

Gainesville's Solar Feed-In-Tariff Program

February 5, 2009



Traditional GRU Solar PV Incentive Program

- Upfront rebate payment
 - \$1.50 per Watt
 - Business and Residential Customers
 - Limited to 5kW (Residential) and 25kW (Business) installations
- Net metering at retail rate
 - 9.4 to 14.0 cents per kWh, based on rate category and subject to change with fuel adjustment
 - Limited to excess energy generated

Net Metering Value Varies Among Rate Classes

\$/kWh

Parameter	Rate Class			
	Res	GSN	GSD	LP
Net Metering Tariff For Excess PV Production	.125	.140	.095	.094
Taxes Avoided – Inside City				
City Utility Tax	.0062	.0077	.0032	.0031
Other Non-Local	.0031	.0134	.0093	.0092
Taxes Avoided – Outside City				
City Electric Surcharge	.0062	.0077	.0032	.0031
County Utility	.0068	.0085	.0035	.0038
Other Non-Local	.0035	.0137	.0094	.0093

Largest Roofs
Least Incentive



The Traditional Program: What's wrong?

- Net metering provides least incentive for the largest potential PV systems
- Rebates pay for capacity with little guarantee of future performance
- Low returns on investment create poor investment vehicle
- GRU responsible for policing system design to ensure adherence to standards

FIT Model Goals

- Reflect real investment (not just conceptual)
 - accurately model tax credits and deductions
 - include actual documented cost figures
 - estimate O&M expenses
- Discover a zero-rebate, flat, 20-year rate that is equivalent to current rebate with net metering
- Determine the rate of return over 20 years
- Model the cost impact on ratepayers
- Realistically analyze various caps and limits

Model Results

Criteria

Rebate (\$1.50/Watt)
+
Net Metering @ GSN
Retail Rate for 20 yrs
+
Federal Tax Incentives



Recommend FIT

No Rebate

Flat-Rate Feed-in Tariff
\$0.26 for 20 yrs
+
Federal Tax Incentives

Levelized Net Present Value

FIT Refinements

- Rate adjusted to yield after-tax results instead of pre-tax results
- Depreciation modeled using MACRS as well as section 179
- Installed costs update to reflect recent changes
- Inverter and O&M costs adjusted to be more accurate
- Resulted in increase in rate to \$0.32/kWh

Solar Feed In Tariff Program Primary Attributes

- A fixed price for 20 years
- Assures competitive returns on investment for system owner
- Tariff rate decreases in future (degression)
- “Seller Friendly” contract
 - assignable to third party
 - simple, short document
 - compatible with varied business models
- Funded through standard fuel cost recovery charges

GRU's Solar Feed In Tariff Schedule

Effective March 1, 2009

Contract Entered into Under This Policy During Calendar Year	Fixed Rate per kWh Applied Uniformly From the Date of Installation Through December 31,	Fixed Rate \$/kWh Over Life of Contract	
		Building or Pavement Mounted (any size) or Ground Mounted	Free Standing (Non-Building or Non-Pavement Mounted)
		< 25 kW	
2009	2030	\$0.32	\$0.26
2010	2031	\$0.32	\$0.26
2011	2032	\$0.30	\$0.25
2012	2033	\$0.28	\$0.23
2013	2034	\$0.27	\$0.22
2014	2035	\$0.26	\$0.21
2015	2036	\$0.25	\$0.20
2016	2037	\$0.23	\$0.19

Solar Feed In Tariff Program Benefits for All Parties

- Benefits for GRU
 - Pays for performance
 - Protects customer's investment
 - Protects erosion of tax revenue
- Benefits for PV owners
 - Firm cash flow from guaranteed rate
 - Good investment returns on investment
- Benefits for Gainesville
 - Distinction as first utility in USA to adopt the FIT
 - Provides business and economic development opportunity