average of \$174,626 a year.*
- A monetary incentive must be offered to electric customers. *Council has approved Lompoc's incentive at \$3.50 per Watt of connected solar capacity.*
- The law requires all POU's to hold a public proceeding to determine what additional funding, if any, is necessary to provide the incentives to meet the requirements of the bill. No money shall be diverted from existing programs for low-income ratepayers or from existing cost effective energy efficiency or demand response programs. *Council has approved incentives to be paid from Public Benefit Funds.*

**DISCUSSION:** Since the creation of the Renewable Energy System Rebate in 2004, the Council had authorized a total of \$190,000 in Public Benefit funds to provide rebates for the installation of photovoltaic (solar) electric systems. A total of \$102,407.20 in rebates has been paid to date, leaving a balance of \$87,592.80 in dedicated funds.

Staff has received two additional applications to install new systems. One of these systems is much larger than typical for a single family resident and will be installed at a multi-use transition housing facility. The customers have signed contracts with authorized contractors for the installation of the systems. The total size of these systems is over 19kw and is expected to produce more than 33,246 Kwh a year in electricity. It is expected that the two systems will be completed and rebates paid by the end of November. Total rebates to be paid are \$58,886.

After these rebates are paid, there will be \$28,706.80 remaining in the account for solar rebates. The average size of systems installed in Lompoc is 3.5 Kw with the City providing \$12,250 in rebates. Remaining money is probably enough for rebates for two systems, depending upon system size.

SB1's intent to develop 3,000 megawatts of photovoltaic electric capacity statewide over a ten- year period will require Lompoc to provide an average of \$174,626 in rebates a year for ten years. To provide for this required rebate money for the remainder of this fiscal year, another \$145,919.20 will need to be dedicated to this program. It is recommended that the necessary funding be appropriated from Public Benefit funds.

**SUMMARY:** Public Benefit funds are authorized by AB1890 for the purpose of investment in renewable energy resources and technologies. The Utility Commission, at the meeting of August 11, 2008, has reviewed and approved the need to appropriate an additional \$145,919.20 from Public Benefit Funds.

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Mary Kammer, Utility Conservation Coordinator

**APPROVED FOR SUBMITTAL TO THE CITY ADMINISTRATOR:**

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Ronald V. Stassi, Utilities Director

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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**Gary Keefe, City Administrator**