

For Immediate Release

April 5, 2010

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Returning Power to the People: LA Business Council Report Sheds Light on Cost-Effective Approach to Solar Energy Generation

Report offers guidelines for a Feed-in Tariff solar policy that would meet three percent of Los Angeles' energy needs, create more than 11,000 local jobs and produce long-term cost-savings for ratepayers and businesses;

Issued in collaboration with UCLA, study will be presented at the 4th Annual LABC Sustainability Summit at the Getty, April 6

Los Angeles, Calif. (April 5, 2010) — Today the Los Angeles Business Council (LABC) and the UCLA Luskin Center for Innovation, as part of a working group of local businesses and public-sector institutions, issued a comprehensive study examining the potential for solar Feed-in Tariff (FiT) programs in Los Angeles County. A FiT program would allow businesses and residents to install solar panels on their roofs and parking lots and sell the power generated back to the local utility. For each kilowatt-hour fed back into the power grid, participants would receive a payment back from the utility.

Relying on advanced economic modeling and interviews with businesses and residents in Los Angeles County, the study finds that regional FiT programs would unleash a new source of cost-effective solar energy and spur significant economic growth. The study calls for the City of Los Angeles to create the largest FiT program in America, adopting a policy that would generate 500 megawatts of electricity within ten years. This program would meet three percent of the city's energy needs, create more than 11,000 local green jobs and produce long-term cost-savings for businesses, ratepayers and the LADWP.

The study's release comes as Los Angeles' Mayor, City Council, and DWP Commission remain embroiled in an ongoing debate over rate hikes at the LADWP, which would be used in part to pay for new conservation and renewable energy programs. At an approximate annual cost of \$23 million, the proposed FiT program could be created without raising rates at the LADWP.

"Regardless of the outcome of ongoing negotiations between the City Council, the Mayor and the DWP Commission to create a new source of funding to green the LADWP, future resources for renewable programs will be limited. To make any meaningful impact, policymakers will have to identify renewable programs that deliver immediate results and produce the greatest benefits for their cost," said LABC President Mary Leslie. "The findings in our study validate an ambitious Feed-in Tariff as one of the smartest investments Los Angeles can make to create a cost-effective, locally generated source of solar energy and grow our green economy."

Among the range of alternatives to move the LADWP off of fossil fuels that policymakers are considering, a FiT program would offer the significant benefit of creating thousands of high-wage private

LABC Solar FiT Study 2/2/2

sector jobs to install, maintain, repair, assemble and manufacture solar panels inside the Los Angeles basin.

“At this time of record unemployment, it is crucial that our policymakers make strategic decisions today to create good jobs in Los Angeles,” said Mike Massey, Executive Vice President of the National Inspection, Testing and Certification Corporation, a Los Angeles-based business that provides training and certification of workers in the skilled plumbing, piping, and air conditioning industries, many of which are employed in the green building sector. “Our public and private leaders must act now on an ambitious Solar FiT program because it will spur the growth of high-wage jobs across a range of green industries in the region. It’s time to finally roll up our sleeves and do the hard work of getting people to work in the green-tech sector.”

In addition to creating jobs, a FiT program would produce cost- savings for businesses and utilities, according to the study. Businesses could leverage federal tax credits to cover approximately 40 percent of the costs of installing solar panels on their property and would ultimately recoup these costs over the life of the FiT contract, plus a rate of return of five to eight percent.

“A well-designed FiT would offer real incentives for local businesses to green their operations, achieve significant reductions in operating costs and receive a return on the capital invested in installing solar panels,” said Brad Cox, Senior Managing Director for Trammell Crow Company. “This is a clear opportunity for collaboration between business and government to meet our renewable goals by capitalizing on our region’s abundant sunshine and thousands of acres of available rooftop space.”

Utilities would benefit from the decreased cost of electrical transmission and gain access to a reliable source of solar power that could become available in a short period of time. The study found that a FiT program would save money for utilities over the long-term by eventually producing energy at less cost than other sources of power.

“If the correct design guidelines are put in place, ratepayers will save money over the life of a ten-year FiT program as the cost of installing solar panels continues to fall and the price of fossil fuels rises,” said UCLA Professor J.R. DeShazo, who oversaw the study and serves as the Director of the UCLA Luskin Center for Innovation. “Moreover, developing the country’s largest Feed-in Tariff would signal a long-term political commitment to greening Los Angeles that could be used as an incentive to attract clean-tech firms to our region and keep them here.”

FiT programs have been successfully implemented in other regions to build robust green economies and meet renewable goals. Gainesville, Florida adopted a hugely popular FiT program in March 2009. This program met its first-year participation goals within one week and is providing commercial and residential participants with a four to five percent return on their solar investments.

Germany has used a nationwide FiT program to create the world’s largest solar market despite the country’s marginal sunlight. The program has helped to create more than 100,000 jobs since 2004.

LABC Solar FiT Study 3/3/3

Drawing on the German experience, a large-scale FiT program could put in place local procurement requirements to attract solar companies and other clean-tech manufacturers to the region, which would generate millions of dollars in tax revenues, spur economic growth and create jobs.

The LA Business Council study makes a significant contribution to an emerging body of research initiated by the U.S. Department of Energy that has examined how FiT programs could be used to help move the nation off of fossil fuels.

The findings of the study will be presented by UCLA Professor J.R. DeShazo at the LABC's 4th Annual Sustainability Summit, which will take place in Los Angeles on April 6th at the Getty. This major policy conference will feature prominent elected officials, green business leaders and innovators in the clean-tech sector, including California Attorney General Jerry Brown and Los Angeles City Controller Wendy Greuel.

About the Los Angeles Business Council

The Los Angeles Business Council is an advocacy and educational organization dedicated to serving local businesses while informing and impacting positive change at multiple layers of government. For over 70 years, the council has been an influential link between business and government and has had a major impact on public policy related to education, housing and environmental sustainability.

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