

Decision _____

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)

DECISION GRANTING THE PETITION FOR MODIFICATION OF THE CENTER FOR SUSTAINABLE ENERGY ON THE CALIFORNIA SOLAR INITIATIVE-THERMAL BUDGET

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DECISION ON THE PETITION FOR MODIFICATION OF THE CENTER FOR SUSTAINABLE ENERGY ON THE CALIFORNIA SOLAR INITIATIVE-THERMAL PROGRAM BUDGET**Summary**

This decision grants the December 3, 2015 Petition for Modification by the Center for Sustainable Energy (CSE)¹ to combine two parts of CSE's existing budget for the California Solar Initiative-Thermal Program. These two parts are the market facilitation budget and the program administration budget. This Petition is granted. This proceeding remains open.

1. Background

On December 3, 2015, the Center for Sustainable Energy (CSE) filed a Petition for Modification to address certain issues with the administrative budget of the California Solar Initiative-Thermal Program. CSE's petition seeks to modify Decision (D.) 10-01-002 to obtain authorization from the Commission to combine two parts of its existing CSI-Thermal Program budget, its market facilitation budget and its program administration budget. CSE seeks this modification only with respect to the CSI-Thermal Program budget that it administers. CSE states that by combining these two aspects of the existing budget, CSE will be able to use the combined budget in a manner that "best directs funds to the most essential administrative tasks, to ensure certain market facilitation activities continue as appropriate, and to ensure sufficient funding to

¹ CSE administers the California Solar Initiative-Thermal Program on behalf of San Diego Gas & Electric Company (SDG&E) in SDG&E's service territory.

cover the costs necessary to complete the CSI-Thermal Program within CSE's program territory...."²

2. Request for Leave to File Petition Under Rule 16.4 - Granted

Rule 16.4 authorizes the Commission to summarily dismiss a petition for modification if filed more than one year after the relevant decision. CSE requests leave to file its Petition although it has been more than one year since the Commission issued the decision, D.10-01-022, which CSE now seeks to modify. CSE states that good cause exists for granting its request to file this petition because CSE was unaware of the circumstances described in its Petition, the budget deficiency, within the one year period. We find that good cause exists and grant CSE leave to file this Petition.

3. Discussion

As directed by Assembly Bill (AB) 1470 (Stats. 2007, ch. 536), D.10-01-022 established the CSI-Thermal Program. This Program provides incentives for the installation of residential solar water heating systems and other subsidies throughout California. This Program exists until 2017, per statute. D.10-01-022 set the amounts of various aspects of the overall CSI-Thermal Program budget. For purposes of the review of CSE's Petition, only certain parts of this budget will be addressed and are relevant. The full budget can be reviewed in D.10-01-022.

First, D.10-01-022 set CSE's program administration budget (excluding the Measurement & Evaluation portion of the budget) at \$1,500,000, which

² CSE Petition at 1.

represented 6% of its total budget, and set CSE's market facilitation budget at \$2,500,000.³ D.10-01-022 also set the budget for other aspects of CSE's CSI-Thermal Program.

A second aspect of the budget, as set in D.10-01-022, and relevant here is the Commission's decision in D.10-01-022 to permit CSE to transfer a limited amount - capped at \$50,000 per year - of funds from the market facilitation budget to the program administration budget.⁴

CSE states that it has acted pursuant to this authority and moved \$50,000 per year, every year, since D.10-01-022.⁵ CSE further states that, even after moving the \$50,000 from the market facilitation budget to the program administration budget, CSE projects that the funds in the program administration budget will be insufficient to cover the costs necessary to achieve the CSI-Thermal Program goals in CSE's territory.⁶

Responses to CSE's Petition were filed by the Office of Ratepayer Advocates (ORA) and Pacific Gas and Electric Company (PG&E). Both support CSE's request. In addition, ORA offered two recommendations for the Commission to consider in future proceedings: (1) whether to grant more discretion for administrators to move funds within administrative categories, and (2) whether allocating the administrative budget based on the number of customers is reasonable for tasks other than processing applications. PG&E, in addition to supporting the Petition, suggested that the Commission extend to

³ CSE Petition at 2.

⁴ D.10-01-022 at 56.

⁵ CSE Petition at 3.

⁶ CSE Petition at 3.

PG&E the ability to make the same request via a Tier 1 Advice Letter should PG&E find it prudent to do so in the future. In today's decision, we decline to address the additional issues raised by ORA and PG&E in their responses to CSE's Petition. Should PG&E seek similar relief as CSE or a particular procedural mechanism to request such relief, we will address the merits of its request at that time. We address the issues raised by CSE below.

3.1. Expanding Scope of Program without Commensurate Increase in Funding

CSE explains that this short fall can largely be explained due to the expanding activities and scope of those aspects of the program funded by the program administration budget.⁷ This increased scope is, for example, reflected in the Commission's directives in D.11-10-015 to implement and launch the low-income portion of the CSI-Thermal Program.⁸ The program further expanded when the Commission implemented AB 2248 to offer rebates under the CSI-Thermal Program for multi-family residential, governmental, educational, and non-profit solar pool heating systems. The budget, however, allocated to cover this program expansion did not increase, and the program administration budget remained unchanged.⁹

3.2. Program Activity Anticipated Past 2017

In terms of the expected future administration of the program, CSE states that it will accept applications until the end of 2017, consistent with the timeline in current statutory law, but that it anticipates further costs beyond 2017 to

⁷ CSE Petition at 3.

⁸ CSE Petition at 5.

⁹ CSE Petition at 3.

continue to implement the program.¹⁰ In some instances, CSE predicts it could still be processing timely applications as late as December 31, 2019, provided that funding exists for this purpose.¹¹

3.3. Additional Funds from Market Facilitation Budget Needed

Based on CSE's 2015 budget projections, CSE states that its program administration budget will be insufficient to cover the costs necessary to complete the program's goals within CSE's program territory.¹² To address this projected budget deficiency, CSE's Petition suggests that, if the Commission authorizes CSE to combine two existing and separate parts of the CSI-Thermal budget, the market facilitation budget and the program administration budget, CSE's discretion to direct funds from these combined budgets will ensure that CSE can continue to perform the most essential administrative tasks and critical activities under CSE's market facilitation plan.

To better understand the future facilitation and funding of the program, CSE undertook a budget projection model during the first half of 2015.¹³ Based on CSE's budget projections, the program administration funds will be fully depleted by Quarter 2 of 2017.¹⁴ This lack of funding will prevent CSE from "meeting our [CSE's] existing overall CSI-Thermal Program goal."¹⁵

¹⁰ CSE Petition at 7.

¹¹ CSE Petition at 7.

¹² CSE Petition at 2.

¹³ CSE Petition at 3.

¹⁴ CSE Petition at 3-4.

¹⁵ CSE Petition at 4.

Lastly, CSE points out that, by combining these two parts of its CSI-Thermal Program budget, it intends to address the need for additional funding to meet the program goals while adhering to the prohibition in AB 1470 to not exceed the statewide \$250,000,000 cap on the natural gas portion of the program.

3.4. CSE's Overall Budget is Relatively Small

Notably, CSE's CSI-Thermal Program budget was set in conjunction with all the other program administrators' based on percentage of customer-base.¹⁶ The Commission allocated 10% of the overall statewide fund to CSE to administer its portion of the CSI-Thermal Program.¹⁷ CSE suggests that, from a budget perspective, it is unfair that the Commission has allocated it 10% of the total statewide funds but expects it to perform an equal portion of the common work, expected of all program administrators/utilities.¹⁸

4. Analysis - Petition to Modify is Granted

The Commission has granted prior requests from CSE to combine sub-budgets of the CSI General Market Program.¹⁹ The CSI-Thermal Program shares many program and statutory commonalities with the CSI General Market Program. The Commission granted in D.13-10-026, for example, a prior CSE request to combine its marketing & outreach sub-budget with its program administration sub-budget. In that decision, the Commission stated that combining these two sub-budgets "will allow [CSE] additional flexibility to

¹⁶ CSE Petition at 7.

¹⁷ CSE Petition at 7.

¹⁸ CSE Petition at 8.

¹⁹ D.13-10-026 at 14.

allocate dollars in areas that most need attention, which is particularly useful as the CSI program is in its last years.”²⁰

This rationale is equally applicable here and persuades us to approve CSE’s request to combine two parts of the budget for purposes of more efficiently using the remaining funds to attain the goals of the program.

Accordingly, CSE is authorized to combine its CSI-Thermal Program market facilitation and program administration budgets to allow to best direct funds to the most essential administrative tasks, to maintain critical activities under CSE’s Energy Division-approved market facilitation plan, to ensure sufficient funding to cover the costs necessary to complete the program within CSE’s program territory, and to meet the overall goals of the program.

5. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) and Rule 14.6(c)(2) of the Commission’s Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

6. Assignment of Proceeding

Michael Picker is the assigned Commissioner and Regina DeAngelis is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. CSE’s program administration budget, which is part of the CSI-Thermal budget, will be insufficient to cover the costs necessary to complete the program within CSE’s program territory

²⁰ CSE Petition at 9, citing to D.13-10-026 at 14.

2. Despite moving \$50,000 from the market facilitation budget to the program administration budget, per year, every year, since D.10-01-022 was issued the funds in the program administration budget will be insufficient for CSE to cover the costs necessary to achieve the CSI-Thermal Program goals in CSE's program territory.

3. CSE's budget shortfall can largely be explained due to the expanding activities and scope of those aspects of the program funded by the program administration budget.

4. CSE's overall CSI-Thermal Program budget is relatively small.

5. By authorizing CSE to combine the two parts of its budget, CSE will have the additional flexibility to allocate dollars in areas that most need attention.

Conclusions of Law

1. CSE is authorized to combine its CSI-Thermal Program market facilitation and program administration budgets.

2. Good cause exists to accept CSE's Petition under Rule 16.4.

O R D E R

IT IS ORDERED that:

1. Center for Sustainable Energy (CSE) is authorized to combine its California Solar Initiative-Thermal Program market facilitation and program administration budgets to allow these funds to be used at CSE's discretion to direct funds to the most essential administrative tasks, while maintaining CSE's individual Energy Division-approved market facilitation plan.

2. Rulemaking 12-11-005 remains opens.

This order is effective today.

Dated _____, at San Francisco, California.