



LDBP comments <ldbpcments@ebce.org>

Comments to Draft EBCE Feed In Tariff Design Recommendations

1 message

Mark English <english@pacelineinvestors.com>
To: LDBPcomments@ebce.org

Tue, Nov 28, 2017 at 11:45 AM

To Whom It May Concern,

Firstly thank you for making the draft feed in tariff design document available for review and comment. By way of background, I am the project developer for a proposed industrial/manufacturing project on West Winton Ave, and we have been in discussions with the City on how best to include a solar component in our project.

Our comments are really more questions to make sure we correctly understand the goals and structure of the feed in tariff program as it relates to roof top solar development on our project, specifically:

1. The EBCE's objective is to stimulate production of 5MW per quarter (total of 20MW annually) for a total of 50 MW within 2.5-3 years (pages 11 and 12 of the report)
2. Maximum project size would be 3MW? (page 10)
3. The recommended tariff level of 9 cents per kWh is designed (roughly speaking) to spur development of solar energy to match EBCE's overall production goals of 50 MW, meaning a lower tariff would fail to incent 50 MW of solar over 2.5-3 years, and a higher tariff would stimulate too much capacity? (page 13 of the report)
4. 9 cents is viewed as the rate which will primarily support ground mounted and larger projects, and may support projects in the built environment
5. Projects in the built environment would receive a tariff bonus (adder) of 20%, meaning 11.8 cents per kWh?
6. The pricing section starting on Page 14 discussed the pricing dynamics around size and location of project, but our read is generally the projects in the built environment (eg rooftop) would require a tariff of 14.5 cents per kWh to support an appropriate return on investment for the solar array developer, plus a lease rate by the owner of the building which would fairly compensate them for the use of the space (or said differently, the opportunity cost of using the roof for solar)?
7. Observed "market" lease rates for rooftops are in the \$43,000 to \$60,000 per KW / Yr range?
8. One of our high level conclusions from reading the report is that the 9 cent tariff level is intended to pace development of alternative energy generation to match EBCE's own desired capacity growth, and to remain competitive with PG&E's rates, and one outcome is that the sites that are the least expensive to develop (ie ground sited and large scale) are the most likely initial sources, with smaller projects and those sited in the built environment more likely to be economically feasible as the program and the market matures?
9. As a final comment, or data point, our group has hired a consultant to advise us on the best way to structure bringing on a 3rd party solar developer (under a design-build-operate model whereby the developer pays annual rent for use of the rooftop), and our consultant concurs that in other markets a tariff in the 14-15 cent range typically will spur built environment solar energy generating projects.

Best regards,

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