



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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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)

**Response of the California Center for Sustainable Energy to Pacific Gas and
Electric Company's (U 39 E) Petition to Modify Decision 10-01-022 establishing
the California Solar Initiative Thermal Program to Provide Residential Solar
Water Heating Incentives from the Non-Residential Budget**

California Center for Sustainable Energy

May 8, 2013

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I. INTRODUCTION

In accordance with Rule 16.4(f) of California Public Utilities Commission (CPUC or Commission) Rules of Practice & Procedure, the California Center for Sustainable Energy (CCSE) hereby responds to *Pacific Gas and Electric Company's (U 39 E) Petition to Modify Decision 10-01-022 establishing the California Solar Initiative Thermal Program to Provide Residential Solar Water Heating Incentives from the Non-Residential Budget* (Petition to Modify). CCSE provides the following comments in response:

- CCSE generally supports Pacific Gas and Electric Company's (PG&E's) Petition to Modify the CSI-Thermal Program.
- At the center of PG&E's proposal is precisely the principle that should be advanced for both the California Solar Initiative (CSI) and California Solar Initiative-Thermal (CSI-Thermal) Programs going forward, i.e., incentives should

be made available on a “first-come, first-served” basis relative to how the market is functioning and irrespective of customer sector.

II. CCSE GENERALLY SUPPORTS PG&E’S PETITION TO MODIFY THE CSI-THERMAL PROGRAM.

PG&E seeks explicit Commission approval to allow residential CSI-Thermal electric- and propane-displacing solar water heating (SWH) systems to receive incentives from the non-residential general market (GM) CSI incentive budget once the residential GM CSI incentive budget is exhausted. As directed in Decision (D.) 10-01-022, CSI-Thermal incentives paid to electric-displacing (and propane-displacing, as per subsequent D.11-11-005) SWH systems come from Step 10 (and Step 9, if needed) of the GM CSI Program.¹ However, as PG&E correctly notes, D.10-01-022 does not specify whether residential electric- and propane-displacing CSI-Thermal system incentives must be funded solely out of the residential GM CSI Step 10 incentive budget, or whether these incentives may be funded out of either the residential or non-residential GM CSI Step 10 incentive budget. As PG&E also correctly notes, the CSI-Thermal Program Administrators (PAs) have been operating under the assumption that residential electric- and propane-displacing CSI-Thermal system incentives would be funded out of the residential GM CSI Step 10 incentive budget and non-residential electric- and propane-displacing CSI-Thermal system incentives would be funded out of the non-residential GM CSI Step 10 incentive budget. Regrettably, as the PAs near achievement of their individual residential GM CSI Program goals, this course of practice will presumably bring a premature end to the residential electric- and propane-displacing portion of the CSI-Thermal Program. This is especially problematic because, of completed CSI-Thermal Program

¹ D.10-01-022, *Decision Establishing the California Solar Initiative Thermal Program to Provide Solar Water Heating Incentives*, page 40, and D.11-11-005, *Decision Modifying Decision 10-01-022 to Allow Incentives to Propane-Displacing Solar Water Heating Systems in the California Solar Initiative Thermal Program*, page 8, citing to D.10-01-022 at 40.

residential projects, approximately 60% have been electric- or propane-displacing SWH systems.

CCSE therefore generally supports PG&E's Petition to Modify the CSI-Thermal Program; however, it appears unclear whether PG&E seeks the requested modification solely for its program territory, or if this modification is requested to be implemented for all electric- and propane-displacing CSI-Thermal Program territories alike. Accordingly, CCSE recommends that the requested modification be implemented for all electric- and propane-displacing CSI-Thermal Program territories alike, permitting residential CSI-Thermal electric- and propane-displacing SWH systems in all Program territories to be able to receive incentives from the non-residential GM CSI incentive budget once the residential GM CSI incentive budget in each individual PA's Program territory is exhausted. At this time, CCSE has reserved incentive funds for sufficient projects to complete the residential GM CSI Program goals for our program territory. Thus, because electric- and propane-displacing SWH systems are funded using the Step 10 GM CSI budget that was allocated to support solar photovoltaic (PV) installations, a waitlist has been instituted for all incoming residential CSI-Thermal electric- and propane-displacing SWH system incentive applications received after January 23, 2013, as well as all incoming residential GM CSI PV system incentive applications received after January 23, 2013. By granting PG&E's Petition to Modify and permitting residential and non-residential electric- and propane-displacing CSI-Thermal system incentives to be funded out of either budget within Step 10 of the GM CSI Program in all electric- and propane-displacing CSI-Thermal Program territories, the Commission will allow the residential electric- and propane-displacing portion of the CSI-Thermal Program to continue, thereby maximizing the number of electric- and propane-displacing SWH system installations in the State and enabling the PAs to meet their CSI-Thermal Program goals.

III. AT THE CENTER OF PG&E'S PROPOSAL IS PRECISELY THE PRINCIPLE THAT SHOULD BE ADVANCED FOR BOTH THE CSI AND CSI-THERMAL PROGRAMS GOING FORWARD, I.E., INCENTIVES SHOULD BE MADE AVAILABLE ON A "FIRST-COME, FIRST-SERVED" BASIS RELATIVE TO HOW THE MARKET IS FUNCTIONING AND IRRESPECTIVE OF CUSTOMER SECTOR.

While CCSE generally supports PG&E's Petition to Modify the CSI-Thermal Program, we contend that the underlying principle of PG&E's proposal should be advanced for both the CSI and CSI-Thermal Programs, i.e., incentives should be made available on a "first-come, first-served" basis relative to how the market is functioning and irrespective of customer sector. CCSE has demonstrated support for this principle in its own August 3, 2012 Petition to Modify,² wherein CCSE seeks to remove the specific allocation of two-thirds of GM CSI megawatts (MW) for the non-residential customer sector in CCSE's program territory to allow for a greater allocation of MW to the residential sector.³ Removing any barriers based on customer sector will allow the market to dictate how Program incentives are distributed amongst the customer sectors. Moreover, this will allow system installations under the Programs to be maximized, in turn allowing the PAs to meet or even exceed the MW goals for the Programs, while utilizing the Programs' allocated incentive funds to their fullest.

IV. CONCLUSION

CCSE appreciates the opportunity to provide this Response to PG&E's Petition to Modify. We encourage the Commission to grant PG&E's Petition for Modification of the CSI-Thermal Program and furthermore, to support the principle of making incentives available on a "first-come, first-served" basis relative to how the market is functioning and irrespective of

² R.10-05-004, *Petition of the California Center for Sustainable Energy (CCSE) for Modification of Decisions D.10-09-046, D.08-10-036, D.11-07-031 and D.06-08-028 to Address California Solar Initiative General Market Program Administration Budget Issues within CCSE's Program Territory*, August 3, 2012.

³ *Id.* at 16-19.

R.12-11-005

customer sector. This will allow both the CSI and CSI-Thermal Programs to maximize the number of installations under the Programs, thereby meeting or exceeding the MW goals for the Programs, while utilizing the allocated incentive funds to their fullest.

May 8, 2013

A handwritten signature in black ink, appearing to read "Sachu Constantine". The signature is fluid and cursive, with a large, sweeping flourish at the end.

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