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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)**

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)  
COMMENTS ON THE PROPOSED DECISION  
COVERING CALIFORNIA SOLAR INITIATIVE PHASE  
ONE MODIFICATIONS**

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**July 5, 2011**

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**I. INTRODUCTION**

Pacific Gas and Electric Company (PG&E) provides these comments in response to Commission President Peevey's Proposed Decision on California Solar Initiative Phase One Modifications, which was released on June 14, 2011 (PD). In summary, PG&E opposes the expansion of virtual net energy metering and the local government bill credit programs beyond the current limits established in law and by the Commission. Instead of these complex billing and metering arrangements that lack transparency with regard to cost shifts between participating and non-participating customers, PG&E continues to support a feed-in-tariff model as a more practical and efficient method for achieving the Commission's objectives. In addition, PG&E has several comments on California Solar Initiative (CSI) administrative issues.

**II. DISCUSSION**

**A. There Should be no Further Expansion of Virtual Net Metering<sup>1/</sup>**

PG&E believes that instead of expanding virtual net metering (VNM) arrangements, the Commission should turn to the power purchase agreement (PPA) or feed-in-tariff (FIT) model for multi-family dwellings. Rather than continue to expand VNM and other arrangements that shift costs to non-participating customers, the Commission should encourage a stakeholder process wherein a voluntary program could be developed, with a) a reasonable offering price

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<sup>1/</sup> PG&E's Rate Schedule NEMVNMA covers virtual net metering.

currently equivalent to the benefits provided by VNM for low income customers and b) an appropriate program cap. Such a voluntary program would avoid the cost-shifting currently seen under VNM and also allow for establishment of a price consistent with the Federal Power Act.<sup>2/</sup>

To illustrate why such a FIT program may provide a more equitable solution, it helps to compare potential benefits under VNM. Non-CARE residential customers may receive a value worth up to 48 cents per kilowatt hour from VNM.<sup>3/</sup> In contrast, CARE rate customers, like those currently served through PG&E's existing VNM program would receive a much smaller credit<sup>4/</sup>. In both instances the credit is in excess of the benefits received by non-participating customers. It does not make sense from a policy perspective for high energy using non-low income customers to be rewarded with more than double the credits per kWh than the low income customers for whom the Multifamily Affordable Solar Housing (MASH program) was created. Yet that is exactly what the expansion of the virtual net energy metering model accomplishes. In contrast, with a FIT approach, the Commission would be able to address this disparity through establishment of an appropriate FIT rate that meets the Commission's policy objectives and better balances program benefits with cost shifts to non-participating customers.

With a FIT approach energy payments would go to the system owner to distribute as they, or the CPUC, see fit. There would be no need for the heavier billing and administrative burden anticipated to accommodate the expanded VNM program called for by the PD.

## **B. Complexity of Programs Increases Costs and Cost Shifting Concerns**

As the CPUC found, NEM programs shift costs to non-participating customers.<sup>5/</sup> In

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<sup>2/</sup> The Commission may also want to consider use of PG&E's approved Rate Schedule E-SRG for this purpose.

<sup>3/</sup> The NEMVNMA tariff provides that, if the Customer is a net generator, the net production shall be valued at the rate the customer would be charged for the equivalent usage. Rate schedule E-6 (residential time of use (TOU) rates effective June 20, 2011) would provide a \$0.48053 per kWh credit for summer peak generation exceeding 201% of baseline.

<sup>4/</sup> In contrast, EL-6 Rate Schedule (CARE TOU rates effective June 20, 2011) would provide a maximum credit of \$0.21008 per kWh.

<sup>5/</sup> In early 2010, the CPUC issued a Report to the Legislature on the costs and benefits of net metering, which concluded that net metering does indeed cause a subsidy to net metering customers by non-participating customers. (See summary page on the CPUC web site at [http://www.cpuc.ca.gov/PUC/energy/DistGen/nem\\_eval.htm](http://www.cpuc.ca.gov/PUC/energy/DistGen/nem_eval.htm). The full report can be found at <http://www.cpuc.ca.gov/NR/rdonlyres/0F42385A-FDBE-4B76-9AB3->

general - consistent with the CPUC's determination of how cost effectiveness evaluations should be done - the costs shifted to other customers can be calculated as the reduction in revenues for participating customers (from lower bills) *plus* other costs of administering the program (such as incentives, interconnection costs, billing costs) not recovered from participants *minus* the costs avoided by the program (for energy PG&E does not need to purchase, or any contribution to transmission and distribution (T&D) avoided costs, such as line losses).

One of the key drivers for the cost shift is the administrative cost of the NEM program; hence any additional administrative costs that are not recovered from NEM program participants will need to be recovered from other customers. In general, billing costs for any NEM customer are more expensive than billing a non-NEM customer. But for VNM, this issue is exacerbated. It is no secret that billing ten or fifty or a hundred interlinked accounts is much more complex and expensive per account than billing a single account. Any modification, change, rebate, rebill, meter error, or other need to touch one of the interlinked accounts can mean addressing all of the interlinked accounts. The more accounts that are linked to a single generator, the more complex (and hence the more expensive) the billing process becomes. The PD does not contemplate recovering any of these increased billing costs from the MASH program participants.

Finally, the RES-BCT<sup>6/</sup> program was established by the Legislature for local governments. As discussed below, the primary policy driver for the program was concern about the ability of governments to take advantage of tax exempt bond financing for projects selling power under a PPA. Thus, it was determined that an additional program (RES-BCT) would expand solar opportunities for local governments. There is no similar rationale for expansion of RES-BCT to all customers. The billing costs included in the RES-BCT tariff were based on administering a limited program to a limited number of customers. Expansion to all customers,

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E6AD522DB862/0/nem\_combined.pdf.)

<sup>6/</sup> Schedule RES-BCT is called "Renewable Energy Self-generation Bill Credit Transfer". The name RES-BCT for this tariff is the same for all three IOUs.

with no geographic limitations, means that the current tariff may not adequately capture billing costs which would be counter to the statutory prohibition on cost-shifting.

**C. There Should be no Further Expansion of VNM Beyond the SDP<sup>7/</sup>**

The Proposed Decision (PD) directs the utilities to allow MASH participants to share VNM credits over their entire affordable housing property. PG&E does not oppose this element of the PD, as long as it is clear that the option is limited to MASH participants. This seems to be the case, given the language in Ordering Paragraph (OP) 2 and elsewhere in the PD.<sup>8/</sup> However, there appears to be somewhat conflicting language in OP 1 which can be interpreted as removing the year-end 2011 sunset date from PG&E's Advice Letter 3718-E, which provides the expanded VNM option to not only MASH participants, but also MASH-eligible customers. As such, PG&E recommends the following modification to OP1:

*“Within 30 days of the effective date of this decision, Southern California Edison Company and San Diego Gas and Electric Company shall each file a Tier 2 advice letter to revise their respective Virtual Net Metering tariffs, applicable to Multifamily Solar Housing Program participants, to match the Pacific Gas and Electric Company (PG&E) NEMVNMA tariff. Within 30 days of this decision, PG&E should file a Tier 2 advice letter to remove the sunset date from its NEMVNMA tariff for MASH participants.”*

If the PD does intend to extend the expanded VNM to MASH-eligible projects, PG&E is opposed for two key reasons. First, PG&E believes customers taking advantage of the various incentives and subsidies to install solar should not shift additional costs beyond what is currently permitted. Expansion of Virtual Net Metering beyond MASH participants would cause *increased* cost-shifts from this solar program and be inconsistent with California legislative policy.<sup>9/</sup> The PD itself acknowledges the utilities' retail wheeling concerns and the need to limit

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<sup>7/</sup> Service Delivery Point; defined in Rule 16 as “where PG&E's Service Facilities are connected to either Applicant's conductors or other service termination facility designated and approved by PG&E”.

<sup>8/</sup> See, PD p. 2 “applies to VNM offered through the MASH program . . . .”; p. 13 “Moreover, the MASH program is very limited in scope and budget, and the extent to which credits will be shared over multiple SDPs is minimal.”; p. 18 “Affordable housing properties that are not able to receive a MASH incentive may still take part in VNM as set forth in Section 4.2 above, which means these properties must comply with the limitation that sharing of bill credits can only occur for accounts served by a single SDP.”

<sup>9/</sup> See PG&E's Comments on Phase 1 Issues in the CSI/DG OIR, December 6, 2010, p.p. 4-6.

the scope of this type of VNM when it says:

*“PG&E raises valid concerns over wheeling and the use of the transmission and distribution grid. However, its own VNM tariff contains limiting language to reduce the extent to which such wheeling would occur.”*

Second, while PG&E continues to be a strong proponent of helping low income customers, the “MASH-eligible” definition allows up to 80 % of the units to be market-based housing. At a minimum, the Commission should revise the eligibility requirements to ensure that the program is actually benefitting low income households. The current definition of MASH-qualifying complexes based on California Public Utilities Code section 2852 allows participation of multifamily housing complexes where just a minimum of 20% of the units are sold or rented to low income households.<sup>10/</sup> To the extent that the Commission desires to provide expanded VNM for MASH eligible projects, the 20% minimum threshold is not a particularly effective means of ensuring that low income households are the ones benefitting from the expanded VNM. PG&E suggest that the CPUC tighten the requirements when providing solar as an option to low-income customers (something PG&E supports). As one example, in addition to this minimum of 20% low income units per Section 2852, the CPUC should also require that at least 80% of the VNM credits are directly benefitting CARE households. This will ensure that the goal of VNM to support providing low income customers with solar is actually occurring.

**D. Eligibility for Virtual Net Metering at the SDP Should Not Expand Either**

The Commission should not adopt the PD provision that directs the utilities to expand the applicability of VNM behind the customer’s service delivery point (VNM SDP) to non-low income multi-family buildings, or offer this program to other renewable technologies beyond solar and small wind.

**1. VNM option should not be extended to all “multitenant” customers**

The PD directs the utilities to expand VNM SDP to all multitenant customers. It is not clear to PG&E whether the PD seeks to include both commercial and residential multitenant

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<sup>10/</sup> See PUC section 2852 (a)(3)(B).

facilities, or just those associated with the residential class. This confusion stems, in part, from the fact that VNM has only applied to residential low income customers (including associated common area accounts). If the Commission chooses to expand VNM at the SDP, it should insure that the expansion is limited to residential customers.<sup>11/</sup>

VNM was established for low income multifamily housing developments<sup>12/</sup> to eliminate the need to install inverters and separate wiring for each individual tenant within a building. Residential units built after 1982 have been required by law to be individually metered.<sup>13/</sup> The netting benefits expected by a residential multitenant customer do not always warrant the costs of the individual inverter needed to provide solar to that customer under standard NEM. Commercial customers do not face the same hurdles. There is no Public Utilities Code requirement for individual metering of commercial accounts. Customers already have the option to rearrange their utility service to a consolidated metering point.<sup>14/</sup> Also, commercial accounts generally use much more energy than their low income residential counterparts, so if individual metering of commercial units is preferred, the cost of the inverter is not a significant part of the total project costs. For these reasons, if the Commission determines that VNM should be expanded beyond low income customers, the expansion should be limited to residential customers.

Finally, the PD doesn't contemplate how VNM will be implemented for the commercial and industrial sectors. VNM is currently structured to provide equitable distribution of the solar

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<sup>11/</sup> As discussed below, nonresidential customers do not have the same individual metering requirements as residential customers.

<sup>12/</sup> D. 08-10-036, p. 33.

<sup>13/</sup> See PU Code section 780.5 requiring each residential unit to have its own meter.

<sup>14/</sup> As mentioned above and in PG&E's December 6, 2010 response to comments on the CSI Phase 1 Staff Proposal and in Recite's pleading from that same date, commercial customers already have the ability to master meter their facilities. A master meter arrangement allows the owner to allocate the benefits of its solar panel however it sees fit. These arrangements are common in the field. Recolte's description of the problems surrounding the Gassar situation is an anomaly and should not inform Commission policy here. A better solution would be to modify Rule 18 to accommodate the electrical aggregation of the individual account to a single "phantom" meter and treat that as the master meter for net metering purposes. There is already software available that does this kind of work and Rule 18 already contains a corollary exception that allows use of this type of software for billing tenants in high rise buildings. See, PG&E's Rule 18, Section C.2.b.2.

credits in excess of the credits assigned by the solar system owner to the common area. The VNM rate schedule prorates tenant solar credits based on the square footage of each respective housing unit. Since there is a general relationship between the size of the low income customer's dwelling space and its electrical usage, the formula makes sense. The "space to usage" relationship does not work as well for commercial and industrial customers where usage can vary depending on many factors, thus a square foot calculation may not be the most equitable means to distribute netting credits between multitenant building occupants while meeting the NEM requirement that system size not exceed load for a particular customer. This is yet another reason why PG&E strongly recommends that if the Commission expands VNM SDP customer eligibility, that this expansion be limited to the residential class.

## 2. No expansion of VNM option to other renewable technologies

The PD states that "*The expanded VNM concept can apply to any DG technology that is allowed under net metering.*"<sup>15/</sup> PG&E assumes that the PD is referring to any net metering allowed under Section 2827, the Public Utilities Code provision which allows eligible customers full retail netting of solar, wind<sup>16/</sup>, or a solar/wind hybrid system. Other statutes allow certain renewable technologies, like fuel cells or biogas, to net **at the generation component** of the customer's rate schedules. Extending VNM at the full (or bundled) retail rate to this group would be inappropriate. Also, the rationale behind a solar VNM tariff is not applicable to all forms of renewable generation. One of the reasons for developing a solar virtual net metering arrangement for low income multitenant housing was due to uneven sun access or roof top constraints. These arguments do not apply to fuel cells, whose installed locations are not limited to sunny rooftops. PG&E requests that the PD be clarified to limit VNM applicability to PUC section 2827 eligible technologies, or to specify that the rate credit received for VNM projects employing fuel cells or biogas digesters is at the legislatively authorized generation credit.<sup>17/</sup>

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<sup>15/</sup> PD p. 17, para. 1.

<sup>16/</sup> Retail rate netting for wind generators is limited to 50kW and for solar to 1MW.

<sup>17/</sup> PUC section 2827 provides a retail credit for solar and small wind. PUC sections 2827.8, 2827.9 and 2827.10 provide for a generation component only credit for large wind, biogas digesters and fuel cells,

### **E. RES-BCT Expansion is Not Warranted or Needed**

Section 4.4 of the PD addresses whether Schedule RES-BCT can be used as an alternative means of permitting solar energy system owners to transfer bill credits across multiple service delivery points. The PD concludes that it can and orders PG&E and the other IOUs to “each file a Tier 2 advice letter containing tariff modifications to expand the RES-BCT tariff on a pilot basis for solar to all customers.” PG&E continues to believe that most customers interested in installing solar would be better served by a FIT arrangement such as that established by AB 1969 and extended by SB 32, than the RES-BCT approach. Unlike the RES-BCT model, a FIT is easy for customers to understand and straightforward for utilities to administer. Customers receive a payment for their energy and may use the money in any way they please. A FIT does not have the added complexity found in RES-BCT.

Moreover, for many customers, the prices available under existing FITs are more favorable than the RES-BCT credit. The prices available under the existing FITs for solar projects connecting this year are in the 8.8 to 10 cent per kilowatt hour range<sup>18/</sup> and solar generators would qualify for a Time of Delivery (TOD) multiplier<sup>19/</sup>. In contrast, the RES-BCT credit is only the generation portion of the retail bill, and for most customer classes, often lower than the FIT rate. Some residential customers in Tiers 3 and 4 now pay higher generation rates, but that will go away as this “tiering” is modified as required by the recent residential rate design decision, D.11-05-047. A few time-of-use rates will still have a higher generation rate at certain times, but the total revenue under such rates may still be lower.<sup>20/</sup> It is simply not worthwhile to have this additional alternative available.

Expansion of RES-BCT for solar to all customers is inconsistent with the legislative rationale for establishing the program for local governments. One important reason behind the

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18/ respectively.  
See PG&E’s Electric Rate Schedule E-SRG tariff:  
[http://www.pge.com/tariffs/tm2/pdf/ELEC\\_SCHEDS\\_E-SRG.pdf](http://www.pge.com/tariffs/tm2/pdf/ELEC_SCHEDS_E-SRG.pdf)

19/ With the solar TOD, the range for solar projects connecting in 2011 is from \$11.3 to 12.9 cents per kilowatt hour.

20/ For example, Rate Schedule A-6 includes generation rates that range from 4 cents to 23 cents per kWh, depending on delivery times.

development of the RES-BCT model by the legislature was a concern about project funding for municipal entities. The legislative history shows that cities were concerned that participation in a FIT could jeopardize the tax-exempt status of the bonds they planned to use to fund renewable projects.<sup>21/</sup> This concern just does not apply to the vast majority of customers that would be eligible for RES-BCT if the PD were adopted

Finally, PG&E has previously raised the concern that the expanded RES-BCT proposal would be an improper expansion of direct access. Consequently, PG&E believes legislation was required to create this form of remote power supply for local governments and legislation would be required to expand it beyond the obvious legislative intent to limit it.<sup>22/</sup> In this instance, the legislature included specific provisions in AB 2466 limiting the generation to serving load “located within the geographical boundary of, and is owned, operated, or on property under the control of, the local government”.<sup>23/</sup> If approved, the PD would allow any type of customer with a solar generator in one location to apply credits to multiple other accounts they may own elsewhere in the PG&E service territory without limit. This treatment is inconsistent with the careful eligibility limits established by the Legislature in creating RES-BCT.

#### **F. CSI General Market Program Administration**

PG&E has a number of comments on the portions of the PD dedicated to the CSI General Market Program administration.

##### **1. Section 5.1 Application Processing Timelines**

As stated earlier,<sup>24/</sup> PG&E appreciates the Commission's interest in establishing minimum processing standards. However, PG&E urges the Commission to recognize that significant time and resources are dedicated to managing incomplete reservations and incentive claims due to Applicants' consistent inability to adhere to program guidelines. Unfortunately, despite the

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<sup>21/</sup> See AB 2466 (2007-2008 session) 8/14/2008 Assembly Floor Analysis, p. 4. Link: [http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab\\_2451-2500/ab\\_2466\\_cfa\\_20080814\\_213345\\_asm\\_floor.html](http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_2451-2500/ab_2466_cfa_20080814_213345_asm_floor.html)

<sup>22/</sup> In particular, AB 2466 specifically excluded certain governmental entities from the definition of “local government”. If the CPUC expands RES-BCT to “all” customers, this may be a violation of AB 2466.

<sup>23/</sup> See current PUC sec. 2830(a)(1).

<sup>24/</sup> PG&E Comments on Phase I Issues in the CSI/DG OIR, p. 15.

continued effort to streamline the application submittal process and ongoing outreach to CSI Applicants, PG&E continues to receive an exceptionally high<sup>25/</sup> percentage of incomplete reservations and incentive claims, adversely affecting the turn around for all applications. Beyond education and outreach, PG&E does not have control over the quality of applications received. One approach would be to have the CSI program administrators (PAs) reject incomplete applications and force Applicants to reapply. However, this approach would not be a benefit to the PAs or participants since it would increase administrative cost in order to maintain the status quo and likely be burdensome to the customer. Instead, PG&E recommends that the PD be modified so that any suspended reservations and incentive claims are excluded from the proposed metrics.

PG&E also requests that the Commission consider revising the proposed application processing guidelines for the “ICF Claim Processed (no inspection)” residential metric. Based on the high volume of incentive claims PG&E continues to receive and the limited administrative budget for managing incentive applications, it is not possible for PG&E to meet the proposed metric outlined in Table 1 of the PD on a consistent basis.<sup>26/</sup> PG&E proposes a more attainable standard of 95% of residential ICFs processed within 45 days instead of 30 days.<sup>27/</sup>

PG&E has established a strong track record of issuing EPBB incentive claim payments in a timely manner<sup>28/</sup>. However, the initial payment timelines for PBI projects vary as payment initiation is contingent on the customer’s selected Performance Data Provider's ability to submit accurate and timely production data. Historically there have frequently been delays in PG&E receiving such data and oftentimes the data is not complete as needed in order for PG&E to issue payments.<sup>29/</sup> For these reasons, PG&E requests that the Commission exclude PBI projects from the "Incentive Paid after ICF Claim Approval" metric.

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<sup>25/</sup> Year to date percentages for incomplete reservations and incentive claims are at 34% and 22% respectively.

<sup>26/</sup> PG&E has received over 5,200 incentive claims since January 1, 2011.

<sup>27/</sup> Based on the proposed metrics, PG&E would only be able to approve 76.3% of ICFs (no inspection) in 30 days.

<sup>28/</sup> Year to date, 80% of EPBB payments are issued within 7 days of the ICF approval.

<sup>29/</sup> PDP providers can take from 2-3 months to submit to PG&E the production data needed to initiate payments.

## **2. Section 5.2 Project Completion Time Requirements**

PG&E agrees that managing project completion timelines and establishing a consistent policy for extensions are important. However, PG&E is concerned that the PD's proposed quarterly reporting requirement would create an unnecessary burden for the PAs without providing a benefit. The CSI Program Handbook already contains provisions for extensions under certain circumstances and allows the PAs to grant extensions consistent with these guidelines. Extensions are not provided unless there are extenuating circumstances outside of the Host Customer's control. A report is not needed to maintain this standard. In addition, the statewide database (Powerclerk) does not include a data field that would easily allow PAs to report extension reasons. With already constrained budgets, additional database enhancements have been difficult to justify.<sup>30/</sup> PG&E opposes this requirement and urges the Commission to drop this report requirement.

In addition, PG&E commends the PD for recognizing that extensions may also be handled on a case-by-case basis. PAs often bring extension requests outside of the CSI Program Handbook parameters to the CSI Working Group for review and approval. This process gives the Energy Division an opportunity to provide input on the extension decision making process. This process has been effective and an important tool to help keep projects that are close to completion active and viable. If the Commission determines an extension report is necessary, then PG&E suggests that the report be limited to those extensions beyond the CSI guidelines that are approved by the CSI working group.

## **3. Section 5.5 EPBB Calculator Integration with PowerClerk**

PG&E agrees with the PD's proposal to integrate the EPBB Calculator into Powerclerk and is moving forward with this proposal. Integration will help streamline application processes for CSI Applicants and PAs, as well as ensure that data points are accurately collected for ongoing program assessment. Discussions among the PAs are already underway and the

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<sup>30/</sup> Decision (D.) 10-09-046 transferred \$40 million from PAs' administrative budget to increase funding for incentives.

integration completion timeline is expected to be aligned with the proposal set forth in the PD.<sup>31/</sup>

#### **4. Section 5.6 Payment Intervals for PBI**

PG&E appreciates the PD's proposal to prohibit PBI payments for systems 10kW or smaller to help lower administrative costs. However, consistent with earlier comments, PG&E supports moving this limit from 10 kW to 30 kW.<sup>32/</sup> Currently, over 35% of installed PBI projects state-wide are under 30kW.<sup>33/</sup> Modifying the PD to require that all systems less than 30kW receive an EPBB incentive would help ensure that PBI processing costs do not outgrow the administrative budget. This standard would also align with current PBI requirements.<sup>34/</sup>

#### **5. Section 6.1 General Market Administrative Budget**

PG&E appreciates the PD's proposal to allow PAs to spend up to the full budget amounts adopted in D.10-09-046. PG&E requests that the Commission modify the PD to authorize the shifting of the remaining \$6.9 million in unallocated funds to the Program Administration budget. PG&E anticipates that these additional funds will help the PAs better manage program administration costs to meet the demands associated with handling the increase in applications anticipated in later steps of the CSI Program, as well as post-2016 administrative expenses.

#### **G. MASH Program – Section 7.3 Increasing MASH Track 1 Incentives**

PG&E commends the PD's proposal to better serve the low-income multi-family community by shifting the remaining MASH Track 2 funds to Track 1. We respectfully request further consideration to adopt a lower Track 1A incentive rate to enable the PAs to fund more MASH applications. PG&E would like to fund all of the applications on its waitlist, which indicates high demand for Common Area incentives. PG&E's current waitlist of 2.994 MW is comprised of 2.128 MW and 0.865 MW for Common Area and Tenant systems, respectively. Based on our calculations, a Track 1A incentive rate of \$1.90/watt along with the proposed Track 1B incentive rate of \$2.80/watt would enable PG&E to fund all of its waitlisted

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<sup>31/</sup> PD, p. 37.

<sup>32/</sup> PG&E's Comments on Phase I Issues in the CSI/DG OIR, p. 22.

<sup>33/</sup> Data source from [www.californiasolarstatistics.ca.gov](http://www.californiasolarstatistics.ca.gov) as of July 1, 2011.

<sup>34/</sup> The CSI program requires PBI for systems 30 kW<sub>AC</sub> and larger beginning January 1, 2010.

applications. In addition, a further reduction of Track 1A as proposed by PG&E is consistent with Navigant’s recommendation to “Increase the pricing differential between projects that benefit common area and tenant load.”<sup>35/</sup> The Program Administration Assessment Report finds that 78% of MASH systems are owned by Third Parties and suggests that high incentive levels are not necessary. Unlike non-profits and government entities, third party owners are able to take advantage of federal incentives in addition to MASH incentives, allowing them to recover the full cost of the system in the first year of operation at existing incentive levels. For these reasons PG&E urges the Commission to revise the MASH incentive levels as proposed above.

#### **H. CSI Measurement and Evaluation Issues**

PG&E recommends that the MASH program follow the CSI General Market requirement for performance monitoring (PMRS) for systems over 10 kW. PG&E believe that this would assist customers, particularly those with systems installed in low income housing complexes participating in VNM, interested in more closely following the performance of their system.

Finally, the PD would require that PG&E provide an advanced metering infrastructure (AMI) feasibility study for making solar production data available to CSI participants. Because this form of two-way communications directly to a solar production device is not currently a part of PG&E's AMI infrastructure or design, the feasibility will also depend on preliminary cost estimates for enabling this functionality via HAN or an internet-based solution. To enable PG&E to complete the feasibility study, additional time is needed. For that reason, PG&E requests that the timeline for the study in Ordering Paragraph 8 be extended from 90 days to one year, and that the Commission authorize recovery of the costs of the study.

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<sup>35/</sup> Navigant’s “California Solar Initiative Low-Income Solar Program Evaluation Market Assessment Report” prepared for the CPUC, p. 10. The report can be viewed at <http://www.cpuc.ca.gov/NR/rdonlyres/EB601615-61B3-43B2-B034-EEC95AF46708/0/CSISASHandMASHMarketAssessmentReport.pdf>

**III. CONCLUSION**

PG&E appreciates the opportunity to provide these comments on the CSI PD.

Respectfully submitted,

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