

Production Credit Proposal

Benefits of and Effects on Local Economy
and Clean Energy Industry

What is a production credit?

- GRU customers are credited for the energy they produce whether they use the energy or not
- OUC has a program like this now where their customers receive \$0.05/kWh for all energy produced. They have considered raising that rate to \$0.07/kWh

Benefits of Such a Program

- Money paid into the program is recycled in the community instead of being funneled out to a handful of outside investors
- Allows homeowners and small businesses to be immediately cash positive with energy investments while costing the ratepayers less than the FIT

- The program would allow more people to be involved because it wouldn't be a lottery system with only a few winners
- Breaks the boom/bust cycle that the FIT and rebates create therefore sustaining the clean energy industry and allowing for hiring because projections for work would be consistent with this program relative to the current situation

- The program wouldn't overwhelm GRU's budget as the \$0.05/kWh wouldn't create a tidal wave of installations, more of a steady flow
- The FIT has resulted in 12MW of installed capacity while OUC's production credit has around 3MW since its inception
(12MW x FIT Rate(\$0.24kWh - \$0.32/kWh) vs. 3MW x \$0.05/kwh)
- Caps could be set per account and per year and caps can be set on total capacity allowing for budgeting controls

OUC Parameters

- OUC runs the program open ended with five year contracts that are set to automatically renew but can revoke at any time
- They don't allow the customer to oversize the system with respect to their energy load
- The program is open-ended

OUC's experience

"As far as rate impact, offering a monthly production incentive has a lower impact on rate than if we had an upfront rebate. Additionally, due to the limited number of participants, the program has minimal impact on OUC's budget."

- Natalia Paredes

OUC Conservation & Renewables

-There are 81 residential PV customers participating in our program with a total of 409 kW. There are 11 commercial PV customers with a total of 1323 kW. We expect to add 3 more commercial installations to our solar program in the next few months that will bring our total commercial capacity to 2463 kW.

- As stated before, this type program provides a great incentive for solar without massively effecting GRU's annual budget
- Nearly all economic activity involved in this type program will be on the local level stimulating local industry and benefitting local homeowners and business owners
- This combined with a County level financing initiative would retain our status as a leader in the environmental and energy independence movement

Lack of State Energy Policy

- This effectively creates an energy policy similar to those states in the northeast which have seen massive booms due to State level Renewable Portfolio Standards
- Those states require utility companies to buy the SRECs renewable energy systems produce anywhere from \$100 up \$400/MWh
- This program would create a \$50/MWh rate here that would be just the kick we would need to further our renewable energy goals and spur clean energy jobs