

**FOR IMMEDIATE RELEASE
APRIL 3, 2003**

**FOR MORE INFORMATION, CONTACT
MARK MAZZAFERRO (707) 649-5462**

CPUC VOTES DOWN PROPOSED EXIT FEES FOR SOLAR SYSTEMS

SAN FRANCISCO – Environmental, business, labor and solar advocates praised the California Public Utilities Commission ruling Thursday prohibiting utilities from levying proposed exit fees on the State’s residential, government and commercial solar customers.

The proposed fees would have “taxed” solar users for each kilowatt-hour of solar energy produced – dramatically undermining state and local customer incentives to purchase solar generation.

Officials with the City of Vallejo, which has made a large investment in solar projects, were closely watching the vote.

“It’s a great day for alternative energy,” said Vallejo City Manager David Martinez. “This means we can continue with our projects. They provide a big savings for the city, and the PUC’s action confirms their importance. They did the right thing.”

Vallejo currently has solar systems installed on the roof of Vallejo City Hall, the nearby John F. Kennedy Library and the roof of the Corporation Yard next to the Vallejo Police Department station. The projects generate almost 400 kw of electricity. Groundbreaking on a solar project near Columbus Parkway is expected later this month.

Commissioners voted 3-2 to support PUC President Michael Peevey’s proposal to exempt all solar energy from these fees as well as 3,000 megawatts of distributed generation capacity.

“When customers make an investment in their own energy generation, they invest their own money, and it’s not paid by the state,” Peevey said at Thursday’s meeting prior to the vote. “I believe it to be sound public policy to encourage self generation... it benefits other rate payers and the state as a whole.”

The vote clears the way for the continued rapid growth of solar energy in California and beyond, according to David Hochschild of the organization, VoteSolar.

“The 7000 e-mails that were sent in to the PUC on behalf of protecting solar energy were critical to this success,” Hochschild said.

“Now, more than ever, the use of solar electric power makes sense for California. Imposition of a new utility fee on solar customers would have been at odds with the State’s goal of making clean, reliable renewable energy a greater portion of California’s

energy mix,” said Kari Smith, policy director for the California Solar Energy Industry Association. “We applaud the State of California for ensuring long-term renewable power development by sending consistent, non-contradictory policy signals to the State’s utility customers – both residential and commercial. We stand ready to do our part to ensure the State of California once again becomes a global leader in solar development.”

Several speakers on exit fees, both wind and solar power producers.

Solar energy in particular has great potential to that end. McFadden Farm - Guinness McFadden

AQMD BELIEVE SUSERS OF SUCH TECHNOLOGY SHOULD NOT BE SUBJECT TO EXIT FEES. SUPPOORT DRAFT ALTERNATE DECISION... PEEVEY AND KENNEDY

1 MW COMPLETE EXEMPTION TO EXIT FEES...

TOM YOUNG – Rep. small solar dealer in Bay Area – several projects under way – exit fee proposal is very detrimental to this industry, doesn’t make sense as to why Cal wants to promote solar energy and then impose these exit fees. All the users who are going to exit out of the system will pay for energy used before, but people going to solar are paying a large upfront cost in going solar. Needs to be addressed... not a free ride – voluntarily paying for it upfront. Getting charged

Item h4 –

Peevey

Articulate by the legislature – sb 1038 and many others passed over the past several years... ab 117 – each customer pays “its fair share” up to commission to determine what fair share is... most of my colleagues agree some should be preferred on a policy point of view – in order to support clean and renewable generation, it is reasonable to exempt some technologies –

3 categories of technology – small and clean net metered, large and clean and other customer generation – all require to meet existing enviro standards – customer generation does not include back-up or deisel generation

alternate – first category pays no surcharges, second pays once total installed capacity reaches 3,000 – pay all surcharges –
600 mw 2004

500 mw 2008

400 mw after 2008 –

Limits amount of non-renewable generation that will be installed and spread out costs over time –

DWR – 3,000 mw as likely amount of generation to be installed over several years – provision to reexamine the caps – 1,000 mw or three years of this decision – minimize risk of significant impact on customers - many customers who wish to install self-generations, many are bundled as well – our alternate appropriately balances customer generation while ensuring our legal obligations of costs responsibility are met...

Kennedy - Hundred of bills, billions of dollars spent developing a path out of the crisis... entire commission is unified that renewable energy should be exempt from surcharges and added costs... california is a leader and our decision today continues that leadership

BROWN - H4b – all of the reasons kennedy and peevey said – preferable alternative – attempts to assess the surcharge responsibilities while protecting clean energy

Wood – the fact of the matter is the DWR did procurement with an eye toward what load would be, and the procurement that was done included contracts that went out for a decade or later – there was an anticipation for future load growth. Who will bear the respons. for paying the above market costs for debts that were incurred during the energy crisis? Executive branch did not have a lot of choice if the lights were going to stay on. No inclination to challenge contracts signed with a gun to our head, someone has to pay for this, particularly the ratepayers of bundled utility users.

Reality of implementation of Peevey Kennedy alternate – there will be a substantial cost shift – not indiscriminate to a specific class of users – that is how it will play out – homeowners with moderately sized homes will not be installing microturbines to serve their electrical needs – doesn't make sense to them. Institutions that will take advantage of this, besides public institutions, larger industrial and commercial establishments – someone has to pay these costs... 3,000 mw over a long period of time, numbers are hard to put together over a short period of time – reflects an inclination on part of majority of commissioners to cost shift – vigorously dissent against majority decision of this commission

4a – 3-2 loses

4b – 3-2 passes –