
PUC CREATES GROUNDBREAKING SOLAR ENERGY PROGRAM

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SAN FRANCISCO, January 12, 2006 - The California Public Utilities Commission (PUC) today created the largest solar program of its kind in any state in the country - the California Solar Initiative, a 10-year, \$2.9 billion program designed to help California move toward a cleaner energy future and help bring the costs of solar electricity down for California consumers. The goal of the program is to increase the amount of installed solar capacity on rooftops in the state by 3,000 MW by 2017.

"California has long been a leader on environmentally-sound approaches to the provision of energy. We adopted formalized policies on renewable power and energy efficiency in our Energy Action Plans," said PUC President Michael R. Peevey. "The California Solar Initiative continues that tradition with an aggressive new program to promote solar development."

"The California Solar Initiative is the largest solar program in the country and I hope it will be a model for other states," said Commissioner Dian M. Grueneich. "The program will be a major source of dependable and environmentally friendly electricity, and is a major tool in the State's promise to address climate change and meet the Governor's goals to reduce greenhouse gas emissions."

"Today's decision signals California's vote for a cleaner, more reliable energy future," commented Commissioner Rachelle Chong. "Now it's up to Californians to make this a reality by stepping up to the plate to go solar."

The California Solar Initiative includes the following provisions:

• \$2.9 billion over a 10-year period in rebates that will decline steadily over that same timeframe. Funds will come from electric and gas distribution customers of investor-owned utilities, and will go toward the installation of solar photovoltaics initially, with solar hot water heating and solar heating and cooling systems being added after workshops are conducted later this year.

• The California Energy Commission (CEC) will oversee one component of the program to focus on builders and developers of new housing, to encourage solar installations in the residential new construction market. The PUC will oversee the remainder and majority of the California Solar Initiative, which will cover existing residential housing, as well as existing and new commercial and industrial properties.

• The program sets aside 10 percent of program funding for low-income customers and affordable housing

installations. The PUC will also explore the option of offering low-cost financing options to those types of installations in workshops this year.

Â. The program includes an additional amount of up to 5 percent of the annual budget for potential research, development, and demonstration activities, with emphasis on the demonstration of solar and solar-related technologies.

Â. The program includes a requirement that solar incentive payments be made not just for installed capacity, but also with emphasis on the performance and output of the solar systems installed, to ensure that these solar investments are delivering clean energy as promised.

Â. The program design requires all facilities that receive an incentive to undergo an energy efficiency audit (at a minimum) to identify more cost-effective energy efficiency investment options at the building. The PUC also intends to have further workshops to determine incentives for newly constructed buildings that participate in utility energy efficiency new construction programs and exceed the existing building standards by a certain threshold.

"We are taking an important step today to lay out a framework for an orderly, 10-year approach to creating a sustainable solar industry. Our hope is that solar will become a major part of California's energy portfolio, to provide clean and inexpensive distributed generation to millions of California consumers," said President Peevey. "Our plan is to offer a subsidy now to push the deployment of an important part of our sustainable energy future in the long-run. This solar program simply offers one of the many emerging alternatives to consumers concerned about a clean energy future."

This groundbreaking initiative represents the culmination of more than a year's worth of work by the PUC and the CEC, as well as considerable work and many discussions in the California Legislature and Governor Arnold Schwarzenegger's office.

For more information on the PUC, please visit www.cpuc.ca.gov.