

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding Policies,
Procedures and Rules for the California Solar
Initiative, the Self-Generation Incentive Program
and Other Distributed Generation Issues.

Rulemaking 06-03-004
(Filed March 2, 2006)

**COMMENTS OF RECOLTE ENERGY ON THE PROPOSED
DECISION OF PRESIDENT PEEVEY**

RECOLTE ENERGY

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Date: December 26, 2006

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Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, Récolte Energy respectfully submits these Comments on the Proposed Decision of President Peevey (PD). Récolte Energy strongly supports the PD and urges the Commission to pass the PD at the next Commission meeting scheduled for January 11, 2007.

I. INTRODUCTION

The PD aims to resolve subsidy and measurement issues related to renewable energy credits (RECs) which were not resolved in Decision No. (D.) 05-05-011 and raised in Rulemaking (R.) 06-03-004. In dealing with these issues, the PD finds that owners of renewable distributed energy generation who receive ratepayer incentives should retain ownership of any RECs associated with their renewable DG. Récolte Energy fully supports this determination for the reasons stated in the PD and discussed below.

II. DISCUSSION

The PD has already considered at length the pros and cons of who should own RECs. Récolte Energy supports the PD's determination and aims to add the following examples to provide additional support for the PD's decision.

There are many costs associated with installing a solar electric system beyond the cost of the solar electric equipment and installation. Here are a few examples of the costs that Récolte Energy's winery clients are incurring:

1. Lost revenues from grape sales or lost grape sources: Solar modules are being placed on expensive, producing vineyard land, because of the unavailability or unsuitability of alternative locations.
2. Additional engineering / installation costs: Solar modules will be floated on winery waste water ponds to make double use of land, to improve the health of the waste water ponds, to reduce evaporative losses, to reduce energy use for aeration, and to become a demonstration site. Despite these counterbalancing benefits, the project will still incur additional costs.
3. Transformer and switch gear upgrades: The existing electrical infrastructure cannot accommodate the addition of a solar electric system.

Récolte Energy's clients are bearing these additional costs because of their commitment to the environment and sustainability, their interest in promoting solar, and their desire to set an example for other individuals and businesses to follow. These

additional dollar commitments are not reflected in the analysis of solar project costs.

However, knowing that they may recover some of these costs from the sale of RECs in future years, will spur more individuals, businesses, and wineries to adopt solar, even when an economic feasibility study of the known costs and benefits of solar may suggest that they should not embark on a solar project.

RECs should go to DG owners to help them recover direct and indirect solar project related costs.

Récolte Energy believes the PD represents the correct determination on all of the issues addressed in the PD.

III. CONCLUSION

Récolte Energy respectfully requests that the Commission expeditiously approve the proposed decision.

Respectfully submitted this December 26, 2006 at San Francisco,
California.

By: /s/ Gopal Shanker
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