

July 11th RPS Workshop

STATEMENT ON ESTABLISHING A RENEWABLE PORTFOLIO STANDARD FROM THE FLORIDA SOLAR COALITION

Thank you for the opportunity to speak today. I am here on behalf of a coalition of solar stakeholders which includes FlaSEIA, Solar Alliance, and Vote Solar.

First, I would like to thank Governor Crist, the Florida Legislature and the Florida Public Service Commission for their commitment to develop a market for renewable energy sources such as solar under a Renewable Portfolio Standard (RPS). Our coalition appreciates the opportunity to provide input – for the time being, we will limit our comments to the role solar can play under the RPS in Florida and what the solar community views as essential to creating a thriving, self-sufficient local solar industry with markets that will continue to grow beyond state-established goals.

At present, financial support is needed to drive sustained, orderly development of Florida's solar markets. For solar to ultimately move away from subsidies and become mainstream for Floridians, the state needs to stimulate investment and build local markets in a stable manner.

As part of HB 7135 (Section 42) which establishes guidelines for the RPS, the PSC was given latitude to provide "added weight" to energy production from solar and wind resources. To this end, our solar coalition believes that the RPS should optimize the following objectives:

- **Market diversity** to encourage a wide variety of customers and applications, such as residential retrofit, new construction, and small to large scale commercial. These programs should include solar thermal and solar electric systems.
- **Economic development & job creation:** Solar jobs are high quality jobs that require skilled labor and pay good wages. Jobs, created as a direct result of solar energy development can be broken into two categories: manufacturing/integration jobs, and installation/maintenance jobs. Manufacturing jobs are associated with the integration of solar energy systems and the fabrication of original solar energy equipment. Installation and maintenance jobs include skilled trades such as solar contractors, electricians, plumbers, roofers, and designers.
- **Distributed solar market:** Solar water heating and photovoltaic (PV) systems are most beneficial when deployed at the distribution level, where they serve a dedicated end use and reduce the amount of power that must be transmitted over long distances. By emphasizing distributed solar energy, the state can ensure an in-state solar market without running afoul of the Interstate Commerce Clause.

- **Reduction of system installed cost:** The RPS program should be designed to encourage cost reductions. Solar power technologies, like other high technologies, are ideally suited to have significant cost reduction with the increase of volume over time.
- **Long-term program:** Ensuring availability of long term, continuously available programs (e.g. 10 years) gives the confidence necessary to engage the financial community, educational institutions and manufacturing sector to commit to massive business development and long-term sustainable investment. Without state regulatory policy certainty, the industry will be hampered with a start-stop market.
- **Flexible program:** Policies should be crafted with a market feedback mechanism as well as a market driven incentive reduction process. Set a bi-annual review process for the purpose of measuring the program effectiveness and economic efficiency.
- **Adequate Funding:** Combined with program flexibility, an adequate level of funding is essential in order to achieve the goals set by the state.
- **Value grid benefits:** For example, distributed solar thermal and PV benefits the grid by reducing peak demand, as well as avoided generation fuel cost, avoided transmission and distribution (T&D) upgrade costs, and avoided T&D losses.
- **Value societal and environmental benefits:** As a distributed, domestically-produced energy resource, solar energy can increase our energy independence and security.

Further, as the Commission crafts RPS rules with consideration to providing “added weight” to production from solar and wind, as per HB7135, the industry sees the following design criteria as key to a developing incentives that will result in a strong solar market:

Set a specific goal for solar: In past comments, we have offered that the industry would be well prepared to meet a goal of 4% solar (2% solar electric + 2% solar thermal) by 2020.

Maximize investor confidence: Provide a secure revenue stream that will reduce risk premiums and lower the cost of financing projects, and ensure a reasonable rate of return for all stakeholders.

Economic efficiency: Structure incentives to ensure that the program has cost effectiveness and allows for market expansion and diversity. Ensure that projects are not over- subsidized or under-subsidized.

Program monitoring: Program incentives should incorporate a digression schedule to allow for adjustments to meet the program cost goals. Through vast

deployment and innovation, solar energy cost reduction will occur and propel the solar industry towards energy cost parity and self-sufficiency.

Administrative transparency and simplicity: The success of any solar incentive program will require that all stakeholders have readily available access to market information and the ability to analyze the program effectiveness. The data collection, effective communication and transparent processing between all participants will be important to the health of the program and the ability to respond to necessary adjustments in the program in order to adjust to changing market conditions.

ABOUT THESE ORGANIZATIONS:

The Florida Solar Energy Industries Association (FlaSEIA) is a nonprofit professional association of companies involved in Florida's solar energy industry. Members include manufacturers, distributors, contractors, retailers and consultants who provide solar water heating, pool heating and solar electric systems. Research Centers and Utilities also are members.

The Vote Solar Initiative is a nonprofit organization with members throughout Florida and the U.S that aims to address global warming and energy independence by bringing solar energy into the mainstream.

Solar Alliance is a state focused alliance of manufacturers, integrators and installers that are dedicated to accelerating the promise of solar energy in the United States. Solar Alliance's members include American Solar Electric, Applied Materials, Borrego Solar, BP Solar, Conergy, Dow-Corning, Energy Innovations, Evergreen Solar, First Solar, Kyocera Solar, Oerlikon Solar, Mitsubishi Electric, MMA Renewable Ventures, PPM Energy, REC Solar, Sanyo Energy, Schott Solar, Sharp Solar, SolarCity, Solaria, Solar Power Partners, SolarWorld, SPG Solar, SunEdison, SunPower, Suntech, Tioga Energy, Trinity Solar, Uni-Solar, and Xantrex.