

COUNCIL ACTION FORM

SUBJECT: ADDITION OF A REBATE FOR THE INSTALLATION OF PHOTOVOLTAIC SYSTEMS TO THE EXISTING SMART ENERGY PROGRAM

BACKGROUND:

Smart Energy programs are designed to reduce summer demand for electricity resulting in a lower cost to the utility by delaying future generation. Side benefits of the Smart Energy program are a reduction in customer bills, a lower electric rate over time, contribution to a more robust electric distribution system, and a cleaner environment. In addition to education and load management programs, Smart Energy programs provide economic incentives to entice customers to install more efficient equipment resulting in a reduction in electric KW demand. **Presently, photovoltaic (active solar) systems do not qualify for a rebate under Smart Energy. However, they do reduce electrical demand, most notably during the heat of the summer.**

Smart Energy programs began in July 2007. Current program incentives are based on a \$500 per KW value. **Inclusion of an incentive to promote the installation of photovoltaic systems would be modeled after the Commercial Custom rebate program and pay a one time rebate of \$500 for every KW the solar system generates/removes from the utility's system during the City's summer peak season.**

ALTERNATIVES:

1. Authorize the addition of a photovoltaic installation rebate to the existing Smart Energy program at a level of \$500 per KW generated for systems installed after July 1, 2012.
2. Deny addition of the photovoltaic installation rebate to the Smart Energy program.

MANAGER'S RECOMMENDED ACTION:

It has been a goal of the City Council to hold down increases in energy consumed in our community and to make it more sustainable. The Smart Energy incentive programs have encouraged individuals and businesses to invest in more energy-efficient technologies and have reduced increases in demand on the City's Electric Utility. Particularly important have been the recent reductions in peak demand during the summer months. This addition has been presented to the EUORAB which has recommended adding a solar rebate to the Smart Energy suite of programs.

As photovoltaic systems accomplish this goal, it is the recommendation of the City Manager that the City Council approve Alternative #1, and authorize the addition of a photovoltaic system installation rebate to the Smart Energy programs.