BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FILED
02-11-13
04:59 PM

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	Rulemaking 12-11-005 (Filed November 8, 2012)

JOINT REPLY COMMENTS OF THE CALIFORNIA CENTER FOR SUSTAINABLE ENERGY, SOUTHERN CALIFORNIA EDISON COMPANY (U338E), PACIFIC GAS AND ELECTRIC COMPANY (U39E), AND SOUTHERN CALIFORNIA GAS COMPANY (U904G) ON COMMISSIONER PEEVEY'S PROPOSED DECISION MODIFYING DECISION 10-01-022 TO EXPAND TECHNOLOGIES INCENTIVIZED UNDER THE CALIFORNIA SOLAR INITIATIVE THERMAL PROGRAM

SACHU CONSTANTINE
California Center for Sustainable Energy
9325 Sky Park Court , Suite 1400
San Diego, CA 92123
Phone: (858) 244-1177
E-Mail: sachu.constantine@energycenter.org

STEVEN D. PATRICK
Southern California Gas Company
555 West Fifth Street, Suite 1400
Los Angeles, CA 90013-1011
Phone: (213) 244-2954
Fax: (213) 629-9620
E-Mail: SDPatrick@semprautilities.com

STACY WALTER
Pacific Gas and Electric Company
77 Beale St., B30A
San Francisco, CA 94105
Telephone: (415) 973-6611
E-Mail: sww9@pge.com

JENNIFER TSAO SHIGEKAWA
ANNETTE GILLIAM
Southern California Edison Company
244 Walnut Grove Avenue
P.O. Box 800
Rosemead, CA 91770
Tel: (626) 302-4880
Fax (626) 302-1935
Email: annette.gilliam@sce.com

February 11, 2013

Attorneys for
SOUTHERN CALIFORNIA GAS COMPANY, CALIFORNIA CENTER FOR SUSTAINABLE ENERGY, PACIFIC GAS & ELECTRIC COMPANY *and* SOUTHERN CALIFORNIA EDISON COMPANY

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 12-11-005 (Filed November 8, 2012)

JOINT REPLY COMMENTS OF THE CALIFORNIA CENTER FOR SUSTAINABLE ENERGY, SOUTHERN CALIFORNIA EDISON COMPANY (U338E), PACIFIC GAS AND ELECTRIC COMPANY (U39E), AND SOUTHERN CALIFORNIA GAS COMPANY (U904G) ON COMMISSIONER PEEVEY'S PROPOSED DECISION MODIFYING DECISION 10-01-022 TO EXPAND TECHNOLOGIES INCENTIVIZED UNDER THE CALIFORNIA SOLAR INITIATIVE THERMAL PROGRAM

I. INTRODUCTION

In accordance with the California Public Utilities Commission's ("Commission" or "CPUC") Rules of Practice and Procedure, Southern California Gas Company ("SoCalGas"), on behalf of the California Solar Initiative ("CSI") Thermal Program ("TP") Program Administrators (PAs)[1], submits these joint reply comments on the Proposed Decision of President Michael R. Peevey ("PD"), which modifies Decision (D.) 10-01-022, to provide incentives to process heat applications, solar cooling technologies, space heating technologies and systems that combine multiple applications. The PAs support the PD with certain minor modifications outlined previously in comments filed on February 4, 2013. Below, the PAs provide specific comments in reply to opening comments filed by both the Division of Ratepayer Advocates ("DRA") and the California Solar Energy Industries Association ("CALSEIA").

II. DISCUSSION

A. DRA's recommendation to alter the CSI-Thermal program structure for newly eligible thermal technologies should be rejected.

The PAs oppose DRA's recommendations to alter the structure of the newly eligible thermal technologies portion of the CSI-Thermal program. DRA's recommendations in section B of their comments would alter the structure of the program solely for the newly eligible

[1] The CSI TP PAs are Southern California Edison Company, Pacific Gas and Electric Company, SoCalGas, and the California Center for Sustainable Energy in the service territory of San Diego Gas & Electric Company.

technologies in a way that is inconsistent with the original decision establishing the CSI-Thermal program and, furthermore, is inconsistent with the existing program structure. Creating a new program structure solely for the newly eligible thermal technologies would not only be administratively burdensome for the PAs to execute and implement, but it would complicate the program for participants, essentially creating two separate sets of program measures, evaluations, and timelines. The CSI-Thermal program should be as simplistic, clear, transparent and predictable as possible to encourage program participation. Therefore, the approach for incorporating the newly eligible thermal technologies into the CSI-Thermal program should be consistent with the current program structure and should not include a different set of measures, evaluation, or timelines. The PAs respectfully request that the Commission reject DRA's recommendations.

B. Ensuring that a Competitive Market for Certification Services is Maintained is Outside of The Scope of Program Administrator Responsibility

The PAs appreciate the concerns brought up by CALSEIA to ensure that a competitive market for certification services is maintained by the Commission. Although the PAs do not have a specific position on this matter, the PAs would like to point out that the task of creating a competitive market for certification services is outside of the scope of its administrative responsibilities and available administrative funding. Expanding the CSI-Thermal program will already require significant amounts of labor and money to ensure that the program is operating at peak performance. While the additional responsibility required by the proposal might be theoretically appealing, it would consume valuable, limited time and resources already required for the PAs to integrate other thermal technologies into the CSI-Thermal program. Therefore, the PAs request that the Commission reject this requirement because it would unnecessarily require additional administrative resources and because it is outside of the PAs' core program responsibilities.

C. Capping the Incentive Amount at 100% of the Estimated Energy Displacement would not Penalize High-Performing Systems and Avoids Tying up Unnecessary Funds.

1. Capping the incentive amount at 100% of the systems expected performance provides a transparent incentive structure

CALSEIA recommends that the incentive payments for PBI systems be capped at 110% of estimated annual energy production. As stated in the PD: "…reserving extra funding for these

systems would tie up incentive dollars that would only be released after the two-year PBI period – and potentially at a lower rate if incentive levels decline in that period."[2] The PAs caution that the additional 10% would require more funding (due to energy savings) to be reserved than what the system is expected to produce. To reserve any dollar amount above what the system is expected to produce is arbitrary and does not provide for transparency into the incentive step structure. The PAs fear that this would unnecessarily dry up the higher incentive steps, reducing the amount of viable projects which would have otherwise applied for the program.

2. Reserving any amount over the expected performance would further complicate an already complex electric incentive budget.

Budget monitoring for the electric portion of the CSI-Thermal Program is already very complex, because incentive dollars from the CSI-Thermal Program are directly paid from the CSI General Market (GM) photovoltaic program. As these CSI GM funds decline, the PAs must determine when to halt further incentives for both programs. If the PAs sets aside an additional 10% for CSI-Thermal program PBI projects, then this will likely lead to an accelerated closing of the CSI GM Program and the electric portion of the CSI Thermal Program. The PAs agree that the 110% proposal will reward high performing systems, but this benefit will create a more administratively complex budget process that will be hard to implement and will confuse potential program participants about remaining budgets for each program Moreover, allowing a participant to exceed an expected incentive for the CSI-Thermal will require the PAs to reserve up to an additional 10% of incentive money, with no certainty about the percentage of the incentive that will be allocated for purposes of budgeting. Reserving an additional 10% will at some future time will directly and negatively impact closure of the CSI-GM program. This complex budget balancing act is not appropriate for the electric portion of thermal. On the other hand, the PAs do not believe that capping the incentive at 100% will have much of an impact on program participation, since it will maintain current program simplicity for purposes of administering the CSI-Thermal and General Market programs rather than having different rules for two programs using the same electric budget.

[2] PD at Page 18

3. High-performing systems would benefit from producing more than expected.

CALSEIA states that: "Capping the incentive amount at 100% of the estimated energy displacement would unnecessarily penalize high-performing systems."[3] The PAs submit that systems that perform better than their estimated energy savings would not be penalized unfairly. Systems that displace more energy than that which was predicted, will receive the additional benefit in the way of utility bill savings over the life of the system.

D. Eligibility for Systems Covered in this Decision Should not be Effective Until After the Approval of the Advice Letter to Implement the Changes.

CALSEIA makes the following argument:

> "CALSEIA suggests that Tier 2 Advice Filings would be less cumbersome and time-consuming. Further, CALSEIA strongly recommends that the PAs be allowed to implement the program changes retroactive to the end of the 120 day period following the issuance of a Final Decision."[4]

While the PAs agree that a Tier 2 Advice Filing is sufficient for this Decision, CALSEIA's recommendation for a retroactive date to the end of the 120 day period could lead to the installation of systems that would not be eligible to participate in the CSI-Thermal Program.

The PD provides for 120 days after the issuance of this Decision to file advice letters incorporating the changes into to the program. At the time of the advice filing, the changes are only proposals and not yet approved for the program. The PAs caution that if this were to be the effective date, there is a risk that systems would be installed to requirements that do not get approved for the program and would lead to unhappy customers and Commission complaints. The PAs' intention is to move forward as soon as possible but clear, definitive rules need to be in place so as not to create customer frustration. Therefore, the PAs recommend that the Commission grant eligibility for other end- use systems and opt-in PBI solar water heating systems that received a final sign-off permit after the approval date of the advice letter.

[3] CALSEIA Comments p. 3.
[4] CALSEIA Comments p. 6.

III. CONCLUSION

The CSI Thermal PAs appreciate this opportunity to provide these reply comments in response to opening comments on the PD.

DATED at Los Angeles, California, this 11th day of February, 2013.

Respectfully submitted,

By: *___/s/ Steven D. Patrick*
STEVEN D. PATRICK

Attorney for

SOUTHERN CALIFORNIA GAS COMPANY
555 West Fifth Street, Suite 1400
Los Angeles, CA 90013-1011
Telephone: (213) 244-2954
Facsimile: (213) 629-9620
E-Mail: SDPatrick@semprautilities.com