

**COLTON ELECTRIC UTILITY’S SOLAR INCENTIVE PROGRAM FOR 2008**

Colton Electric Utility (CEU) seeks to encourage the installation of 4 megawatts of photovoltaic solar energy in by December 31, 2016. The goals of CEU are to follow the guidelines of SB1, The California Solar Initiative, includes the following provisions for publicly owned utilities (POU):

- Offering monetary incentives for the installation of solar energy systems of at least \$2.80/watt by January 1, 2008 for systems of up to one megawatt capacity.
- Declining incentives by an average of at least 7% per year until they are zero by the end of 2016.
- Provide a two-tier solar incentive program that offers a \$2.80/watt base incentive for all customers and an enhanced \$4.00/watt incentive for customers who assign their system’s Renewable Energy Credits (RECs)\* to Colton Electric Utility.
  - As required by SB1, taper down the solar incentive over time, so that by January 1, 2017 the incentives are no longer provided.

• *Table 1: CEU Solar Capacity Steps*

	<i>CSI Capacity Step %</i>	<i>CSI Step %s Applied to Colton's 4 MW Goal (in kW)</i>
<i>Step 1</i>	<i>6.7%</i>	<i>268</i>
<i>Step 2</i>	<i>5.5%</i>	<i>220</i>
<i>Step 3</i>	<i>7.2%</i>	<i>288</i>
<i>Step 4</i>	<i>8.9%</i>	<i>356</i>
<i>Step 5</i>	<i>10.6%</i>	<i>424</i>
<i>Step 6</i>	<i>12.0%</i>	<i>480</i>
<i>Step 7</i>	<i>13.9%</i>	<i>556</i>
<i>Step 8</i>	<i>15.8%</i>	<i>632</i>
<i>Step 9</i>	<i>19.4%</i>	<i>776</i>
<i>Step 10</i>	<i>100.0%</i>	<i>4,000</i>

- In all cases, except as otherwise specified, solar incentives are not to exceed 50% of total installed costs.
- All solar installations must meet all City of Colton and CEC guideline requirements (permitting, equipment, warranty, signage, etc.).

- All customers applying for a Colton Electric Utility Solar incentive are required to first conduct an energy-efficiency audit of the building where the solar system would be installed. Residential customers can contact CEU for a free home energy audit for this purpose and eligible business customers can receive a free facility energy audit through CEU’s Business Energy Audit Program.
- To qualify for participation in CEU’s Solar Support Program, newly constructed residential and commercial buildings must achieve at least a 15% reduction in the building’s combined space heating, space cooling and water heating energy compared to the 2005 Title 24 Standards. Lighting is also included in this comparison for commercial buildings. Additionally, each appliance and any equipment provided by the builder shall be Energy Star™ labeled if this designation is applicable for that appliance or equipment.
- Incentives for all solar systems will be calculated on a system performance basis. For solar systems up to 30 kilowatts, an expected system performance calculation will be conducted to determine the lump sum payment that may be paid by the City of Colton once the system has received all final City approvals. This expected system performance calculation will be done via a solar software program called Power Clerk. Alternatively the California Energy Commission’s online Clean Power Estimator or other calculation methods approved by CEU can be used to estimate production. Customers installing solar photovoltaic systems of less than 30 kilowatts have the option of selecting either this lump sum payment or receiving incentives paid out over the first five (5) years of the system’s life, paid on a per kilowatt-hour basis. Solar systems greater than 30 kilowatts will receive incentives paid out over the first five (5) years of the system’s life, paid on a per kilowatt-hour basis. Proposed incentives are shown on Tables 2 and 3.
- The higher incentive levels for installations where CEU keeps the RECs\* only apply for the capacity below 100 kilowatts for production over 100 kilowatts the incentives will be based on the amount paid for customers who keep the RECs.
- The program may be changed or altered by the program manager or other authorized staff with approval of the Electric Utility General Manager in order to comply with national, state, or local laws, regulations, and codes or budgetary necessities.

**Table 2: Solar Incentives for Single Payment Incentives,  
Based on Estimated Kilowatt Production**

<i>Proposed Solar Incentives for Single Payment Incentives</i>			
<i>Based on kWh Production</i>			
		<i>Tier 1: Customer</i>	<i>Tier 2: CEU</i>
		<i>Keeps RECS*</i>	<i>Gets RECS*</i>
<i>Step</i>	<i>1</i>	<i>\$2.80</i>	<i>\$4.00</i>
<i>Step</i>	<i>2</i>	<i>\$2.61</i>	<i>\$3.73</i>
<i>Step</i>	<i>3</i>	<i>\$2.46</i>	<i>\$3.51</i>

<i>Step</i>	<i>4</i>	<i>\$2.26</i>	<i>\$3.22</i>
<i>Step</i>	<i>5</i>	<i>\$2.01</i>	<i>\$2.87</i>
<i>Step</i>	<i>6</i>	<i>\$1.71</i>	<i>\$2.44</i>
<i>Step</i>	<i>7</i>	<i>\$1.37</i>	<i>\$1.96</i>
<i>Step</i>	<i>8</i>	<i>\$0.99</i>	<i>\$1.41</i>
<i>Step</i>	<i>9</i>	<i>\$0.54</i>	<i>\$0.78</i>
<i>Step</i>	<i>10</i>	<i>\$0.00</i>	<i>\$0.00</i>

**Table 3: Proposed Solar Incentives for Incentives Paid Over Five Years, Based on Actual Kilowatt-Hour Production**

<i>Proposed Solar Incentives for Incentives Paid Over Five Years</i>			
<i>Based on Actual kilowatt-Hour Production</i>			
<i>Tier 1: Customer</i>			<i>Tier 2: CEU</i>
		<i>Keeps RECS* or for Kilowatts Above 100</i>	<i>Gets RECS*</i>
<i>Step</i>	<i>1</i>	<i>0.30</i>	<i>0.43</i>
<i>Step</i>	<i>2</i>	<i>0.28</i>	<i>0.40</i>
<i>Step</i>	<i>3</i>	<i>0.26</i>	<i>0.38</i>
<i>Step</i>	<i>4</i>	<i>0.24</i>	<i>0.35</i>
<i>Step</i>	<i>5</i>	<i>0.22</i>	<i>0.31</i>
<i>Step</i>	<i>6</i>	<i>0.18</i>	<i>0.26</i>
<i>Step</i>	<i>7</i>	<i>0.15</i>	<i>0.21</i>
<i>Step</i>	<i>8</i>	<i>0.11</i>	<i>0.15</i>
<i>Step</i>	<i>9</i>	<i>0.05</i>	<i>0.08</i>

<i>Step</i>	<i>10</i>	<i>0.00</i>	<i>0.00</i>
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\*RECS also include any Environmental Attributes, including RECs ( Renewable Energy Credits) and GHGC (Green House Gas Reduction Credits)