

Peninsula solar permit fees vary widely

By Julia Scott, San Mateo County Times

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A company, school or factory considering installing solar panels on its roof might think twice when faced with exceptionally high solar panel permit fees imposed by their city, driving them away from embracing renewable energy.

Those were among the concerns raised by the Sierra Club's local Loma Prieta chapter in its new survey of nonresidential solar permit fees established by cities across San Mateo, Santa Clara and Alameda counties.

The report's authors argue that permit fees as high as \$8,000 (in Daly City's case) for a simple solar panel inspection are a major disincentive for commercial entities to invest in solar energy. The survey, released in late April, shows no consistency between cities in terms of what they charge or a common methodology for setting fees.

Daly City, East Palo Alto and Millbrae top the list of most expensive permit fees (East Palo Alto charges \$6,019, and Millbrae \$4,955 for an average-sized commercial solar installation, respectively), while Foster City, Hillsborough and Belmont charge nothing at all. Daly City's head building inspector did not return calls by press time.

"In business, it's all about the bottom line. If it doesn't pencil out to be cost-effective, there's a certain segment that won't move ahead — and the permit fee definitely contributes to that," said Kurt Newick, who helped compile the report as a Sierra Club volunteer and works for a solar panel contractor in San Jose.

Newick said the survey is the first of its kind in the country. Only a handful of Bay Area commercial buildings actually benefit from solar power now, but his goal is to increase their numbers over the long term by making cities aware of what they can do to encourage businesses to take it seriously.

"There's going to be a crossover point really soon here when solar energy prices start being more affordable than dirty fossil fuels," predicted Newick. "Commercial businesses use a lot of electricity and, therefore, they have a higher responsibility to find responsible methods of generating the power they use."

Buildings consume about 40 percent of the country's energy output and account for 70 percent of our electricity needs, according to the U.S. Department of Energy's National Renewable Energy Laboratory. Commercial buildings make up at least 18 percent of that.

A few cities have already reacted to the survey by reducing their commercial solar panel permit fees. For example, East Palo Alto reduced its fees from \$11,500 to \$6,019 for an average-sized photovoltaic system, although its fees are still among the highest. Berkeley reduced its fees from \$4,750 to \$120. An average 49 kilowatt system would cost about \$475,000 and would typically power a 3,000-square-foot commercial office building, according to the Sierra Club.

Some cities on the Peninsula, like Half Moon Bay and San Bruno, did not know how to respond to the survey since they had never delivered a permit for a commercial-sized solar installation before. The Sierra Club has encouraged cities to adopt a methodology for calculating solar permit fees based on actual cost to the city for inspecting the system, which typically takes no more than four hours. Instead, many cities currently base their solar permit fees on a valuation of the entire project, which inflates the cost a hundred times over.

Ron Newdoll paid \$2,840 in solar panel permit fees in 2004 when he installed a 400 kilowatt solar array on the rooftops of his industrial park in unincorporated Menlo Park; the county has since reduced those fees to \$345.

At the time, the \$3.6 million system was the largest privately owned system in Northern California, according to Newdoll. It paid for itself after only five years and now provides for all of the electricity needs of the 85,000-square-foot space. His 30 tenants include businesses from high-tech electronic equipment manufacturers to biotech labs.

"I could see that putting solar on your roof was a no-brainer as far as being a good business decision," said Newdoll. "Now, for the next 25 years, I own practically free electricity." Newdoll invested in solar at a time when state rebates were very generous, large enough to reimburse half his costs. Today those rebates are dropping as solar panels themselves become much more affordable.

Newick said this was the best time he'd ever seen to invest in solar, which now costs as little as \$6 a watt, down from \$9 in 2004. Unfortunately, the recession is discouraging buyers.

"The price has been coming down substantially in the past few months. There's a glut of solar panels on the market right now and with the economy tanking, there are fewer buyers willing to spend hundreds of thousands of dollars on capital projects," said Newick.

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Panel permit fees Peninsula cities ranked by nonresidential solar panel fee, as of May 12:

Daly City: \$8,426
East Palo Alto: \$6,019
Brisbane: \$5,918
Millbrae: \$4,955
Menlo Park: \$2,755
Burlingame: \$514
San Mateo County: \$345
Pacifica: \$334
San Mateo (city): \$318
South San Francisco: \$300
Redwood City: \$261
Atherton: \$250
Colma: \$216
San Carlos: \$176
Portola Valley: \$97
Woodside: \$30
Belmont: Free
Foster City: Free
Hillsborough: Free
Half Moon Bay: Could not calculate
San Bruno: Could not calculate
SOURCE: Sierra Club, Loma Prieta Chapter