

STAFF REPORT

City of Lancaster

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MVB

Date: March 11, 2014

To: Mayor Parris and City Council Members

From: Jason Caudle, Deputy City Manager

Subject: **Support of Petition to California Public Utilities Commission**

Recommendation:

Adopt **Resolution No. 14-11**, in support of a petition to the California Public Utilities Commission urging the PUC to allow solar customers to receive net metering benefits for the 30-year lifetime of their solar systems and authorize the City Manager, or his designee, to sign the petition.

Fiscal Impact:

None

Background:

On October 7, 2013 California Governor Jerry Brown signed into law Assembly Bill 327 (AB 327), a comprehensive rate reform bill providing the California Public Utilities Commission (CPUC) with the necessary authority to address current electricity rate inequities, protect low-income energy users, and maintain robust incentives for renewable energy investments.

California has more than 200,000 solar rooftops and that number is expected to reach half a million by 2017. California's policy of net metering has been crucial to recent growth and the creation of local jobs around the state. Many key specifics of net metering's future in California will be determined during the bill's implementation at the CPUC. One component will be the length of time existing solar customers can expect to receive the important bill saving benefits of California's Net Metering program. Because many rooftop solar systems reliably produce power for 30 years or more, it is imperative the CPUC allows for solar customers to receive net metering benefits for the lifetime of their solar systems.

Solar energy has been the catalyst for the City achieving its goal of becoming the Alternative Energy Capital of the World. To date, the City of Lancaster is producing 118.47 MW (55.10% of our Phase 1 goal) of solar energy from a variety of sources, and has issued more than 1,500 solar installation permits. This has been a direct result of the State programs and incentives coupled with the City's business friendly atmosphere and encouragement of solar.

Lancaster recognizes the direct impact solar has on our local economy. Many local businesses and citizens have invested in solar energy systems and we must assure these remain a positive investment.

Although Southern California Edison (SCE) offers discounted tariffs to those with solar, we have seen the rates of those with solar energy systems rise approximately 74% over the last three years. In addition, on August 6, 2013, SCE released a notice of their 2014 General Rate Case filing which requests a 16.3% average rate increase over the next three years.

These exorbitant increases significantly cut into the potential savings which not only depletes the return on investment for existing participants, but also reduces the feasibility of future solar installations for our citizens and local businesses. If SCE continues to pursue volatile rate changes, coupled with the CPUC's potentially shortened benefit period for net metering, solar installations in our community will be significantly, negatively impacted.

JC/kw

Attachments:

Resolution No. 14-11