



## California Solar Initiative – Economic Benefits of Avoided Electricity Purchases

The California Solar Initiative will result in over 3,000 MW of clean solar energy installed on rooftops throughout the state. These solar systems will be producing power during peak times, when the state is most in need of power, reducing the need to purchase electricity from dirty, expensive peaking power plants.

The solar systems installed through this program will continue to produce power for at least 25 years, the warranted life of solar modules.

### VOTE SOLAR ANALYSIS

A Vote Solar analysis illustrates the benefits of investing in a transformational solar program that makes solar a cost-effective option without incentives. The table below shows the Net Present Value benefits of the California Solar Initiative over two time periods:

- 1) The time period of the solar initiative itself, 2006 – 2016, which will result in the installation of 3,074 MW of solar systems.
  
- 2) The time period of the CSI, plus ten years of solar installations after 2016 (at the same installation rate as 2016), resulting in 10,973 MW of installed solar. Counting the benefits from these solar installations takes into account the fact that California’s investment now will help bring down the cost of solar energy so that public subsidies are no longer necessary. Therefore, the economic benefits from avoided electricity purchases after the end of the program can be attributed to the program to illustrate the far-reaching benefits of California’s investment in solar.

NPV Benefits of CSI in Millions of 2005 Dollars, based on Avoided Cost Cases (\$Millions) <sup>1</sup>	Avoided Cost Cases		
	Low	Medium	High
1. NPV benefits of 25 years of electricity production from solar installed during CSI (2006-2016)	\$ 1,217	\$ 3,134	\$ 5,195
2. NPV benefits of 25 years of electricity production from solar installed as a result of CSI (2006-2026) (21 years of installations)	\$ 7,340	\$ 12,574	\$ 18,205

### BENEFITS OF THE CSI

The table illustrates that the California Solar Initiative results in a net positive benefit for California of between \$1.2 and \$18.2 billion, depending on the cost of avoided power and timeframe. In fact, the avoided cost assumptions used in this model do not account for the recent natural gas price spikes affecting California electricity prices this winter, which would increase the net benefits to the state.

<sup>1</sup> See Vote Solar model for an explanation of our assumptions