

## D R A F T

### **Solar Energy Incentive Program for San Francisco Residents & Businesses**

At the recommendation of the San Francisco Solar Task Force, (Assessor-Recorder Phil Ting, chair; SFPUC Commissioner David Hochschild, co-chair), as amended through dialogue with the Office of Mayor Newsom and SFPUC General Manager Leal, the Board of Supervisors is expected to propose an ordinance to establish an incentive structure for a one-time solar incentive payment from the City & County of San Francisco PUC for residents and businesses. The administrator of this program is SFPUC.

The new Solar Energy Incentive Program will leverage approximately \$2 million to \$5 million in annual SFPUC net operating revenues to increase San Francisco solar installations by providing incentive payments to projects. Unlike municipal facilities on which SFPUC has installed solar generation systems, most residents and businesses are eligible for federal tax incentives and state solar rebates administered by PG&E. The incentives are summarized below.

#### **Incentive definitions**

The Ordinance establishes a limit on the incentive payments that can accrue to any individual applicant. Incentive payments would be made on a per-meter basis. This leaves open the possibility for an applicant to apply for incentive payments for more than one property, subject to the provisions below.

	<b>Residents</b>	<b>Businesses</b>
Basic incentive	\$3000	\$1,500 per kilowatt the system is designed to generate, up to a cap of \$10,000.
City installer incentive	\$4000	
Environmental justice incentive	\$5000	

The Ordinance defines the residential incentives as limits on assistance. This means that the ‘city installer’ and ‘environmental justice’ incentives are not adders to the base incentive but total incentives in their own right.

The basic incentive will be available to any resident installing solar generation on his/her own property located within San Francisco.

The city installer incentive will be available to residents eligible for the basic incentive who contract with an installer with an office or offices in the City. SFPUC staff proposes to define “city installer” as one that pays San Francisco payroll taxes. The differential in incentive payments is to encourage the use of local installation businesses.

The environmental justice incentive is available to installations on property located within City-recognized environmental justice districts. SFPUC staff proposes to define “environmental

justice districts” consistent with the findings of the Board of Supervisors in Ordinance 124-01. That ordinance describes Southeast San Francisco as a minority community entitled to environmental justice, and specifically identifies the Bayview, Hunters Point, Potrero Hill and Dogpatch neighborhoods. So that there is no ambiguity, SFPUC staff proposes to apply the environmental justice incentive payments to installations on properties located within the zip codes 94107 and 94124.

The incentive for businesses is a simple capacity-based incentive, without the three tiers of the residential incentive.

### **Eligibility**

At present, only solar electric systems proposed for installation on existing buildings are eligible for an incentive payment. New construction is not eligible. Installations must be a minimum of one kilowatt in capacity. The Ordinance provides the program administrator an option of later incorporating other solar or renewable technologies, or other construction eligibility, as long as the administrator publishes criteria for incentive payments and limits on payments.

The San Francisco incentive is available only for installations on property physically located within San Francisco. Only one rebate per electric meter is allowed. Residents may apply for rebates only for installations on property they own, although they may apply for rebates on more than one meter. Businesses operating at more than one location within the city may apply for one solar incentive for each meter, subject to the \$10,000 limit above.

For ease of administration, and to minimize additional paper work, SFPUC staff proposes that applicants eligible for state rebates under the California Solar Initiative (CSI) may submit rebate approvals from that program as evidence they qualify for an incentive payment under the San Francisco program. The approval document for a CSI rebate must show a San Francisco address as the designated installation location. Applicants either ineligible for CSI rebates because they are not electric distribution customers of PG&E or who choose not to apply for them must demonstrate otherwise that they conform to the CSI requirements for a San Francisco incentive payment.

Further, SFPUC staff proposes that applications must be submitted and received within six months of the purchase date of solar power equipment, otherwise they will not be considered. Incomplete applications will be returned to an applicant for completion. A reservation number will be assigned by SFPUC only to complete applications.

### **Budget & administration**

SFPUC staff proposes a \$3 million budget be established from net operating revenues allocated to MECA in FY2007-08. From this budget, program administration will be funded at \$150,000, with the remainder (\$2,850,000) funding the incentive itself.

Incentives will be awarded on a first-come-first-served basis until the incentive budget is exhausted. The program will begin after adoption by the SFPUC and the Board of Supervisors.

Staff proposes that residents and businesses who committed to a solar installation after the December 11, 2007 program announcement be eligible for the incentive payment.

SFPUC administration of the program will be carried out by Power Enterprise staff. A telephone number for inquiries will be established, along with a section of the Power Enterprise area of the SFPUC website, accessible through [www.sfenergy.org](http://www.sfenergy.org). In the interim, inquiries are being directed to SFPUC Communications, 554-3289.