

**Commercial Solar Stakeholder Meeting**  
**Thursday, December 3, 2009**  
**Town Lake Center Assembly Room**  
**Minutes**

**Agenda Item 1: Introduction**

Leslie Libby, P.E., Manager of Austin Energy Solar Programs opened the meeting at 3:30 p.m. Introductions of all attendees were made.

**Agenda Item 2: Review of Meeting Notes**

Attendees reviewed meeting notes from the last Commercial Stakeholders' meeting held on November 18, 2009 and suggested no edits or corrections.

**Agenda Item 3: Overview of Austin Solar initiatives**

- a) **100 MW by 2020:** Discussion on the 100 MW solar goals by 2020 set by Austin City Council. Ms. Libby said there are some ideas being presented to Council to increase that goal to 200 MW.

The intended goal (2004) was included in the City's strategic plan and was to include rebate incentive plans, municipal installations, demonstration projects on schools, and utility scale installations, such as the 30 MW Solar Farm going in at Webberville. Ms. Libby stated that through the last five years, there has been confusion on the part of the contractor community that the 100 MW goal was to be all rebate incentive based. Whenever that subject has come up, we have made it clear that the rebate incentive was only a small slice of the 100 MW goal. The initial goal of 100 MW was never intended to be solely incentive based. That would entail too many small installations and too much money for the City.

***Question: How much of the 100 MW goal has been installed?***

Ms. Libby: Since the rebate program began in May 2004, we have installed between 4-5 MW. That number does not include municipal projects, which are managed by Scott Jarman [Consulting Engineer, Energy Efficiency Services division] (in this meeting).

***Question: Of the original 100 MW goal, is there a "break-down" as to how that goal would be reached?***

Ms. Libby: There is currently a Solar Task Force in place studying those very issues. They are studying all the options to figure out the best combination, e.g., rebates, PBI, Feed-In-Tariffs, etc.

- b) ***Residential Rebate Program and PACE Program***  
Ms. Libby referenced the proposal offered by Mayor [Lee] Leffingwell. The program entails participants being able to purchase a solar system and finance part of their system through the owner's property taxes. We are researching the initiative. There are obstacles and legal issues to work through.
- c) ***Commercial Performance Based Incentive (PBI) Plan***  
Ms. Libby: This proposed plan will apply to 20 kW and less sized systems only. We are researching an additional incentive plan for commercial systems larger than 20 kW.

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During this meeting, we are looking for feedback from the community on what was presented during the last meeting. Ms. Libby introduced Mike Weinnig (SRE) to provide an overview of a proposed Production Based Incentive analysis. Richard Stovall (Imagine Solar) and Mark Beckert (Meridian) worked with Mr. Weinnig to develop the spreadsheet. They formed a sub-committee of the contractors and came up with the Commercial PV Production Based Incentive Analysis.

The spreadsheet is based on the \$100,000 remaining funds and all the data is variable. Austin Energy has this file and will distribute to attendees via email.

Mr. Weinnig explained the basic factors used to develop the spreadsheet. For example, the average cost of electricity per kWh for commercial users is \$0.093; the system size (DC) used as a baseline is 23,800 watts; the annual estimated production in kWh is 31,500. Attendees can change the numbers to review projected numbers.

Discussion was held on the various potential scenarios, altering input numbers on the calculation spreadsheet. The printed and distributed spreadsheet is based on a PBI Rate of \$0.16 (per kWh) over a 20-year contract, analyzed over a 25-year period (because installed panels are required to have at least a 25-year warranty.) Mr. Weinning also computed a model that ends at the 20-year contract term and can send that out to interested folks.

*Question: Customer with 40 kW, would you be able to reduce the 5% degradation amount through the 25 years?*

Ms. Libby: Only 20 kW can be net metered. The balance would not receive an incentive or be credited to the customer's account.

*Question: Have you socialized the 5% utility rate escalator with AE?*

Mr. Weinnig: No, other than sending this to both Leslie and Karl [R. Rábago, Vice President, Distributed Energy Services,] this is the first opportunity to present this and have this discussion.

Ms. Libby: The base rates have not changed since 1994, but the fuel charge is variable and difficult to predict. As Mr. Rábago indicated during the last meeting, Roger Duncan [General Manager, Austin Energy] presented a proposed rate case to City Council for a proposed rate change in 2012.

*Comment: Our rate escalator should match Austin Energy's.*

Mr. Weinnig agrees and thinks it a good idea to coordinate closely with Austin Energy. Some models in California show a 7% rate increase.

*Comment:* Mr. Weinning warned that any adjustments to the PBI (up or down) should be in small steps. Too much, all the rebate funds are used up; too little, no market.

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*Comment:* Mr. Stovall said that his model showed the PBI of \$0.16 per kWh was in line with the \$2.50 per watt rebate with an 8-year payback. The other point about non-profits, it would take \$0.40 per kWh to equal the commercial plan. One non-profit project could wipe out three commercial projects in terms of budget. He recommends putting the non-profit projects into a residential rebate type program and placing a cap of kilowatts installed. Mr. Stovall will perform an analysis for non-profits as well and forward to Ms. Libby.

Mr. Stovall distributed a "Plan for Periodic Adjustment" sheet. "We don't know how the market will receive this." Due to that, the sub-committee suggested a plan for adjustments based on a quarterly funding period. Close monitoring of the budget on a quarterly basis is necessary to project the next quarter's incentive rate. If one quarter the PBI is too rich and budget funds for that quarter are too quickly depleted, reduce the PBI next quarter. Conversely, if the PBI is too lean, the market will slow down and funds will be under utilized, increase the PBI next quarter.

This model could be adjusted to the residential rebate program as well. Primary objective would be to eliminate large gaps in the program with no incentives, providing a stable and profitable business environment for solar businesses and satisfied customers.

Ms. Libby really liked the quarterly analysis and adjustment idea and thanked all the individuals involved with the PBI spreadsheet and good quality feedback.

Ms. Libby asked for specific information as to making the incentive payments to the customer. Credit on the customer's bill at this point with our current billing system would be very difficult to implement. We were thinking more along the lines of the rebate check process for the first year, and next year move to a quarterly or monthly payment. For this year, possibly one check in September?

*Comment - Most customers could deal with quarterly payments.*

Ms. Libby: Then possibly two checks issued this year and then the system could be set up to issue checks quarterly. Ms. Libby liked the PBI model and felt a production-based incentive is good for everyone. The customer and contractor are both incentivized to maintain the system for optimum performance and rewarded for such, Austin Energy is helping to make a difference in the community, while working to achieve its solar goal. Ms. Libby will meet with Austin Energy-Finance and Karl about how to carve up available funds to help meet the 100 MW goal in future years.

Ms. Libby thanked everyone for very helpful information

***The next Commercial Stakeholder meeting is scheduled for Thursday, Dec. 14, 2009 from 9:00 a.m. to 10:00 a.m. in the Town Lake Center Assembly Room.***