

Implementing the Gainesville Feed-In Tariff

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In January of 2009 the city of Gainesville, FL, decided to replace an existing commercial solar net metering rebate program with one based on the European Feed-In Tariff model, specifically the model adopted by Germany. Gainesville was impressed with the results from the German program which, when compared to any other incentive program, statistically provided the highest rate of deployment at the least cost per kilowatt-hour generated.

Gainesville had operated a solar rebate program for several years prior to 2009. The rebate program resulted in about 350 kilowatts of installed capacity, which was enough to rank Gainesville as the number one solar city in Florida on a per capita basis. However, the program had administrative difficulties that Gainesville wished to solve.

The primary defect with a rebate program is that funds are paid to project owners as upfront cash. Once this incentive is received to purchase the equipment, there is no ongoing incentive for project owners to maintain their system and ensure the production of energy. Gainesville found a preponderance of inactive, abandoned, and poorly maintained systems that failed to provide the ongoing energy that was promised. Efforts were made by Gainesville to oversee and protect the investment in these systems, but this demanded much staff time and project tracking to properly police the projects.

The Feed In Tariff has proven to be a much simplified and straightforward program to implement, and guarantees that the city's funds are used most efficiently since every dollar spent purchases actual energy generated. The simple performance-based incentive can be stated in one sentence: "Gainesville will pay you 32 cents for every kilowatt-hour of energy generated for 20 years". It's a policy that is transparent, easily understood, and straightforward to administer.

Several aspects of the program have proven to simplify and streamline the process. First, there is a standard set of "bright line" requirements for a project to qualify, demanding no staff analysis or interpretations. Second, there is a clear method for assigning capacity to qualifying projects, again demanding very little staff time or decision-making. There is no staff time wasted with evaluating RFPs and no additional costs to the project developer to compete in an RFP process. Third, each project regardless of size signs a short, standard offer contract and interconnection agreement. There is no valuable staff time wasted in negotiations and legal disputes. (In comparison, the traditional contract Gainesville recently signed for a biomass plant not covered under the FIT program took 9 months to complete the RFP review process and another year to negotiate contract terms.) Finally, administration of payments is standardized and can be automated using a traditional utility billing system.

The Gainesville FIT program has entered into its third year. As impressive as Gainesville's rank as number one with 350 kilowatts was in 2008, it is no comparison to the 4.1 *megawatts* installed in the first two and a half years of the FIT program. Perhaps most impressive is that the move to the FIT required zero new staff to administer, proving both the efficiency and effectiveness of the policy when properly implemented.



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