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FROM THE OFFICE OF COMMISSIONER LAUREN "BUBBA" MCDONALD, JR. NEWS RELEASE

McDonald Calls for Study of Renewable Portfolio Standards to Promote Development of Solar Energy

Atlanta, October 18, 2011 – Commissioner Lauren "Bubba" McDonald, Jr. today issued the following statement during the Commission's Administrative Session:

"It's important for us as Georgians and as the Georgia Public Service Commission to be aware of industry news and trends. In light of the recent negative press regarding Solyndra and SunPower, two solar companies here in America, I'd like to address the facts and assess their relevance to Georgia, the Public Service Commission and our planning for a cleaner energy future.

First, let's address Solyndra. Solyndra received \$535 million worth of loan guarantees from the Federal Government from a process that started in 2009 and ultimately was awarded in 2010. Solyndra's technology was the failure, not the solar industry. Solyndra designed and manufactured a unique and proprietary cylindrical module. Solyndra's panel was NOT the same thing as silicon-based solar panels that are standard in the solar industry today.

The rush to support a NEW and UNKNOWN technology with the hope of resulting in lower cost as a way to compete with the ever cheaper Chinese solar panels was a failure. As far as the loan guarantee and the process, I'll leave that to investigators and the public to decide.

Now SunPower - last week I was VERY concerned over several reports on FOX News regarding SunPower by Bill O'Reilly, Steve Doocy, Megyn Kelly, Lou Dobbs, and Michelle Malkin for receiving a \$1.2 billion Department of Energy Loan guarantee. FOX News analyzed, in its unique way, that the loan guarantee from the Department of Energy (DOE) went to support the creation of jobs in Mexico and that the recipient, SunPower, was a "failing company" and could go under. As you can imagine, as any American would do, I became concerned and began investigating immediately.

The result of my investigation shows an attempt by FOX News to create another "solar scandal". In fact, industry experts, investment banks and all who know the history of solar companies in America see SunPower as "a success story" and the loan guarantee supports the construction of a

power plant in California, not Mexico. More specifically the project is the 250MW California Valley Solar Ranch (CVSR) Project in San Luis Obispo County, CA sponsored by SunPower and just acquired by NRG Energy (NYSE: NRG). Construction of the CVSR is underway, and the first phase of the project will begin generating power early in 2012.

As stated above, the recent bad press surrounding "solar" either relates to Solyndra's solar technology that couldn't survive in the current silicon panel marketplace or poor, sensationalized reporting just to elicit another "solar scandal". Accurate information must be used so Georgia can close the solar gap with other states. Georgia is the 3rd-5th best State for solar energy in the United States. Yet we are 35th in actual solar installs.

I've watched closely as the solar industry in Georgia has evolved around us. Solar panels have become more efficient and the cost for a solar installation has fallen dramatically over the past few years. Just this year alone I've watched as solar panel costs have fallen from \$1.80/watt to \$1.20/watt. This represents a 33% reduction in panel cost in only 10 months. These technological advancements and cost reductions are a byproduct of innovation and market demand. Solar energy in Georgia has reached grid-parity.

The recent motion by the Georgia Public Service Commission to expand the amount solar energy by 50MW's (a 1200% increase) represents our careful consideration of these facts on the ground. Yet we have fallen short on addressing critical elements of any renewable energy project. The most obvious of these are the Renewable Energy Credits (RECs). A REC (pronounced: rĕk) represents the property rights to the environmental, social, and other non-power qualities of renewable electricity generation. These property rights are a way to raise the capital to build new 'distributed generation capacity'. Historically ratepayers were taxed through their electric bills to raise and guarantee the capital for Georgia Power to build the 'centralized generation capacity' that has served Georgia so reliably for almost 100 years.

Currently RECs from Georgia are undervalued because Georgia does not have a Renewable Portfolio Standard (RPS). An RPS would help set a market value for these RECs. Thus in a State without a RPS, a REC's value is speculative and un-bankable. That uncertainty creates underlying problems for financiers and businesses to invest in solar projects in Georgia. If a Georgia REC had a value as low as \$0.04, you would see more capital mobilizing to install solar energy in GA with NO upward pressure to ratepayers.

Subsidizing 50MW's of solar projects would cause upward pressure of only \$0.05 per ratepayer per month. I believe the Commission should further investigate how legislation or action by the Commission could help set a value to Georgia RECs at \$0.04. If we achieve this low REC value, which is less than the value of RECs in New Jersey, Ohio, Maryland and other states who are currently aggressively implementing solar, we will have acted in the best interest of our state and for generations to come.

Finally, since March of this year, ratepayers have noticed an "environmental compliance" fee which can be as much as 6% of their bills. The Commission and the Georgia Power should evaluate what, if any, of these charges can be mitigated by increased solar production from additional third party Purchase Power Agreements (PPA). This review is in the best interest of ratepayers and important information for the Commission.

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Technology and the market have brought us a remarkable turn of events and one that the Commission should explore immediately. Solar prices today give Georgia an outstanding opportunity to supplement our fossil and nuclear power sources while creating good jobs and immediately assist in Georgia's recovery. Solar also brings significant property value and additional enterprise values to Georgia citizens and businesses that are currently not available to them through the purchase of electricity.

I look forward to working with my fellow Commissioners, Commission Staff, Georgia Power, Georgia Legislators and Georgia Solar Industry experts in the immediate future to investigate and implement needed changes.”

Commissioner McDonald is in the third year of his six-year term on the Georgia Public Service Commission after having been elected in December 2008. He previously served on the Commission from 1998 to 2002 as well as serving 20 years in the Georgia General Assembly where he chaired the House Appropriations Committee. Commissioner McDonald's full biography can be found on the Commission web site at <http://www.psc.state.ga.us/pscinfo/bios/mcdonald.asp>.

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