



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking on the Commission's own motion to determine the impact on public benefits associated with the expiration of ratepayer charges pursuant to Public Utilities Code Section 399.8.

Rulemaking 11-10-003  
(Filed October 6, 2011)

**REPLY COMMENTS OF  
THE SOLAR ENERGY INDUSTRIES ASSOCIATION  
ON STAFF PROPOSAL REGARDING THE  
ENERGY PROCUREMENT INVESTMENT CHARGE**

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In accord with the Phase 2 Scoping Memo and Ruling of Assigned Commissioner and Assigned Administrative Law Judge issued in the above captioned proceeding on February 10, 2012, the Solar Energy Industries Association (SEIA) replies to stakeholder comments on the Staff Proposal Regarding the Energy Procurement Investment Charge (EPIC) which was established by the Commission in Decision 11-12-035 (Staff Proposal).<sup>1</sup>

**I. INTRODUCTION**

Ordering Paragraph 2 of Decision 11-12-035 provides that “Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall each institute a surcharge, effective January 1, 2012, to collect funds for: i) *renewables programs*, and ii) research, development, and demonstration programs.”<sup>2</sup> Similarly, Conclusion of Law No. 5 provides, in applicable part, that: “Funds collected through a new interim surcharge *should be collected by electric corporations for the purposes of funding renewables*

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<sup>1</sup> The comments contained in this filing represent the position of the SEIA as an organization, but not necessarily the views of any particular member with respect to any issue.

<sup>2</sup> D. 11-12-035 at p. 40 (Ordering Paragraph No. 2).

and RD&D programs in the ratepayer and public interest.”<sup>3</sup> The Staff Proposal, however, contrary to Commission direction, would virtually eliminate the use of surcharge funding for renewable programs. As discussed in SEIA’s Opening Comments, Staff’s determination is apparently premised on perceived statutory limits on the total amount of funding that can be provided certain existing renewable programs, such as the New Solar Homes Partnership (NSHP). Staff’s singular focus in this regard would result in discarding a proven program; a program that the Staff has recognized is key for the state to realize the Legislatively mandated distributed solar generation targets<sup>4</sup> and which is essentially already funded by the amounts which the IOUs are currently collecting through the EPIC.

As discussed in more detail below, given the recognized need for the NSHP and the fact that it is effectively being funded, the Commission should find a means to continue the NSHP or a comparable program which incents the installation of distributed generation on new homes.

## **II. THE NSHP OR COMPARABLE PROGRAM SHOULD BE FUNDED BY THE EPIC**

The Opening Comments submitted on the Staff Proposal, for the most part, illustrated support for the continuation of the NSHP.<sup>5</sup> The naysayers made unsubstantiated arguments “that rooftop solar subsidies have accrued disproportionately to the wealthy, with the poor and the working poor effectively buying solar panels for the rich.”<sup>6</sup> The market data does not bear this

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<sup>3</sup> Decision 11-12-035 at p. 40 (Conclusion of Law No. 5).

<sup>4</sup> Staff Proposal at p. 27.

<sup>5</sup> *See, e.g.*, Comments of the California Building Industry Association on the Staff Proposal Regarding the Energy Procurement Investment Charge, R. 11-10- 003 (March 7, 2012); San Diego Gas & Electric Company’s Opening Comments in Response to Phase 2 Scoping Memo and Staff Proposal, R. 11-10-003 (March 7, 2012) (SDG&E Comments); Opening Comments of Pacific Gas & Electric Company on Staff Proposal on Energy Procurement Investment Charge, R. 11-10-003 (March 7, 2012).

<sup>6</sup> Comments of the Coalition of Energy Users on Phase II Attachment A Staff Proposal, R. 11-10-(March 7, 2012) (CEU Comments) at p. 7.

out. The reality is that the NSHP has proven to be an effective means of ensuring an increase in the incorporation of solar as a standard feature of housing developer's product designs and thus a means of, among other things, meeting the state's aggressive goal of having all new homes "Zero Net Energy" by 2020. A program which incents the installation of distributed generation (such as solar) on rooftops should be maintained and funded through the EPIC surcharge.

**A. The NSHP is Funded through the EPIC Surcharge**

Two of the three investor owned utilities expressed their support for the continuation of the NSHP.<sup>7</sup> Moreover, SDG&E does not agree with Staff that there is something unique about the CSI statute that prevents the Commission from using EPIC money to fund the NSHP. As stated by SDG&E:

Prior to its expiration, the [Public Goods Charge] PGC contained an increment to fund NHSP [sic]. Last year, the Commission continued collecting the same amounts in the EPIC, meaning that the IOUs continue to collect funds at the same level to support the NHSP. The Commission could simply continue applying the same amount to the NHSP as before, and the IOUs can continue to administer the NHSP as before.<sup>8</sup>

While SEIA appreciates the Staff's caution so as to not run afoul of any legislative directives, it wholeheartedly agrees with SDG&E that because the PGC contained an increment to fund NSHP and the IOUs are continuing to collect the same amount of funds through the EPIC, the EPIC collections include a portion which is rightfully directed to the NSHP and should not be diverted to other programs. If the Staff believes it is statutorily constrained in doing such and such determination is upheld by the Commission, then at minimum, Commission should direct that a program, comparable to the NSHP, which would provide incentives for the

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<sup>7</sup> The third IOU, Southern California Edison Company, did not discuss the NSHP in its comments.

<sup>8</sup> SDG&E Comments at p. 21.

installation of distributed generation on new homes, be created and funded by the EPIC in order to achieve the statutory goals of SB 1.

As noted in the Order commencing this rulemaking, the Governor requested that the Commission take action to ensure that programs, like NHSP, that are supported by the public goods charge continue “hopefully at their current levels.”<sup>9</sup> The Staff’s recommendation to discontinue funding for the NSHP absent its replacement with a comparable program runs contrary to the impetus behind this OIR and the Commission directives in Decision 11-12-035.

**B. No Substantiated Basis has been Provided for Disbanding the NSHP**

As reason for disbanding the NSHP, the Coalition of Energy Users contends that “ratepayer-financed subsidies for solar rooftops have accrued disproportionately to the rich, and those living in the underserved communities have seen little benefit.”<sup>10</sup> The reality is much different than the picture portrayed by CEU. First, the owner-income demographics of new production housing developments, coupled with the mortgage finance element of the installed solar, has resulted in the NSHP benefitting a broad cross-section of homeowners. Moreover, families in median income zip codes make up the majority of California’s residential solar market.<sup>11</sup> Since 2008, more than 60% California home solar installations have been in zip codes with median annual household incomes below \$75,000, and not in the wealthiest areas of the state. In addition, the number of residential projects in lower income zip codes (less than \$50,000 annually) continues to increase, representing nearly 20% of total installations in 2011. CEU’s attempt to cast solar as solely a rich man’s game is simply not accurate and should not be given

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<sup>9</sup> Order Instituting Rulemaking, R. 11-10-003 ( October, 2011) at p. 4

<sup>10</sup> CEU Comments at p. 3.

<sup>11</sup> See California Residential Application Data, as compiled by Stanley Greschner, Grid Alternatives (<http://www.californiasolarstatistics.ca.gov/>). CSI SASH data obtained on 2/27/12 from GRID Alternatives. California’s median household income (owner-occupied housing) per zip code was obtained from U.S. Census Bureau, [www.census.gov](http://www.census.gov)).

any consideration in the Commission's determination to continue funding for the NSHP or a comparable program.

### III. CONCLUSION

The Staff Proposal finds that elimination of the public goods charge funds for the NSHP has left a gap in the market which will impede the state in meeting its distributed generation goals. As set forth by SDG&E in its opening comments, monies to fund the NSHP are in essence currently being collected through the EPIC. The Commission must find a means, either through continued funding of the NSHP or the creation of a comparable program, to continue to incent the installation of distributed generation on new homes.

Respectfully submitted this March 16, 2012 at San Francisco, California.

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