

Xcel Energy reworks plan for solar rebates

Solar industry welcomes change

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This story has been corrected to read "350 megawatts of utility-scale solar" in the last paragraph.

Xcel Energy wants to add another 257 megawatts of solar power to the grid from on-site sources such as customer rooftops in the next decade, according to the company's new renewable energy plan.

Last year, Xcel announced its intention to cut the Solar Rewards program -- which gives rebates to customers who put photovoltaic panels on their property -- by about 50 percent from 2009 to 2010. After an outcry from solar advocates, Xcel worked with the Colorado Solar Energy Industry Association and the Governor's Energy Office to revise its plan.

The new program will give rebates to more people over time, though the amount of rebates will decrease.

"This is a huge improvement," said RJ Harrington, director of legislative and regulatory affairs for Boulder-based Simple Solar. "We are very pleased. We feel that this is keeping the wind under our sails."

The new vision for Solar Rewards is to increase the amount of solar energy on the grid while decreasing the incentives over time. Now, if an Xcel customer adds photovoltaic panels to his home, he gets a \$2-per-watt rebate and a \$1.50-per-watt renewable energy credit payment from the utility.

The new plan will keep this rate until another half megawatt of solar capacity is added, and then Xcel will ratchet down the per-watt renewable energy credit payment from \$1.50 to \$1. The \$2 rebate will not change. As more capacity is added, the renewable energy credit payments will continue to drop, eventually settling at a penny a watt.

"The idea behind the Solar Rewards program was essentially to be able to jumpstart the industry," said Xcel spokesman Tom Henley. "That has really come to fruition. Now it's a matter of how we are able to help maintain it as a viable industry."

Both Xcel and the solar industry agree that it makes sense to reduce incentives over time, but Blake Jones, president of Boulder-based Namaste Solar, said it's important to study the fine print of how those reductions will be made.

"At first glance, the fact that they're increasing their onsite solar goals is wonderful news," he said. "The next step is to read the many hundreds of pages of the compliance plan and look at the details."

"The goal of the incentive program is to increase the volume of project installations such that an economy of scale brings prices down, which allows us to gradually wean the industry of subsidies," Jones continued. "But we need to look at how big each of those step (decreases) is and at what volume."

The details of the proposed Solar Rewards program were outlined in a larger plan Xcel filed this week with the Colorado Public Utilities Commission that maps out how the company intends to comply with the state-mandated renewable energy standard of producing 20 percent of energy from renewable sources by 2020.

The compliance plan also calls for 700 megawatts of new wind power and about 350 megawatts of utility-scale solar power plants, according to Xcel.

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