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## Solar energy proponents push California to adopt 'feed-in tariff' for individual power producers

**The arrangement would require utilities to pay homeowners and businesses for power generated by alternative energy installations and fed to the electricity grid.**

By Tiffany Hsu, Los Angeles Times

October 12, 2010

Despite being barely one-20th the size of the U.S. and more often overcast, Germany still manages to produce four times as much solar-generated power.

That's because, according to green-tech analysts, Germany has a government-mandated program that requires utilities there to pay homeowners, warehouse operators and companies for power from their rooftop solar installations.

Called a feed-in tariff, it's an arrangement that clean-tech proponents are pushing California to replicate, hoping that such programs can boost alternative energy production in the state.

But some utilities that would have to design and administer the programs are balking and are urging lawmakers to take their time considering such proposals, which they argue could mean higher power bills for their customers.

The issue is expected to be a hot topic of debate this week at the Solar Power International conference at the Los Angeles Convention Center, one of the largest gatherings of its kind.

"Why are we getting outpaced when countries with scant solar resources are pledging their national economies on this?" said Mayor Pro Tem Jim Ferguson of Palm Desert, which gets twice as many hours annually of sunlight as Germany.

The city is hoping to get the go-ahead from regulators to host a demonstration solar program. "Businesses are looking at this as a potential gold rush," Ferguson said.

Under a feed-in tariff program, renewable power installations, including those on residential and business

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rooftops, are connected to the electricity grid. This allows the owners to sell energy to utilities at long-term, fixed rates.

If such a program is adopted, proponents say, the benefits could be enormous for California as well as for individual producers, who could profit from the sale of the energy and pay off the cost of the installations sooner.

The state could benefit from having smaller, more flexible alternative energy sources than the massive, expensive installations waiting to be built in remote deserts and mountains, green-tech analysts said.

At the same time, such requirements could boost demand for solar panels and small wind-turbine projects, leading to a surge in new clean-tech companies. A July study by UC Berkeley researchers estimated that a feed-in tariff program could create 28,000 clean-tech jobs each year for a decade, as well as generate more than \$2 billion in tax revenue and pump more than \$50 billion in new private investment to the state.

But critics say although the program is compelling on the surface, the devil is in the details. In addition to coming up with a fair rate structure and determining who would regulate the program, utilities must figure out ways to easily connect the individual producers to the electricity grid, which is sprawling and disjointed.

"It's a bit like talking about the color of the second-floor bedroom before we build the foundation of the house," said Austin Beutner, general manager of the Los Angeles Department of Water and Power, who recently met with experts from Germany. "The direction is a good one, but we have to go about it in a sober and measured fashion. It's a lot more complicated than anybody wants to acknowledge."

Even the name — inherited from Europe — has been confusing.

"When people hear the word 'tariff' they think 'tax,' " said Mary Leslie, president of the Los Angeles Business Council, which is backing a local proposal that the DWP would administer. "It should be 'reward' or 'rebate' or something. The term is undermining the benefits of the program."

On Thursday, the California Public Utilities Commission is set to consider a program that differs slightly from a classic feed-in tariff, or FIT. There would be no set price for the electricity generated and the program would apply to producers with mid-size installations on properties such as warehouse roofs and closed landfills.

The price for electricity would be set in a competitive bidding process in which utilities would buy from projects that offered the best rates.

But critics complain that the PUC program could stifle competition and innovation. Independent developers with cutting-edge projects could be low-balled out of the bidding process by large, established firms offering cheaper existing technology, they said.

The process could sink small developers, who probably would have to spend more than a year and hundreds of thousands of dollars developing bids that often wouldn't land a contract, said Ted Ko, co-founder of the FIT Coalition, an advocacy group.

The PUC proposal "does nothing for the small guys or the new guys," Ko said.

Hoping to address those concerns, the coalition said it planned to ask state lawmakers to introduce a bill next year that would establish a feed-in tariff with tiers of fixed prices for power based on the size of projects and the technologies they use.

So far, feed-in tariffs have mostly existed as limited pilot programs in California, but they have been popular elsewhere, such as in Gainesville, Fla. Slots for program participants in Oregon sold out 15 minutes after they were first offered in July.

Such programs are responsible for sparking about 75% of all photovoltaic and 45% of all wind-power projects worldwide, according to the National Renewable Energy Laboratory.

"This is big business," said Adam Browning, co-founder of the Vote Solar Initiative advocacy group.

Locally, the Los Angeles Business Council is negotiating with city officials to authorize a program that would require the DWP to buy power from individual producers for 20 years. The program could generate 11,000 clean-tech jobs to meet the demand for rooftop installations, according to the group.

A feed-in tariff program is particularly appealing to residents of Palm Desert. For many homeowners there, the highest expense after the mortgage payment is the power bill, which often hits \$1,000 a month.

If homeowners and businesses could easily earn back the cost of solar panels, demand would skyrocket and clean-tech development companies would flock to Palm Desert, said Ferguson, the mayor pro tem.

"Solar isn't a luxury for us — it's a lifeline," he said.

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