

Sundermeyer, Susan

From: Taylor, Michael
Sent: Monday, April 27, 2009 9:18 AM
To: Sundermeyer, Susan
Subject: FW: Reneable Energy Standard Workshop- Additional Comments on Rule Making for Prop C- RFP's For Setting REC Pricing
Attachments: commercial & residential payback0001.pdf

Susan:

Please file this e-mail and attachment in EW-2009-0324.

Thanks

Mike

From: Vaughn X. Prost [mailto:vxp@prostbuilders.com]
Sent: Friday, April 24, 2009 8:02 AM
To: Taylor, Michael
Subject: FW: Reneable Energy Standard Workshop- Additional Comments on Rule Making for Prop C- RFP's For Setting REC Pricing

Michael,
 Sorry I sent this to my own address last Wednesday!!
 Vaughn

From: Vaughn X. Prost [mailto:vxp@prostbuilders.com]
Sent: Wednesday, April 22, 2009 8:20 AM
To: 'Vaughn X. Prost'
Cc: 'Steve Ellebracht'; 'hrentz@movre.com'
Subject: Reneable Energy Standard Workshop- Additional Comments on Rule Making for Prop C- RFP's For Setting REC Pricing

Michael,
 To follow up on my comments about establishing a market for REC pricing, I have attached two simple paybacks for a small residential system and a larger commercial system. To get approximately the same pay back in years for a small system and a large system, the small system needs \$ 400.00 per MWhr REC pricing and the large system needs \$ 200.00 per MWhr REC pricing. This is the best economic argument for a two tier market based REC pricing system. If PSC would require utilities to annually RFP for one large 500 kW system to establish large system REC pricing and several smaller systems, all less than 10 kW for a total of 100kW this would establish the small system REC pricing for that year. The beauty of this RFP procurement is that all REC pricing is market based, adjusted annually, and gives the minimum competitive RFP pricing for large and small systems (It is also "prudent"!). This two tier REC pricing will allow all sizes of solar companies to compete on a " more level playing field" in the Missouri market. I think open fair competition for all Missouri companies was what voters and campaign people were thinking when Prop C was passed.
 I hope this helps!
 Vaughn Prost.
 Missouri Solar Applications, LLC

From: Vaughn X. Prost [mailto:vxp@prostbuilders.com]
Sent: Monday, April 20, 2009 5:55 PM

5/20/2009

To: 'michael.taylor@psc.mo.gov'

Cc: 'Steve Ellebracht'; 'hrentz@movre.com'

Subject: Reneable Energy Standard Workshop- Additional Comments on Rule Making for Prop C

Michael,

After additional discussions with small solar installer companies. Missouri Solar Applications would like to make the following additional comments;

1. Solar agrees with the Wind energy producer statements that wind or solar energy sold to the Missouri consumer should be generated from Missouri located renewable energy facilities. Missouri rate payers are paying a premium (maybe) for renewable power and they should be the beneficiary of the jobs and economic activity associated with Missouri built facilities. Due to excessive unemployment in the State of Missouri, my general building contracting firm must hire Missouri workers for projects funded by the State of Missouri.
2. The language in Prop C provided for the \$2.00/watt rebate to be applied to new and expanding solar facilities under 25 kW. Prop C language provides for expanded solar systems and there is only a cap on the size of a new or expanded system to get the rebate of 25kW. There is no cap on the total amount of rebates an owner could get for expansion if the expansions were all under 25kW and spaced out say on a yearly basis.
3. Rebate stability is very important since to finance a system the owner must know a rebate is available. If a rebate is applied for in one year and that year 's 1% rate increase money is gone the rebate should be funded as soon as money is available in subsequent years. Also the Utilities should be restricted on the size of solar development solicited so that most of the solar carve out is not used up in one or two projects thus leaving little for distributed solar projects.
4. REC pricing is the most important tool necessary to create a viable solar industry in Missouri for big and small businesses. The Prop C language provides for a market REC price determination. It is desirable to all solar companies that the PSC establish a market based solar REC price by January 1, 2010 to "kick start" the solar industry and it's associated new jobs and economic development.

A proposed market based way to set an initial REC price for large systems is to have utilities put out an RFP for 500 kW solar power system. The utility would award the bid to the lowest qualified bidder, say at 27 cents per kWhr. The REC price would then be the difference between the normal cost of power and the solar renewable cost (.27-.08=.19 cents or \$190.00 per MWhr.) The utility could put out another RFP to set an initial price for 10ea- 10kW systems to establish the market rate price for smaller distributed systems. The cost would likely come in higher even with the \$2.00 rebate at say 36 cents per kW. This would then establish the REC price of (.36-.08=.28 cents or \$ 280.00 per MWhr.) These REC prices would be for 15 year contracts paid by the utility to the system owner. In order to finance a commercial or sometimes residential project the solar system owner has to show the financial institution that it is lending the money to finance the solar system that there will be a revenue stream for 15 years to pay off the loan. This two tier REC pricing system is market based as required by the Prop C language and will create a market for both small and large solar system companies.

Thanks,
Vaughn Prost.
Missouri Solar Applications, LLC