

# GRU Solar FIT 2012 Pricing Recommendations

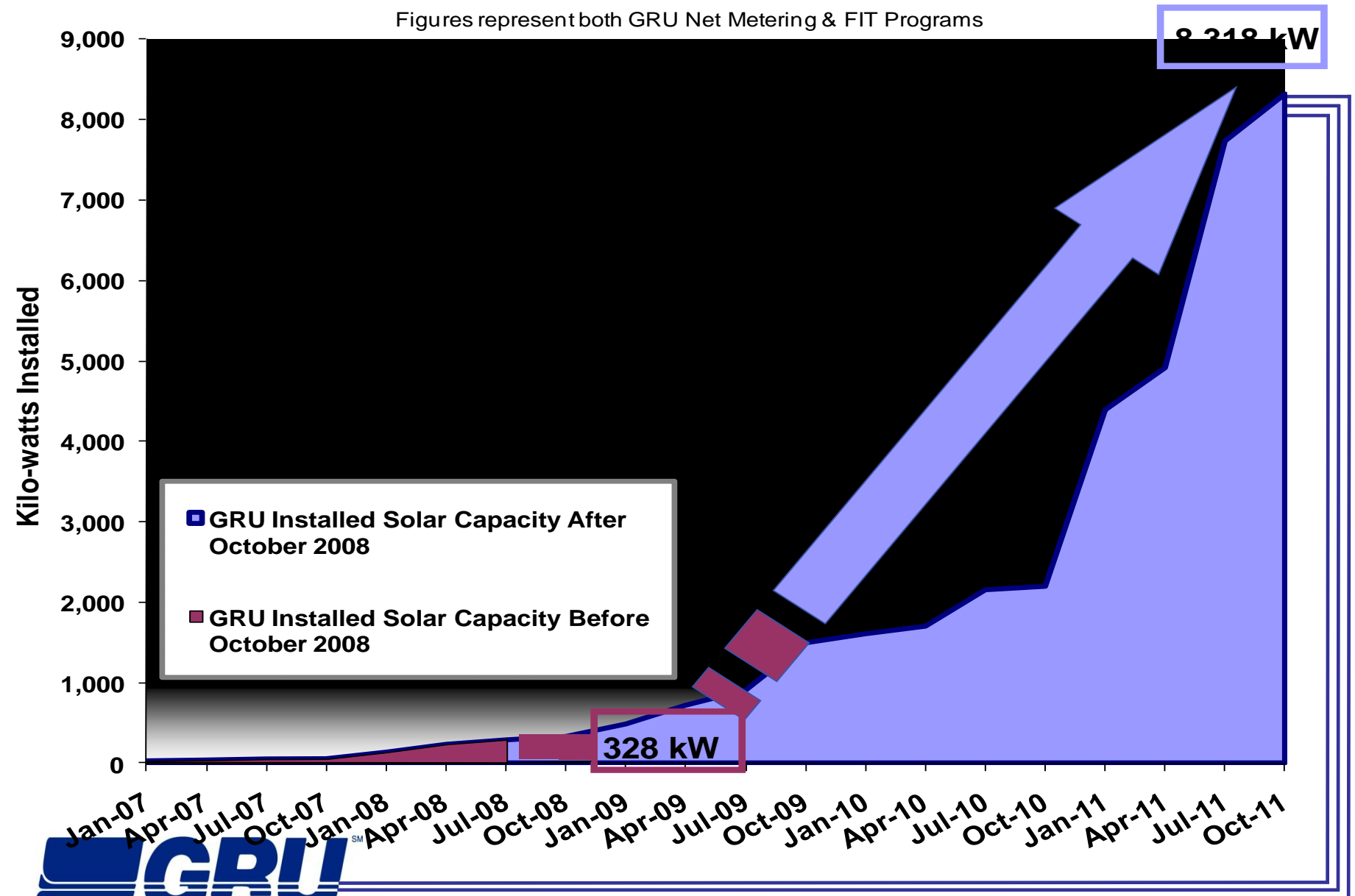
October 20, 2011

# Presentation Overview

- ***Program History***
- Solar Cost Trending
- Recommended 2012 Solar FIT Pricing

# GRU Installed Solar Growth

Figures represent both GRU Net Metering & FIT Programs



# Three classes of FIT projects

- **Class 1:** Small rooftop and ground mount 10kW or less
- **Class 2:** Large rooftop greater than 10 kW and less than 300kW; small ground mount 10 to 25 kW
- **Class 3:** Large ground mount greater than 25 kW

# What are GRU's FIT goals?

- Accelerate deployment of solar in Gainesville and allow opportunity for many participants in program
- Encourage early private investment/ innovation
- Promote job growth
- Achieve renewable energy and carbon reduction goals
- ***Balance solar PV as a good investment for both investors and our ratepayers***

# Presentation Overview

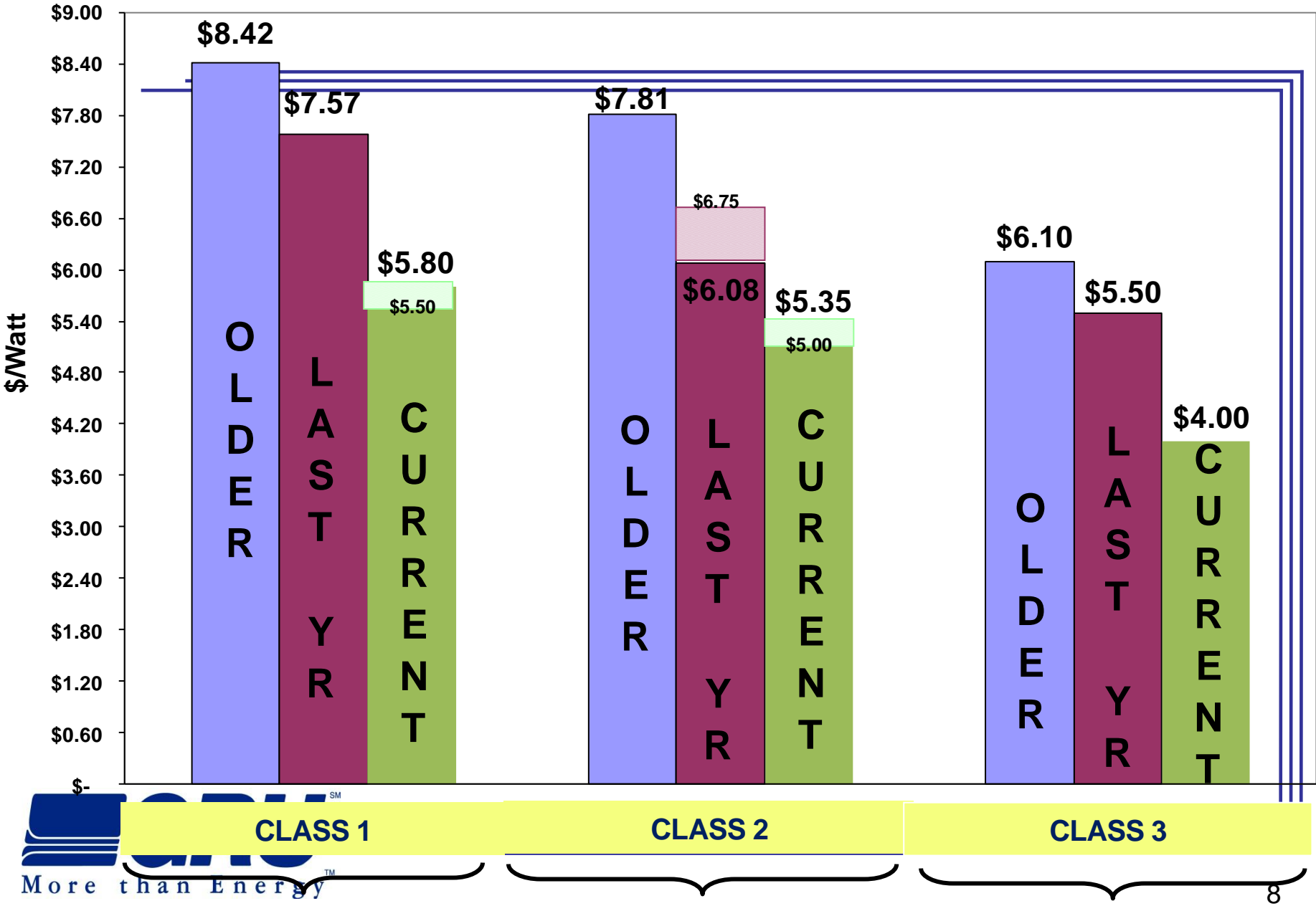
- Program History
- ***Solar Cost Trending***
- Recommended 2012 Solar FIT Pricing

# Historical FIT Pricing

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			Reference Installed Solar Cost per Watt <sup>1</sup>		
		Class 1	Class 2	Class 3	Class 1	Class 2	Class 3
2009	2029	N/A	\$0.32	\$0.26	\$7.50	\$7.50	\$6.10
2010	2030	N/A	\$0.32	\$0.26	\$7.50	\$7.50	\$6.10
2011	2031	\$0.32	\$0.29	\$0.24	\$7.50	\$6.75	\$5.50

<sup>1</sup>Installed Cost/Watt Data include all materials, labor and direct costs associated with construction

# GRU SOLAR INSTALLED COST DATA





# Look what peers are doing

OFFICIALS BREAK GROUND ON INNOVATIVE ENERGY PROJECT

## Lakeland Electric Ready to Let the Sun Shine on Solar Panels

*Florida's first airport solar farm could provide future cost savings.*

*Published: Wednesday, September 14, 2011 at 10:00 p.m.*

*Last Modified: Wednesday, September 14, 2011 at 10:00 p.m.*

Lakeland Electric will purchase the energy from SunEdison for the next 25 years at a set rate of 17 cents per kilowatt-hour.



## PublicPowerWee

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October 3, 2011: No. 39

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### Report finds solar photovoltaic system costs have dropped



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The installed cost of solar photovoltaic power systems in the United States fell substantially in 2010 and into the first half of 2011, according to the latest edition of an annual PV cost tracking report released by the Department of Energy's Lawrence Berkeley National Laboratory.

The average installed cost of residential and commercial PV systems completed in 2010 fell by roughly 17% from the year before, and by an additional 11% within the first six months of 2011. These recent installed cost reductions are attributable, in part, to dramatic reductions in the price of PV modules, the lab said.

Utility-sector PV costs varied over a wide range for systems installed in 2010, with the cost of systems greater than 5,000 kilowatts ranging from \$2.90 per Watt to \$6.20/W. Consistent with continued cost reductions, current benchmarks for the installed cost of prototypical, large utility-scale PV projects generally range from \$3.80/W to \$4.40/W, said the report, Tracking the Sun IV: An Historical Summary of the Installed Cost of Photovoltaics in the United States from 1998 to 2010.

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- ***Recommended 2012 Solar FIT Pricing***

# Solar financial model still holds

- Federal tax incentives still eligible to those who qualify (in lieu of cash grant)
- After-tax cash flow yields reasonable long-term rate of return given verified lower reference solar cost data
- GRU to offer 2012 pricing incentive to more closely match supply with demand

# 2012 Proposed FIT Pricing

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			Reference Installed Solar Cost per Watt <sup>1</sup>		
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<b>2012</b>	<b>2032</b>	<b>\$0.24</b>	<b>\$0.22</b>	<b>\$0.19</b>	<b>\$5.50</b>	<b>\$5.00</b>	<b>\$4.00</b>

# Recommendation

- The City Commission direct the City Attorney to draft, and City Clerk to advertise ordinances to adopt the recommended 2012 Solar Feed-In-Tariff rates for contracts entered into during Calendar Year 2012.