

From: Simon, Sean A.
Sent: 10/12/2010 2:34:32 PM
To: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe); Redacted
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Cc:
Bcc:
Subject: FW: DRA Releases "California's Solar PV Paradox," a Report on Solar Cost Trends

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From: Hall, Thomas A.
Sent: Tuesday, October 12, 2010 12:17 PM
To: Hall, Thomas A.
Subject: DRA Releases "California's Solar PV Paradox," a Report on Solar Cost Trends

FOR IMMEDIATE RELEASE

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DRA Releases *California's Solar PV Paradox*, a Report on Solar Cost Trends

SAN FRANCISCO, October 12, 2010 – The Division of Ratepayer Advocates (DRA), an independent consumer advocacy division of the California Public Utilities Commission (CPUC), today released its report on solar cost trends, *California's Solar PV Paradox*. The report finds that despite falling costs of solar photovoltaic (PV) production worldwide, prices for large-scale utility-owned solar in California are increasing.

California's Solar PV Paradox examines the diverging cost paths of small and large solar projects in the state. DRA's analysis shows that since 2008 the costs of solar PV technology have been falling dramatically worldwide. This has been reflected in falling costs for small-scale or "rooftop" solar generation. By July 2010, for instance, costs for small projects eligible for incentives under the CPUC's California Solar Initiative (CSI) fell about 20 percent from 2008 levels.

But at the same time large-scale solar PV projects, the type that the state's regulated utilities are building, have actually gotten more expensive. DRA's analysis shows that bids for these large-scale projects have increased in price since 2008, despite the global decrease in solar PV technology costs. The CPUC has given approval to its regulated utilities to build several large-scale solar plants in order to help fulfill the legislative mandate that 20 percent of California's electricity comes from renewable sources by 2010. Once negotiated and approved by the CPUC, these higher costs are then passed on to utility customers.

DRA's report finds that the diverging cost trends of small and large solar PV projects in California represent a troubling pattern that should signal the CPUC to look at updating its renewable procurement policies to better serve the utility customers that must pay for its decisions. The CPUC has the ability and responsibility to use more discretion in approving large-scale solar PV projects proposed by the utilities, especially if contract prices are disproportionately high. The CPUC should also take immediate steps to examine the reasons for this discrepancy in cost trends and reexamine its rules and policies for achieving the states renewable energy goals.

"DRA supports a clean energy future for California, but ratepayers should be getting the biggest bang for their buck," said Joe Como, acting director of DRA. "The CPUC needs to promote the most cost-effective solar projects and should reexamine its rules and policies for achieving the state's renewable energy goals. We need to make sure costs for large solar PV projects make sense in the new marketplace of renewable generation. Our analysis shows that right now, the bids on these large projects should not be getting more expensive."

California's Solar PV Paradox is available on DRA's Solar PV webpage. You can also request a copy by emailing Tom Hall at tbh@cpuc.ca.gov.

For more information on DRA, please visit www.dra.ca.gov.

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