



**August 25, 2006**

**San Francisco, CA, USA: Commission Approves Performance Based Incentives for \$2.9bn Solar Program**

The California Public Utilities Commission (PUC) yesterday adopted performance-based incentives for its groundbreaking California Solar Initiative, a 10-year, \$2.9 billion program designed to build a bright energy future for Californians by promoting the use of solar power.

Beginning Jan. 1, 2007, the PUC will offer performance-based incentives for solar energy systems greater than 100 kilowatts in size installed in businesses and other large facilities. For systems smaller than 100 kilowatts, incentives for residential and small businesses will be based on each system's estimated future performance. Both mechanisms reward the selection and proper installation of high quality solar systems.

Yesterday's decision implements the first phase of the California Solar Initiative, which was adopted by the PUC in January 2006. The goal of the Solar Initiative is to increase the amount of installed solar capacity in California by 3,000 megawatts by 2017. Offering incentives for small and large solar energy projects will help create a sustainable solar industry and boost solar power's long-term position in California's energy portfolio while immediately providing clean energy for residents and business owners.

"Today's decision marks another milestone in California's commitment to renewable energy," said PUC President Michael R. Peevey. "Solar power is an important part of the Commission's plan to increase the amount of renewable energy in the state. Today's decision focuses on resolving critical path issues needed to get the California Solar Initiative up and running."

Beginning Jan. 1, 2007, residential and small commercial systems will receive incentives of \$2.50 per watt and will be eligible for additional federal tax credits. Government and non-profit organizations will receive \$3.25 per watt to compensate for their lack of access to the federal tax credit.

For systems larger than 100 kilowatts, incentive payments over the first five years of operation will be \$0.39 per kilowatt-hour of output for taxable entities and \$0.50 per kilowatt-hour of output for government/non-profit organizations.

The incentive program will be managed regionally by the existing self-generation program administrators – Pacific Gas and Electric Company, Southern California Edison, Southern California Gas Company, and the San Diego Regional Energy Office. The administrators will develop a statewide online application to help simplify the process for solar applicants.

The recently signed Senate Bill 1 (SB1) requires the Commission to implement the California Solar Initiative with a number of specific provisions, particularly with regard to total budget dollars and eliminating funding from gas ratepayers. Importantly, SB 1 is consistent with most of the key California Solar Initiative program aspects in the decision adopted today, particularly the adoption of performance-based incentives and raising the cap on net metering to enable more systems to get credit for hours when solar energy production exceeds the customer's immediate energy needs.

Certain program details and budgetary issues will need future modification in light of SB 1, and the Commission will modify yesterday's decision as necessary before SB 1 takes effect on Jan. 1, 2007.

Executive Director Jan McFarland of Sacramento based, Americans for Solar Power (ASPV), a regulatory advocacy organization for the US solar electric industry, stated that: "President Peevey's leadership combined with the ALJ and staffs focused efforts are unprecedented. ASPV is grateful for the PUC's vision and well-designed program. I am so happy to see that system performance and innovation will be rewarded under yesterday's decision."

"The solar industry applauds Michael Peevey's leadership and the PUC vote yesterday. PV is firmly on a path where within a decade ratepayer incentives will no longer be required. The PV industry will continue to increase our investment in order to meet California's clean energy needs." said Tom Dyer, Chair of ASPV and Vice President of Kyocera Solar, one of the world's largest solar manufacturers and marketers.