

Solar Feed-In-Tariff Policy Would Benefit Los Angeles Residents, Businesses

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The Los Angeles Business Council and the UCLA Luskin Center for Innovation, as part of a working group of local businesses and public-sector institutions, have issued a comprehensive study examining the potential for solar feed-in-tariff (FIT) programs in Los Angeles County.

Relying on advanced economic modeling and interviews with businesses and residents in Los Angeles County, the study found 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 the U.S., adopting a policy that would generate 500 MW of electricity within 10 years. This program would meet 3% 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 Los Angeles Department of Water & Power (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, the study's authors note. At an approximate annual cost of \$23 million, the proposed FIT program could be created without raising rates at the LADWP.

Among the range of alternatives to move the LADWP off of fossil fuels that policy-makers are considering, a FIT program would offer the significant benefit of creating thousands of high-wage private-sector jobs to install, maintain, repair, assemble and manufacture solar panels inside the Los Angeles basin, according to the study.

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% 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 5% to 8%.

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.

SOURCE: Los Angeles Business Council

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