

November 7th, 2008
Public Utilities Commission
of the State Of Colorado
1560 Broadway, Suite 250
Denver, Colorado 80202

Disclosure Letter, Docket No. 08I-113EG

I, Dane Cobble, submit this disclosure letter in Docket No. 08I-113EG, pursuant to Commission Decision No. C08-0903, paragraph 21.

This disclosure is being filed within four business days following a permitted *ex parte* communication with a Commissioner. As required, this disclosure letter states the time, date and place of the meeting, lists the persons attending, and contains a summary description of the topics discussed.

This disclosure also provides a copy of all written materials, if any, provided to the Commissioner.

This letter shall serve as disclosure of the communications between myself and Commissioner Matt Baker, which occurred from about 9:30am until 10:15am on November 3rd, 2008, at the offices of the Colorado Public Utilities Commission (“Commission”).

Also present were Commission Staff including Geri Santos-Rach, Jeff Ackerman, Tony Munoz and Scott England.

A subsequent meeting was held with Commissioner Chair Ron Binz, from approximately 10:30am to 11:00am. We were joined by Jeff Ackerman.

On the following page is a list of the subject matters discussed as well as copies of written material that was given to each Commissioner.

Following that is a news article about the first municipal FIT in the US, in Gainesville, Florida. The article is available at:

http://www.gainesville.com/article/20081013/NEWS/810140283/1002?Title=GRU_unveils_new_solar_incentives.

Attached separately is a Policy Brief released by the Institute for Local Self-Reliance (www.ilsr.org) regarding Feed-in Tariffs (FIT).

Best Regards,

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Attachment

Dane Cobble

Summary of conversation with

Commissioner Matt Baker from 9:30am to 10:15am

and Separately with Chairman Ron Binz from 10:30am to 11:00am

November 3rd, 2008

Docket: 08I-113EG

I. Much Greater Urgency is Required in our transition from Coal to True Renewable (non-nuclear) Sources of Energy

- Estimates of our nation's coal supply are wildly overstated. The claim that we 200 + years worth of coal in the ground does not take into account the energy and expense to get the coal out. We may have as little as 10 or 20 years of economically extractable coal.
- Failure to move extremely quickly to non-coal, truly renewable resources, will result in severe economic and social problems.
- The principle of what is "economically extractable" coal must become the key discussion point in any of coal reserves.
- As promised, I will submit research to this effect.

II. The Mission Statement of the PUC should be rewritten to address the scale of the problems we face and the desired and required parameters for solving these problems. The Mission Statement should reflect the following:

- No new Coal Plants
- No Nuclear Power (uneconomic and dangerous)
- Radically speed up transition to true renewables
- Ensure renewable power is affordable and available to all citizens

III. Key Policy Changes to Facilitate and Speed Transition

- Enable 4 party PPAs. The current 3 party limit constrains what is possible, especially in the 10 MW to 100 MW tier, the tier which has had the least success reaching targets.
 - By enabling 4 party PPAs, the owner of the building no longer has to also be the customer. This will facilitate rapid growth of solar installs for multi-family and multi-tenant commercial buildings.
- Reset the SO-REC (Renewable Energy Credit) back to \$2.50 per watt especially for all affordable and multi-family applications.
- Add Feed-in Tariffs to the mix. (These bullet points come from the ILSR Policy Brief)
 - Feed-in Tariffs have been found repeatedly to be the most economic way to drive adoption of renewable power sources.
 - 20-year tariffs stabilize project revenues, lowering the cost of capital for all investors.
 - By supporting all commercial renewable technologies, tariffs create economies of scale. And tariff rates are set to allow for reasonable profits, no more.
 - Finally, by spreading the costs over all ratepayers, the cost to the individual household is very low.
 - Germany's massive expansion of renewables (almost 25, 000 MW, equal to 25 large scale nuclear power plants) for example, costs the average German household \$2 per month.
 - By enabling broad participation, feed-in tariffs are more equitable than other renewable energy policies. Current renewable electricity standards tend to favor

those institutions large enough to play in a wholesale market, typically utilities and large independent power producers. Federal tax credits benefit only those with sufficient tax liability to use the credits effectively. In contrast, tariff rates adjust for size and quality of resource, allowing producers of any size and any geographic region to participate.

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GRU unveils new solar incentives

*By Megan Rolland
Sun staff writer*

Published: Monday, October 13, 2008 at 6:01 a.m.

Gainesville Regional Utilities has attracted the eyes of environmentalists across the nation for a trail-blazing plan to encourage solar energy production by agreeing to buy the electricity above market value for 20 years.

The plan — outlined to Gainesville city commissioners Monday — would be one of the first of its kind in North America.

Ed Regan, assistant general manager for GRU strategic planning, discovered the incentive, called a "feed-in-tariff," on a fact-finding trip to Germany where the renewable energy market is booming.

"People are putting their pension funds into solar panels, holding companies are investing in renewable energy," Regan said. "These are great investments because there's a guaranteed price backed by German credit; in this case GRU's credit is probably just as good."

The idea behind the "feed-in-tariff" is substantially different from how most of the U.S. is now encouraging private investment in renewable energy and how GRU is now encouraging solar panel installation here in the Sunshine State.

Essentially, GRU would buy all the energy produced by a solar photovoltaic system — solar panels that convert sunlight into electricity — over the next 20 years for a guaranteed rate per kilowatt hour — the price would be set to make solar energy production competitive, if not profitable, in Gainesville.

"This is really a historic moment," said Kellyn Eberhardt, Florida climate project associate with the Environmental Defense Fund, based in Sarasota. "This is the first time in North America that a municipally owned utility is considering a feed-in-tariff policy. These are big strides and a lot of eyes are upon you to see what will happen."

The city commissioners who attended Monday's presentation expressed excitement for the project and instructed GRU — unofficially — to forge ahead and draft an ordinance to be brought back before the commission.

"Is it possible to get this in place by the first of January?" Mayor Pegeen Hanrahan asked. "The sooner you get the systems out there, the greater benefit they're going to provide."

GRU's current incentive system offers a cash rebate of \$1.50 per watt of photovoltaic panel installed.

For residential units, that can't exceed \$7,500, and for a business, it can't exceed \$37,500.

Because of those limits, Regan said the buildings with the greatest potential of solar capacity are receiving the least incentive to install the panels. Feed-in-tariff incentives would make large flat roofs — such as a grocery store or a mall roof — benefit the most from the incentive.

Regan said it would even encourage outside investment in placing panels on the rooftops.

Under the current system, the installer of the panels is paid by GRU for any extra energy not used at the house or business that is sent back to the grid — a process called "net-metering."

Feed-in-tariff incentives would eliminate the cash rebate and net-metering.

Instead, GRU would buy all of the power produced by the solar panels at a fixed price that is usually higher than market price.

According to Regan, the price presented Monday has been calculated using the cost of installation of the panels and the cost of maintenance and repair over 20 years. It is set to make the energy production profitable.

"You're allowed to beat the game, and that encourages innovation," Regan said.

A more efficient system would produce more energy and make more money, Regan said.

In 2007, GRU spent \$367,000 on the solar energy rebate program and budgeted another \$300,000 for the 2008 fiscal year.

Regan said projections show that the feed-in-tariff program would be more expensive to run for GRU, but the cost would be distributed among customers in a "socialist" manner.

While GRU now recovers the money spent on the rebate program through the base rates charged to customers, the feed-in-tariff program would be funded through an increase in the fuel adjustment rate.

That rate is adjusted monthly based on what GRU spends on coal and natural gas that are burned in the company's power plants and is passed directly on to customers.

Commissioner Thomas Hawkins asked how the feed-in-tariff increase would compare to increases over the summer to the fuel adjustment rate.

Regan replied that the increase would be negligible.

Assuming that one megawatt of solar photovoltaics were installed every year for the next 20 years the increase in the fuel adjustment per customer would be less than 1 percent by 2029.

Rob Brinkman, president of the local Sierra Club, said his only concern was that the program could work too well.

"I'm really both pleased and proud for the city of Gainesville with what you're doing," Brinkman said. "We certainly don't want to make the cost so high that in order to get access to the sun ... people are cutting down trees."

Brinkman said there is the roof-top potential for the solar production of 80 megawatts of electricity in the Gainesville area and that he'd like to see that full amount built out.

Regan emphasized that this program will go hand-in-hand with the federal tax incentives for renewable energy, which were just renewed for another eight years.

However, he said the feed-in-tariff program would also make it possible for tax-exempt agencies – like the University of Florida – to benefit from an incentive by leasing out roof-top space to a hypothetical solar production company.

Regan said he isn't intimidated by forging the way for this innovative policy — "we've got a lot of good people working on it."

And compared to negotiating the agreement for the city's new 100 megawatt biomass power plant, Regan said this much easier to accomplish. "I really do think it's going to make a difference in how fast Gainesville comes into solar energy," Regan said. "We're already kind of a leader."

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