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**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 10-05-004  
(Filed May 6, 2010)

**ADMINISTRATIVE LAW JUDGE'S RULING  
REQUESTING COMMENT ON CALIFORNIA SOLAR INITIATIVE  
THERMAL PROGRAM STAFF PROPOSAL**

This ruling requests comments on the attached Staff Proposal for modification of the California Solar Initiative (CSI) Thermal Program. The Staff Proposal involves potential expansion of the CSI Thermal Program to provide incentives to solar thermal technologies that provide process heat, solar cooling and solar space heating.

In Decision (D.) 10-01-022, the Commission established the CSI Thermal Program to provide incentives to solar thermal technologies, pursuant to Assembly Bill 1470 (Huffman) (Stats. 2007, ch. 536). In that decision, the Commission opted to implement the CSI Thermal Program focusing first on incentives to solar water heating systems. The Commission postponed consideration of incentives to other non-water heating solar thermal technologies such as process heat, solar cooling, and solar space heating so that Energy Division could facilitate a workshop to consider the specific issues raised by payment of incentives to these non-water heating solar thermal technologies. A

key issue for the workshop to consider was the means of calculating energy displacement for the purpose of paying incentives. The workshop was held on February 23, 2011. The Staff Proposal attached to this ruling incorporates discussions held at the workshop and informal comments submitted to Energy Division following the workshop.

In the attached Staff Proposal, Energy Division makes several suggestions for modification of the CSI Thermal Program to incorporate payment of incentives to non-water heating solar thermal technologies. The recommendations in the attached Staff Proposal include:

- The CSI Thermal Program should offer an additional incentive to the space heating portion of an OG-300 rated combination system if the Solar Rating and Certification Corporation (SRCC) develops a new combination system standard. The additional incentive should be calculated using a standardized method to be developed by the program administrators. The total incentive provided for OG-300 combination systems should not be allowed to exceed the existing incentive limits for single-family systems, and combination systems should adhere to the OG-300 rating.
- The CSI Thermal Program should provide performance-based incentives (PBI) to process heat applications using OG-100 collectors, paying incentives based on energy delivered to the facility as measured by a Btu meter over a pre-determined period of time. Funding for process heat should be limited to no more than \$15 million in each of the first two steps of the program. No funding limit is proposed for steps three and four.

- The CSI Thermal Program should provide incentives to solar assisted absorption chillers using OG-100 collectors that reduce air conditioning demand as part of a limited pilot program to test this technology's performance, durability and economics. Incentives should be limited to no more than \$5 million across all Program Administrator territories and should be paid on a PBI basis. The Program Administrators may develop installation standards if necessary. Funding for the incentives should come from the natural gas budget.
- The CSI Thermal Program should pay incentives to multi-family and commercial combination systems using OG-100 collectors through a PBI process that measures energy delivered to the building. Energy Division does not recommend a separate limit on funding for space heating, although the \$500,000 per-system cap will apply to the system as a whole. Because Energy Division proposes limits on total funding for process heat and solar cooling, the applicant should estimate the contribution of the system to these processes so that those incentives can be applied toward the limits.
- The CSI Thermal Program should create a PBI system that pays incentives based on energy delivered from the solar thermal system to the site as measured by a Btu meter with payments made at regular intervals over a defined period of time. Process heat, solar cooling, and combination systems of any size (except single-family), and all systems larger than 250 kilowatt thermal ( $\text{kW}_{\text{th}}$ ) should be required to take the PBI incentive. Any system not required to take the PBI incentive should be allowed to take PBI as an opt-in. The 70/30 incentive mechanism set forth in Section 2.7.3 of the CSI Thermal Handbook should be eliminated and replaced with PBI.

Therefore, **IT IS RULED** that parties may file comments on the Appendix to this ruling containing a Staff Proposal for modification to the California Solar Initiative Thermal Program no later than February 23, 2012, and may file reply comments no later than March 5, 2012.

Dated January 27, 2012, at San Francisco, California.

/s/ DOROTHY J. DUDA

Dorothy J. Duda  
Administrative Law Judge