

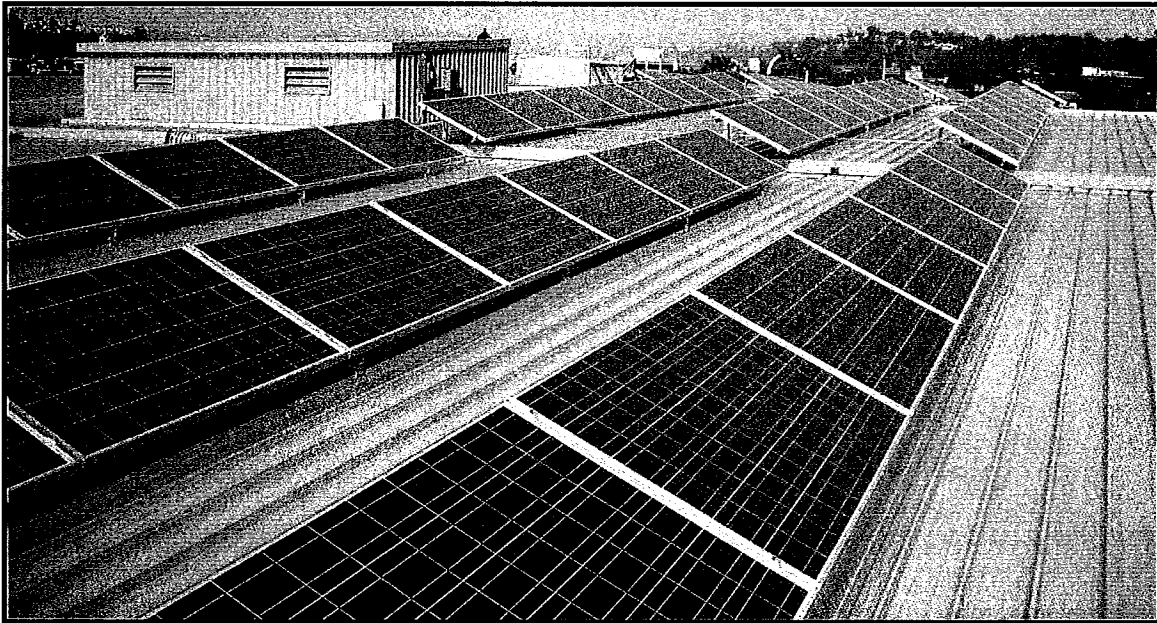
080929 citizen
Comment 3/19/09

2009 MAR 19 PM 5: 51



Sullivan Solar Power

Leading the Solar Energy Revolution



www.SullivanSolarPower.com

License # - EC13004046

License # - CVC56740

P: (352) 258-5957

F: (352) 378-2213

EXECUTIVE SUMMARY

Gainesville Regional Utilities has proven to be the leading utility in the state of Florida for the advancement of solar power. The solar Feed-in-Tariff (FIT) has brought unprecedented national attention to the Gainesville region. All eyes are fixed on Gainesville to deliver on the promise of the nation's first FIT program. Therefore it is of paramount importance that this program is successful not only for local residents, but to provide a model to replicate nationwide. Locally this program offers the potential to create hundreds of high paying jobs and generate substantial economic development. The program as currently structured will fall well short of delivering on this potential catalyst for change.

Over the past few weeks multiple reports, both local and national, praised the success of the FIT as the program has already exhausted all funding for program years 2009 and 2010 with 2011 on its way to depletion. While some may view this as a success, the reality is it is anything but. Many of the reservations submitted were done so in haste with the sole intent of reserving FIT funds whether or not the entity submitting the reservation possessed the ability to actually deliver on a project. This poses several significant problems. Firstly, those who actually plan to build PV capacity are backing away as they have no visibility as to whether or not they will receive FIT payments. Secondly, it makes program administration complex, time consuming and wasteful as administrators now have to police the reservations to determine whether or not they are actually valid. Finally it makes running a viable sustainable business impossible as solar power firms have no way of knowing whether their proposed projects will actually receive funding thereby discouraging investment in Gainesville.

Sullivan Solar Power is a design-build firm specializing in photovoltaic systems with offices in California and a new office here in Gainesville, Florida. Our experience in California, currently the largest and most successful solar market in the United States, has given us insight as to how a properly structured incentive program should be administered. We would like to make recommendations that will insure a controlled and effective FIT program.

The following topics will be discussed:

- System Reservation Process
- Designated Capacity for Gainesville Residents

SYSTEM RESERVATION PROCESS

The current process for reserving a system on the GRU FIT is inadequate and discouraging for local businesses trying to create a sustainable business model. Systems are being reserved before all aspects of the projects have been addressed, creating what could be a misleading forecast of systems to be installed. Large-scale solar power projects require insurance policies, project financing, permitting, engineering, grid upgrades, and city approval, which can take months to secure, and often times can prove a project to be unfeasible. We must insure that systems being reserved will indeed come to fruition.

Without a detailed reservation structure the program will be more expensive to administer and result in GRU wasting time and money on projects that may never happen. It is in the best interest of the city and the ratepayers to have a reservation structure that can filter out these projects before they become reserved. Many customers throughout the city that have the means to purchase these systems are becoming discouraged with the uncertainty of when they can have their system installed and what rates they will receive from GRU. Currently reservations are in place for 2011, yet we are being told directly from GRU that many of these systems may not be installed and customers may potentially move up on the list.

Small businesses in Gainesville are currently finding themselves in a position where they have no clear answers for their customers concerning when they will receive their FIT or the FIT rate they will receive. This makes it close to impossible to sell systems and sustain a local business. In order to create a successful business model we must know with certainty how much capacity is truly reserved and what program year new systems will fall into.

Recommendations

Sullivan Solar Power recommends instating three separate reservation policies for the following sectors:

- 1. Residential and non-residential systems less than 10 kW in capacity*
- 2. Commercial systems greater than 10 kW in capacity*
- 3. Municipal or non-profit systems greater than 10kW in capacity*

The following is an outline of the process we are recommending for the three policies.

Reservation Process for Residential and Non-residential Systems less than 10 kW

There are two steps for residential and small non-residential systems application process.

1. Complete and submit a system reservation package. The following documents must be included in the package:
 - Signed interconnection agreement
 - Signed solar energy purchase agreement
 - Copy of executed agreement of solar system purchase and installation
 - Copy of document granting permission for use of physical site for solar
 - Design plan with one-line electrical diagram and any other pertinent engineering information
 - Copy of insurance policy

- Proof of solar and installer certification and license
 - W9 tax form and associated information
2. After all construction is completed, submit a signed system commissioning form (see Appendix A). This form must be submitted within 240 calendar days of system reservation.

Reservation Process for Commercial Systems greater than 10 kW

There are three steps for the commercial application process.

1. Complete and submit a system reservation package and application fee. The following documents must be included in the package:
 - Signed interconnection agreement
 - Signed solar energy purchase agreement
 - Copy of executed agreement of solar system purchase and installation
 - Copy of document granting permission for use of physical site for solar
 - Design plan with three-line electrical diagram and any other pertinent engineering information
 - Signed form from GRU engineering showing any grid upgrades necessary to install the system, if any, and all associated costs
 - Copy of insurance policy
 - Proof of solar installer certification and license
 - W9 tax form and associated information
 - Application fee (see Appendix A)
2. Submit proof of project milestone package within 60 calendar days of system reservation. The following supporting documentation must be submitted:
 - Bank statement or letter from financier demonstrating available funding for project
 - Permit from the city of Gainesville (for ground mounted systems extensions may be given for the permitting process only)
3. After all construction is completed, submit a signed system commissioning form (see Appendix A). This form must be submitted within 240 calendar days of project milestone package submittal.

Reservations Process for Municipal or Non-profit Systems greater than 10kW

There are three steps for the municipal and non-profit system application process.

1. Complete and submit a system reservation package and application fee. The following documents must be included in the package:
 - Copy of document granting permission for use of physical site for solar
 - Copy of insurance policy
 - W9 tax form and associated information
 - Copy of RFP for solar power system
 - Application fee (see Appendix A)
2. Submit proof of project milestone package within 90 calendar days of system reservation. The following supporting documentation must be submitted:
 - Signed interconnection agreement
 - Signed solar energy purchase agreement

- Copy of executed agreement of solar system purchase and installation
 - Design plan with three-line electrical diagram and any other pertinent engineering information
 - Proof of solar and installer certification and license
 - Signed form from GRU engineering showing any grid upgrades necessary to install the system, if any, and all associated costs
 - Bank statement or letter from financier demonstrating available funding for project
 - Permit from the city of Gainesville (for ground mounted systems extensions may be given for the permitting process only)
3. After all construction is completed, submit a signed system commissioning form (see Appendix A). This form must be submitted within 240 calendar days of project milestone package submittal.

DESIGNATED CAPACITY FOR GAINESVILLE RESIDENTS

Currently many Gainesville residents are finding themselves empty handed as program funding has been reserved into 2011 before many of them even knew that the program was in place. Within two weeks of the official launch date for the FIT there have been 10 MW of reserved systems, few of which are residential. It is unjust and unethical to charge Gainesville homeowners an increased utility rate if they see absolutely no benefit because all the funds that they contributed are being funneled to businesses and organizations. We do not believe this is the intent of the program and adjustments need to be made immediately if you want to have a sustainable marketplace.

Without a residential market, companies will sell out the FIT capacity each year within a matter of weeks leaving no reason for businesses to open a locally staffed office. This will force businesses to get their systems installed and leave town as there will be no new sales for subsequent years where the program capacity has already been filled. This will not achieve the local job creation that is desired from this program.

A residential market creates hundreds of smaller projects for businesses to compete over, rather than a small number of large projects. With residential system sizes typically averaging 5 kW in capacity, allotting 1 MW of capacity for residential systems would result in 200 new systems each year. This creates a healthy solar market where businesses can work to create sales on a year round basis and develop a local staffed office. This leads to high paying jobs for the citizens of Gainesville and market sustainability.

If a portion of each year's capacity is carved out for residential projects only, there will be an abundant amount of new projects each year to sustain a healthy solar market for the city of Gainesville.

Recommendations

Sullivan Solar Power recommends 25% of each year's annual capacity to be set aside for residential systems. Although program year's 2009 and 2010 appear to be currently filled we believe if our recommendations are instated room will be cleared for residential and legitimate commercial deals.

SUMMARY

The solar FIT truly does have great potential for job creation and renewable energy development for the city of Gainesville. GRU has stressed the fact that they want to keep this program simple and easy to administer. However, by over simplifying the program policies and guidelines, the program has become more difficult to administer and less effective for job creation and economic development.

By having an allotment of capacity set aside for residential systems coupled with a well defined reservation system we can make this program easier to administer and more effective. We applaud the city for how far it has come thus far, and we only ask that you continue to refine the program so that it can achieve its utmost potential for job creation and renewable energy development.

APPENDIX A

System commissioning form

The system commissioning form shall be a simple document that is filled out by the customer when their system is completely installed and ready to be commissioned. This form will show any changes from the system design originally shown in the reservation package. A copy of the final inspection certificate signed by a city inspector shall be attached with the system commissioning form.

Application fee

The application fee is completely necessary to discourage entities from submitting reservation packages for projects that may not be built. We are suggesting an application fee that is returned with the first FIT payment to the customer after the system is installed. If the system is not installed the application fee will not be returned to the customer. This will stop people from reserving systems until they know they can deliver on a given project.

The application fee shall be based off the following schedule:

| System Size | Estimated Project Cost | Application Fee |
|--------------------|-------------------------------|------------------------|
| 10kW – 49kW | \$70,000 - \$340,000 | \$1,250 |
| 50kW – 99kW | \$340,000 - \$680,000 | \$2,500 |
| 100kW – 249kW | \$680,000 - \$1,625,000 | \$5,000 |
| 250kW – 499kW | \$1,625,000 - \$3,100,000 | \$10,000 |
| 500kW – 1,000kW | \$3,100,000 - \$6,000,000 | \$20,000 |

The fee schedule above will discourage “empty” reservations without adding undue financial hardship to a serious customer.