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6-09-14
01:29 PM

MP1/ms6 6/9/2014

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)

ASSIGNED COMMISSIONER'S RULING AND SCOPING MEMO

In accordance with Rule 7.3 of the Commission's Rules of Practice and Procedure,¹ this ruling sets the procedural schedule and defines the scope of this proceeding following a prehearing conference held on March 13, 2013.

1. Background

The Commission initiated this rulemaking proceeding to continue the work from Rulemaking (R.) 10-05-004 and other prior rulemakings² for the purpose of development and refinement of policies, rules and programs for the California Solar Initiative (CSI),³ the Self-Generation Incentive Program (SGIP),⁴

¹ All subsequent references to Rules are to the Commission's Rules of Practice and Procedure, Chapter 1, Division 1 of Title 20 of the California Code of Regulations. The current version of the Rules is available on the Commission's website: www.cpuc.ca.gov.

² Prior rulemakings include R.98-12-015, R.99-10-025, R.04-03-017, R.06-03-004, R.08-03-008, and R.10-05-004.

³ CSI Program is codified at § 387.5 and § 2851 of Pub. Util. Code and various code sections of the Public Resources Code. The Commission initially created this program in Decision (D.) 06-01-024 and subsequent decisions. The program was adopted by the Legislature in Senate Bill (SB) 1 (Murray, Stats. 2006, ch. 132). The budget of the program was subsequently

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and to continue our consideration, more generally, of policies for the development of cost-effective, clean and reliable solar and distributed generation.

The CSI Program provides incentives for solar photovoltaic and solar hot water system installations to gas and electric customers of four investor-owned utilities: Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and San Diego Gas & Electric Company (SDG&E). SGIP provides incentives to promote distributed generation technologies, other than solar, that reduce greenhouse gas emissions. SGIP incentives are available to customers of PG&E, SCE, SDG&E, and SoCalGas.

As in our previous rulemakings,⁵ the Commission intends to continue to collaborate with the California Energy Commission on these matters to ensure that our programs and policies are coordinated to the maximum extent practicable.

Since this proceeding was opened, a prehearing conference was held on March 13, 2013. In addition, the Commission has adopted several decisions. These decisions will be briefly described below. At the prehearing conference,

increased by SB 585 (Kehoe, Stats. 2011, ch. 312). The Commission has addressed the CSI program on numerous occasions. For more information on the history of the program and the Commission's actions, go to: <http://www.cpuc.ca.gov/PUC/energy/Solar/>.

⁴ SGIP is codified in § 379.6 and began in 2001 and has resulted in \$747 million in incentives and 430 megawatts of new generation through 1,447 projects. Rulemaking at 7. The Commission adopted SGIP in D.01-03-073, *Opinion*, (March 15, 2001).

⁵ R.98-12-015, R.99-10-025, R.04-03-017, R.06-03-004, R.08-03-008, and R.10-05-004. More information regarding these dockets, now all closed, may be found on the Commission's website at *Docket Card*.

the scope and schedule of the proceeding was addressed. Prior to the prehearing conference, parties filed prehearing conference statements to identify and prioritize possible issues to be considered in this proceeding. I have reviewed all the prehearing conference statements and other materials filed in this proceeding.

As a result of the information provided to date in this proceeding, I have identified the issues set forth below to be addressed.

2. Issues within Scope

Since the Commission initiated this proceeding, the Commission has had the opportunity to address a number of issues. The Commission has addressed the following:

- On December 21, 2012, the Commission voted to suspend SDG&E's CSI collections from electric ratepayers for 2013. Decision (D.)12-12-018, *Decision Granting Petition to Modify Decision 11-12-019 to Suspend San Diego Gas & Electric Company's California Solar Initiative Collections Requirement for 2013* (December 21, 2012).
- On March 6, 2013, the Commission voted to modify the CSI Thermal Program to provide incentives to additional technologies, including process heat applications, solar cooling technologies, space heating technologies, and systems that combine multiple applications. In addition, the Commission modified the way rebates are paid to certain systems under the CSI Program by creating a performance-based incentive system that pays rebates based on actual metered energy delivered to the facility. D.13-02-018, *Decision to Modify Decision 10-01-022 to Expand Technologies Incentivized Under the California Solar Initiative Thermal Program* (March 6, 2013).
- On August 15, 2013, the Commission voted to expand the definition of a solar water heating system to include solar pool heating systems at multifamily residential,

governmental, educational, and non-profit installations and allow these systems to qualify for incentives under the CSI Thermal Program. D.13-08-004, *Decision to Incorporate Solar Pool Heating Systems into the California Solar Initiative – Thermal Program* (August 15, 2013).

- On October 17, 2013, the Commission voted to, among other things, permit California Center for Sustainable Energy to (1) combine the CSI General Market program marketing and outreach with the administration budgets, and (2) modify the current requirement that two-thirds of the CSI megawatt allocation be reserved for the non-residential sector by allowing the remaining incentive budget to be equally divided between non-residential and residential customer sectors.

D.13-10-026, *Decision Granting in Part A Petition for Modification Regarding the Administration Budget for the California Solar Initiative* (October 17, 2013).

- On March 27, 2014, the Commission voted to, among other things, establish a transition period during which electric customers taking service under an electric utility's Net Energy Metering (NEM) tariff⁶ prior to July 1, 2017 (or the date an electrical utility reaches its statutorily required Net Energy Metering program limit, whichever comes first) may remain on the previously applicable Net Energy Metering tariff, consistent with the provisions of Assembly Bill (AB) 327 (Perea, Stats. 2013, ch. 611).⁷ D.14-03-041,

⁶ Net Energy Metering program or NEM program was created by SB 656 (Alquist, Stats. 1995, ch. 369), codified in § 2827 of the Pub. Util. Code, and has been modified numerous times by legislation. Generally, the Net Energy Metering program is an electricity tariff billing mechanism designed to facilitate the installation of renewable distributed generation by offering customers retail-rate billing credits for energy exported to the grid at times when generation exceeds onsite energy demand.

⁷ AB 327, enacted in 2013, is a comprehensive bill that permits a broad reexamination of electric and natural gas rates, including rates for low-income customers who receive monthly discounted rates under the California Alternative Rates for Energy (CARE) program. The bill contains provisions relating to time-variant pricing for residential

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Decision Establishing a Transition Period Pursuant to Assembly Bill 327 for Customers Enrolled in Net Energy Metering Tariffs (March 27, 2014).

- On May 15, 2014, the Commission voted to, among other things, clarify existing policy regarding storage devices that are an addition or enhancement to NEM-eligible generators. D.14-05-003, *Decision Regarding Net Energy Metering Interconnection Eligibility for Storage Devices Paired with Net Energy Metering Generation Facilities (May 15, 2014).*

All the above issues are included within the scope of this proceeding.

Taking into consideration the history of this case, the scope of this proceeding going forward will include the issues noted below. Should I decide to modify the scope of this proceeding, I will issue a revised scoping memo to notify all the parties of this change.

1. Ongoing review, evaluation, and consideration of modification to policies and program rules for CSI and its many sub-programs including, but not limited to, the general market CSI Program, the Single Family Affordable Solar Homes (SASH) Program,⁸ the Multifamily Affordable Solar Housing (MASH) Program, the CSI Research, Development, and Demonstration Program, and the CSI Thermal Program. These issues include implementation of

customers, and new requirements for the Net Energy Metering program critical to “customer generators,” i.e., customers who have installed solar energy systems or other distributed generation devices on their homes and businesses. In addition, the bill requires electric utilities to submit to the Commission distribution resource plan proposals to identify optimal locations for the deployment of distributed generation resources.

⁸ AB 2723 (Pavley, Stats. 2006, ch. 864) established a 10% set aside within the CSI Program for low income. AB 217 (Bradford, Stats. 2013, ch. 609) modified the low income program by extending the budget for the program.

AB 217 (Bradford, Stats. 2013, ch. 609), and review of program administrator effectiveness. AB 217 (effective January 1, 2014) amended § 2851 and § 2852 of the Pub. Util. Code to, among other things, authorize the continued collection of a surcharge from ratepayers to fund the low income portions of the CSI Program, known as the SASH and MASH Programs. CSI Program issues may also include any related budgetary and administrative issues to be resolved at or before the CSI's statutory sunset date of December 31, 2016.⁹

2. Consideration of whether and how to ensure continuing market transformation and customer protections after the close of CSI. The CSI Program provides a host of customer protections.. Going forward, the Commission will need to decide what customer protections to continue providing, how to implement them, and how to fund them. One such issue, regarding the transfer of responsibility for collecting solar statistics from the CSI program to the interconnection process, was discussed in the August 22, 2013 Assigned Commissioner's Ruling.¹⁰ This pending issue and other remaining customer protection issues will be addressed in this proceeding.
3. Ongoing review, evaluation, and consideration of modification to SGIP with emphasis on consideration of potential modification to SGIP under SB 412 (Kehoe, Stats. 2009, ch. 192).¹¹ Two bills related to SGIP are currently pending in the 2013 - 2014 Regular Legislative Session, AB 1499 (Skinner)¹² and AB 1624 (Gordon).¹³ These bills

⁹ Pub. Util. Code § 2851. Amended by Stats. 2013, ch. 609, sec. 2.5 (AB 217).

¹⁰ On August 22, 2013, the Assigned Commissioner issued a ruling regarding the transfer of responsibility for collecting solar statistics from the CSI Program to the interconnection process. The ruling also proposed lists of the data fields that would need to be collected by the interconnection departments and the data fields that would need to be made publicly available.

¹¹ An act to amend § 379.6 of the Pub. Util. Code.

¹² An act to amend § 379.6 of the Pub. Util. Code.

- would extend the SGIP and direct program changes. This proceeding will address any program modifications necessary should these or other bills become law.
4. In D.13-11-025,¹⁴ which was issued in a different proceeding (Application (A.) 12-11-001), the Commission clarified that issues related to the source and level of funding for solar on new construction pursuant to § 2851, the New Solar Homes Partnership,¹⁵ should be added to the scope of this proceeding. Those portions of SB 96 (Budget Act of 2013) relevant to the New Solar Homes Partnership will also be addressed in this proceeding.
 5. Issues related to the electric utilities' tariffs for Net Energy Metering currently fall within the scope of this proceeding and have already been addressed in D.14-03-041 and D.14-05-033. However, due to the volume and complexity of these issues and other issues related to Net Energy Metering, I anticipate that these issues will be addressed in a separate proceeding to be initiated by the Commission shortly.
 6. Issues related to the above programs and any safety considerations that arise.

3. Schedule

Pursuant to Pub. Util. Code § 1701.5, the Commission must resolve the issues raised in the scoping memo within 18 months of the issuance of the scoping memo or issue a decision seeking an extension of time. I expect that the

¹³ An act to amend § 379.6 of the Pub. Util. Code.

¹⁴ D.13-11-025, *Decision Addressing Applications of the California Energy Commission, Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company for Approval of Their Triennial Investment Plans for the Electric Program Investment Charge Program for the Years 2012 Through 2014* (November 14, 2013), was issued in A.12-11-001, *Application of the California Energy Commission for Approval of Electric Program Investment Charge Proposed 2012 through 2014 Triennial Investment Plan*.

¹⁵ The New Solar Homes Partnership was created by SB 1 (Murray, Stats. 2006, ch. 132).

issues set forth below will be completed within this 18-month timeframe, by December 2015.¹⁶ The schedule is set forth below:

Event	Date
Proposed Decision - Regarding the transfer of responsibility for collecting solar statistics from the CSI program to the interconnection process.	3 rd Quarter 2014
ALJ Ruling with Staff Proposal (1) incorporating Staff Proposal on AB 217 Implementation (CSI Low Income Programs - SASH and MASH) into the record and (2) seeking party comments on Staff Proposal.	3 rd Quarter 2014
ALJ Ruling (1) incorporating Staff Proposal on consumer protection after the California Solar Initiative into the record and (2) seeking party comments on Staff Proposal.	3 rd Quarter 2014
Proposed Decision - AB 217 Implementation for SASH and MASH Programs.	4 th Quarter 2014
Proposed Decision - Consumer protection after the California Solar Initiative.	2 nd Quarter 2015
Issues related to potential Legislative extension of SGIP in 2014 (e.g., AB 1499 and AB 1624).	TBD
Issues related to New Solar Homes Partnership under SB 96.	TBD

¹⁶ In the Rulemaking, the Commission anticipated needing 24 months to complete this proceeding, starting from the date of this scoping memo. However, because a number of issues have already been addressed, I anticipate completing this proceeding in 18 months.

4. Categorization

In this Rulemaking, dated November 8, 2012, the Commission preliminarily determined that this proceeding should be categorized as “quasi-legislative,” as that term is defined in Pub. Util. Code § 1701.1(c)(1). No party raised objections to this preliminary categorization in comments or at the prehearing conference. Today’s ruling confirms this categorization. As set forth in Rule 7.6, the determination as to category is subject to appeal.

5. Need for Evidentiary Hearings

Today’s scoping memo adopts a procedural schedule that does not include formal hearings. This ruling affirms determinations in the preliminary scoping memo set forth in the November 8, 2012 Rulemaking. It is anticipated that the record will be composed of all documents filed and served on parties.

6. Designating of Presiding Officer

Today’s scoping memo adopts a procedural schedule that does not include formal hearings. The presiding officer is designated as Commissioner Michael R. Peevey.

7. Service List and Service Requirements

The current official service list for this proceeding is maintained by the Commission’s Process Office and posted on the Commission’s web page, at www.cpuc.ca.gov.

The Commission will rely primarily on e-mail service of all documents it issues during this proceeding. The Commission will not rely on paper service unless requested by a party. Whenever possible, e-mail should be transmitted no later than 5:00 p.m. on the date scheduled for service to occur. All parties must provide a current valid e-mail address for the service list. All persons on the

service list are responsible for ensuring that the correct information is contained on the service list, and notifying the Process Office of corrections or changes, in accordance with Rule 1.9(f). Rules for service are found in the Commission's Rules of Practice and Procedure.

8. Paper Copies of Filings

All paper copies of filings that are served should be printed double-sided. Paper copies of the service list need not be provided to the Administrative Law Judges but a paper copy of the certificate of service, together with the filing, is required. The Assigned Commissioner will rely on electronic copies of the documents, so paper copies of filings should not be provided to that office.

9. Request for Party Status

Requests for *Party Status* must be made by motion, in accordance with Rule 1.4.

10. Ex Parte Communications

In a proceeding categorized as quasi-legislative, *ex parte* communications are allowed without restrictions or reporting requirements.¹⁷

11. Discovery

To the extent discovery is conducted in this proceeding, this proceeding will follow the general rule of 10 working days to respond to data requests. This rule will apply to all parties. If a longer response time is required, the party preparing the response shall so notify the requesting party and indicate when the response will be sent. Such notice should be provided as soon as possible, but no

¹⁷ Pub. Util. Code § 1701.4(b); Rule 8.2.

later than 10 days after receipt of the request. If parties have discovery disputes they are unable to resolve by meeting and conferring, they should raise these disputes with the Commission pursuant to Rule 10.1.

12. Intervenor Compensation

Any party previously granted eligibility to request intervenor compensation in the prior proceeding on CSI, R.10-05-004, and that has no material changes to its by-laws, financial status, or other eligibility criteria, does not need to file a notice of intent to claim compensation for this rulemaking.

Any other party that expects to request intervenor compensation for its participation in this rulemaking must file its notice of intent to claim intervenor compensation in accordance with Rule 17.1 and §§ 1801-1812 of the Pub. Util. Code within 30 days of today's ruling.

13. Miscellaneous Matters

All comments and briefs must include a table of contents.

The subject line of all e-mails in this proceeding must include the following, as noted: R1211005 (CSI) Name of Party, Concise Name of Filing.

IT IS RULED that:

1. The scope of the proceeding is set forth in Section 2, above.
2. The schedule for the proceeding is set forth in Section 3, above, subject to change by subsequent ruling by the assigned Commissioner or assigned Administrative Law Judge, as appropriate.
3. The schedule does not anticipate formal hearings. It is anticipated that the record will be composed of all documents filed and served in this proceeding.
4. The Commission preliminarily determined that this proceeding should be categorized as "quasi-legislative," as that term is defined in Pub. Util. Code

§ 1701.1(c)(1). Today's ruling confirms this categorization. As set forth in Rule 7.6, the determination as to category is subject to appeal.

5. Parties that have not previously filed notices of intent to claim intervenor compensation in this rulemaking or in R.10-05-004 must file within 30 days of today's ruling. Parties that have already filed in this rulemaking or in R.10-05-004 must only file a revised notice of intent if material changes exist in eligibility criteria.

Dated June 9, 2014, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner