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Governor Schwarzenegger Calls for One Million Solar Energy Systems in California Homes

Governor Arnold Schwarzenegger today unveiled a new plan to encourage installation of solar panel systems on one million new and existing homes over the next 13 years. The program will mean energy savings for the state during peak demand periods, provide long term cost savings for homeowners and contribute to a more diversified energy portfolio for California.

"This proposal is about smart, innovative and environmentally friendly technologies that will help improve the state's ability to meet peak electricity demand while cutting energy costs for homeowners for years to come," said Governor Schwarzenegger. "Once implemented, it will establish California as a world leader in solar technology."

With full implementation, the program is projected to save California 2700 megawatts of peaking power, and offset more than 50 million tons of CO₂, which is the annual equivalent emission of 400,000 vehicles. The plan will mean energy savings for all ratepayers by relieving demand for energy during peak demand periods. Additionally, it will provide immediate cost savings for home owners who take part in the program.

Specifically, legislation establishing the plan would require new home builders to offer solar panels as an option for new homes in the state by 2008. Prior to purchasing of a new home, buyers will be presented with an estimate of the costs and savings that come with installing a home solar system. This is similar to the current energy efficiency ratings and annual estimated operating costs that are provided today for major appliances.

As introduced, the Governor's proposed plan calls for:

The California Energy Commission (CEC) to offer an incentive (rebate) to place photovoltaic solar panels on new and existing residential homes.

The financing of solar PV systems as part of a new home mortgage. The annual electricity savings are projected to exceed the mortgage payment on the system.

Builders being required to offer a solar energy system option for homes in every subdivision with 25 homes or greater, starting in 2008.

The Public Utilities Commission to develop time-of-use pricing plans for customers that will allow them to sell back excess electricity to the grid.

Customers of both investor-owned and municipal utilities to take part in the plan.

Additional incentives for solar systems on affordable housing.

The California Energy Commission to review the program in 2007 to determine whether the state will reach the goal of one million homes by 2017. If additional funds are needed, the Public Utilities Commission may raise the Public Goods charge by an amount not to exceed one-twentieth of a penny per kilowatthour.

Funding for the program comes from several existing sources. An initial \$200 million was previously approved by the legislature for renewable technologies and will be dedicated to this program. Another \$30 million will come from the existing Public Goods Charge (PGC) that was established in January 2001. The Public Utilities Commission will be tasked with determining if additional funds will be needed to support the program. This determination will be subject to public review. Additionally, the California Energy Commission will be required to report back to the legislature on the program's effectiveness. The report will be required before any new funds can be authorized and its findings would need to support continuing the incentives beyond the existing funding sources.

The legislation to implement the Governor's solar plan is being sponsored by Senator Kevin Murray as Senate Bill 199.