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Solar boom

Palm Desert's loan program giving contractors seeds to grow their businesses

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The Desert Sun*

When Palm Desert started its five-year crusade to cut energy use by 30 percent, energy manager Patrick Conlon had a list of three solar contractors interested in working with the city.

Today, with the town of 50,000 leading the nation with its innovative energy loan program, Conlon's list has grown to 22 contractors, all avid to grow their business in the desert.

The Palm Desert loan program, which provides residents affordable financing for solar and other high-priced, high-efficiency technology — such as kilowatt-stingy air conditioners and pool pumps — is quickly becoming a much-needed bright spot in the valley's struggling economy.

"We refuse to play a part in this recession," said Vincent Battaglia, president of Renova Energy Corp., a Palm Desert solar and energy consulting firm that has grown from two to 10 full-time employees in its first year.

"We're making enough to keep people employed and train people," Battaglia said.

Based in Laguna Hills, Revco Solar Engineering has been in the valley for four years, but the Palm Desert loan program has helped to kick the company's business into a higher gear, sales manager John McGlinn said.

"We're adding sales people, expanding marketing right now," McGlinn said. "2009 is going to be very good."

Palm Desert launched its loan program in August with \$2.5 million in startup funds from the city's general fund. That money was used up in less than a month as Conlon's office flooded with more than 100 applications from residents.

The City Council recently approved another \$5 million for the program, but whether those dollars will have a ripple effect on the valley's economy is a point of contention.

Economist John Husing, who has followed the region's development for about a decade, says the loan money will not necessarily spur growth.

"If the companies that come are companies that also start doing business outside the region, then they are a source of outside dollars, and become a gold mine," Husing said. "If they're only doing work within the region, then the dollars are being recycled."

But Conlon said the initial \$2.5 million the city has put into the loan program is definitely benefiting the local economy.

"These (funds) are going for energy improvements," he said. "They're paying workers; they're keeping contractors busy during the slow season."

At the Coachella Valley Economic Partnership, CEO John Soulliere is also bullish on the impact of conservation programs. "Without question, Palm Desert's activities, as well as Palm Springs', are beginning to attract attention because they're creating an end market," he said, referring to Palm Springs' recent Sustainability Summit. "You're going to see companies coming in and taking advantage of that."

Add that to the region's considerable alternative energy resources — solar, wind and geothermal — and the valley could find itself at the center of the kind of green business boom many energy experts say is essential for California's and the nation's economic recovery.

"Wind and solar in the Southwest very well could lead the economy out of recession," said Edward W. Zaelke, a board member of the American Wind Energy Association, which held its fall symposium in Palm Desert this week.

"We're hopeful that with the economy beginning to get back on its feet by the end of '09 and with the general view to solving the energy security and climate change (issues), the industry is going to pick up."

Incubator businesses

The growing competition among area solar suppliers is another sign of returning economic health in the valley.

In addition to installers such as Renova and Revco, solar leasing firms are eyeing the valley, with Bay Area-based SolarCity becoming the first.

"We want to expand into areas that use a lot of power," said Lyndon Rive, the company's CEO and co-founder. "The sun exposure in that area is fantastic. We are ramping up to meet the demand."

The company offers its customers 15-year leases on solar equipment that locks them into a flat monthly rate with no up-front investment.

"It wouldn't have made sense to borrow \$100,000 and pay it off," said Marc Bernstein of Palm Desert, the company's first valley customer. "I freeze my kilowatts at 15 cents for the next 15 years."

While his savings will be modest to start — about \$85 a month — Bernstein expected his leased solar panels to put a major dent in his summer electric bills, which run from \$750 to \$1,250.

Meanwhile, Battaglia and his business partner, Thomas Hall, hope to nurture green business in the valley with a green business incubator — an office space providing low rents and other technical support to fledgling businesses developing green products and services.

Negotiations on the site are being finalized, but plans are to make the building more energy-efficient. Prospective tenants also will have to embrace a "triple bottom line" approach to business, Battaglia said.

"When you do things for profit and you do things for the growth of the business and you're doing things for the community, that's the green way," he said.

Battaglia and Hall also have taken the project to officials at the Palm Desert campus of UC Riverside, where provost Carolyn Stark sees a lot of potential for hooking up incubator businesses with capital,

executive expertise and other incubators.

"We're in the exploratory stage right now," Stark said. "We have a group of executive folks — snowbirds, executives in residence — and those are people with senior executive experience that can help mentor young growing companies."

The school is also part of a "networking incubator" that could connect valley businesses with expertise and other emerging businesses in the region, she said. "(It) involves UCR Palm Desert; it involves our campus in Riverside; it involves Cal State San Bernardino, and it involves Claremont Graduate School," Stark said. "That's the role universities play across the country, bringing these resources together, so young companies can access them."

Going valleywide

The next step toward creating a valleywide base for green business will take off in January with the launch of the Desert Cities Energy Partnership.

Modeled on Palm Desert's five-year plan, but with more modest goals, the project will create an unprecedented partnership of all valley cities and power companies — Southern California Edison and the Imperial Irrigation District — to cut energy use 10 percent throughout the region by 2012.

Details of the program were discussed Thursday at a meeting of the Energy and Water Conservation Subcommittee of the Coachella Valley Association of Governments, which will be the regional coordinator for the project.

"It provides some significant incentives to invest in energy efficiency," said Katie Barrows, director of environmental resources for the association.

"(Cities) can start by looking at city facilities and some of the newer technology in lighting, pool pumps," Barrows said. "If they commit to the 10 percent energy-savings goal, there's an incentive that pays them back."

Edison has come up with startup funding for the program, which will also include education and outreach programs in the community. The company is also hoping to offer zero-percent loans for energy upgrades on municipal buildings, said Tony Coonce, a project manager for Edison.

On the east end of the valley, IID is going to supply each city with an energy conservation staff person, said Gary Ambach, the company's superintendent for supply-side management.

The company is also launching a Web site where east valley residents can take a "power pledge" to cut their energy use by 10 percent.

"The first step is to look at city facilities and what a city can do to improve its energy efficiency," Ambach said. "We're in the process of doing that with the city of La Quinta."

An energy study of all city buildings recently went to the La Quinta City Council, and a public workshop on energy-saving programs available to residents is planned for Dec. 4, said assistant City Manager Brett Plumlee.

"The benefit in the end is really helping the environment," Plumlee said. "If you focus in on marketing the programs that are out there, we're able to develop more programs."

A valleywide energy loan program similar to Palm Desert's is also in the works, with association officials looking at options for a regional "energy district."

Ambach has already volunteered IID to serve as a one-stop loan administrator for east valley cities.

Both utilities said the conservation efforts prop up their bottom lines.

“The least expensive kilowatt-hour is the one you don't use,” said Vanessa McGrady, an Edison spokeswoman.

“If you have people in the mindset to conserve, you have to build fewer power plants, have less maintenance of equipment,” she said. “It's a win for customers because they don't have to pay as much, and it's a win for the company because they don't have to build infrastructure.

“That's why we work so hard to have people not buy our products.”
