



California Public Utilities Commission

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News Release

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PUC REMOVES MANDATORY TIME-OF-USE RATES FOR SOLAR CUSTOMERS

SAN FRANCISCO, June 7, 2007 - The California Public Utilities Commission (PUC) today removed the California Solar Initiative's time variant pricing requirement until the PUC develops time-of-use (TOU) tariffs in the next general rate cases of utilities in 2009.

Senate Bill 1 requires all California Solar Initiative incentive recipients to take TOU rates. TOU rates value daytime peak energy usage and production higher than off-peak energy usage at night and in the morning. Most solar customers benefit from TOU rates, because solar production replaces peak load and is credited to the customer at the higher-cost peak price.

However, some percentage of utility customers unexpectedly discovered that their electric bills on TOU rates could actually be higher with solar than if they stayed on their existing rate without solar. This occurred in circumstances where the customer had high daytime electric use but couldn't install a solar system to meet 100 percent of that demand. If a solar customer can't meet their full peak period needs with solar, then the customer must buy the remaining electricity at the higher, daytime peak TOU rate. In some cases—particularly in hot, dry desert climates where air conditioning load drives demand—customers found that the difference in rates on that remaining use would result in a higher bill. Similarly, for some customers, even though their bills with solar would be lower, the TOU requirement could reduce the amount of those savings substantially, and dramatically increase the payback period of a solar system. To alleviate these unintended consequences, Assembly Bill 1714, passed by the State Legislature yesterday and signed by Governor Schwarzenegger today, allows the PUC to delay implementation of the mandatory TOU requirement.

"The TOU requirement contained in SB1, though well-intentioned, has clearly resulted in some unintended consequences, which may slow the development of solar in the residential and small commercial markets. I thank the Governor and Legislature for their quick action on this issue,

expressly providing the PUC the authority to remove the mandatory time-of-use pricing element of the program until more accommodating TOU tariffs can be developed.” said PUC President Michael R. Peevey.

California has set a goal to install 3,000 megawatts of new, customer-sited solar projects by 2017 under the California Solar Initiative. More information is available at www.GoSolarCalifornia.ca.gov.

The proposal voted on by the PUC is available at www.cpuc.ca.gov/word_pdf/AGENDA_DECISION/68815.doc.

For more information on the PUC, please visit www.cpuc.ca.gov.

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