

**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 08-03-008
(Filed March 13, 2008)**

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) REPLY TO
RESPONSES TO ITS PETITION TO MODIFY DECISION 07-11-045:
OPINION ESTABLISHING THE SINGLE-FAMILY LOW-INCOME
INCENTIVE PROGRAM WITHIN THE CALIFORNIA SOLAR
INITIATIVE**

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December 23, 2008

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I. INTRODUCTION

Pursuant to Rule 16.4 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Pacific Gas and Electric Company (“PG&E”) respectfully submits the following reply to the responses to PG&E’s November 13, 2008 Petition for Modification (“PFM”) of Decision 07-11-045: Opinion Establishing Single-Family Low-Income Incentive Program within the California Solar Initiative (“SFLI Decision” or “Decision”).^{1/} Administrative Law Judge Dorothy Duda authorized this response in a telephone conversation on December 16, 2008.

The Decision establishes within the California Solar Initiative (“CSI”) a program to provide incentive payments for solar energy systems installed at single-family, low-income, owner-occupied households (“SFLI Program”).^{2/} PG&E looks forward to the launch of the SFLI

^{1/} D.07-11-045 (November 16, 2007)

^{2/} Ibid

Program and to doing its part to help make the program a success. PG&E filed its PFM simply to seek a cost recovery mechanism for tasks assigned to PG&E and the other investor owned utilities (IOUs) by the SFLI Decision. Comments supportive of PG&E's request were filed by the Division of Ratepayer Advocates (DRA), San Diego Gas & Electric Company and Southern California Edison, while DRA did have some suggestions for modification. GRID Alternatives ("GRID") was the only party filing comments opposing PG&E's request. PG&E has the following responses to comments filed by GRID Alternatives ("GRID") and DRA:

- PG&E is requesting a mechanism for cost recovery, and elected to focus on that aspect over the specific expected costs;
- Based on the current Decision, PG&E expects to need an additional full time equivalent to augment the CSI staff for SFLI tasks;
- PG&E's understanding is that the IOUs may not apply general market CSI administrative dollars to SFLI related tasks;
- PG&E requests that a Tier 2 advice filing process be implemented in lieu of DRA's suggested Tier 3 process.

II. DISCUSSION

Both GRID and DRA commented on the lack of cost detail in PG&E's PFM to support PG&E's claims. PG&E's primary purpose in filing the PFM was to seek Commission approval for a mechanism for cost recovery for tasks assigned to PG&E to support the SFLI program. PG&E seeks a mechanism that is consistent with what has been approved for other CSI programs, and specifically cited the decision creating the CSI Research Development and Deployment ("RD&D") program.^{3/} The RD&D program includes a similar role for the IOUs as that carved out in the SFLI program, however, it includes a mechanism to permit the IOUs to obtain reasonable cost recovery. Based on the role outlined for PG&E in the SFLI Decision, PG&E estimates that

^{3/} D. 07-09-042.

an additional full time equivalent (FTE) will be needed to augment the current CSI staff to cover such activities as SFLI payments and program coordination; the issuance of incentive checks; payment tracking and quality control; project/customer validation; and IT upgrades required to identify SFLI projects for reporting and auditing purposes.

Actual costs will vary depending on how the SFLI program develops. As GRID itself points out in their comments, some anticipated IOU tasks may not be needed. For example, GRID indicates it will not need the duties outlined in Ordering Paragraph 4 of the Decision requiring the IOUs to provide the SFLI Program Manager (GRID) with customer data for homeowners enrolled in the Low-Income Energy Efficiency (LIEE) program. GRID explains that: “GRID Alternatives does not envision a significant role for the IOUs in identifying SFLI Program Applicants”^{4/} If this turns out to be the case then actual IOU costs could decrease.

Other initiatives may have the opposite effect and cause IOU costs to go up. For instance, the Department of Community Services and Development (DCSD) has a petition for modification to the SFLI Decision currently pending, which, if allowed, could *increase* the IOU’s costs by directing them to act as a de facto Program Manager until SCE’s contract with GRID is executed. These two examples demonstrate that while IOU anticipated costs can be estimated, they are subject to change as the SFLI program develops and changes. PG&E cannot predict whether the actual IOU costs will be higher or lower than any estimate developed today. This is why PG&E has not requested that a set amount or percentage of the SFLI budget be set aside for the IOU costs. Instead, PG&E proposes that the CPUC establish a mechanism for reasonable cost recovery just as it has in the RD&D decision. Such a mechanism will allow the IOUs to provide as much or little support as is needed to ensure the success of the SFLI Program.

GRID goes on to state that “The SFLI Program is fundamentally an extension of the mainstream CSI Program, and as noted earlier, the IOUs have already received funding and the

^{4/} Response of GRID Alternatives to the Petition of Pacific Gas and Electric Company to modify decision 07-11-045 p.6

directive to develop the infrastructure to carry out their various roles under the CSI Program, which includes their new responsibilities under the SFLI Program.”^{5/} When addressing administration of the SFLI Program, the Decision ordered that there would be a single statewide Program Manager to administer the SFLI Program within California^{6/}. In their argument, GRID Alternatives mistakenly assumes that any IOU work completed for the SFLI Program may be recovered through the general market CSI administrative budget. The SFLI Decision provides no such authorization. The SFLI Program is not an “extension of the mainstream CSI Program” insofar as funding is concerned. It is PG&E’s understanding that while SFLI is under the program umbrella of CSI, the budgets are separate and the IOUs may not use CSI general market administrative dollars to cover the costs of administrative tasks for the SFLI program without Commission authorization.

PG&E appreciates DRA’s comments and support for IOU cost recovery through an advice letter process. However, PG&E asks that the Commission establish Tier 2 as the appropriate level of review instead of Tier 3 since PG&E believes that Energy Division review and approval provides the suitable level of scrutiny for SFLI program cost recovery requests. Under Tier 2, in the event of a protest or at the discretion of the Energy Division, the resolution and Commission approval process could be followed. However, in cases without controversy, Tier 2 provides adequate review in a manner that better conserves limited Commission resources.

III. CONCLUSION

PG&E appreciates the opportunity to submit these reply comments, and thanks the Commission for its time and attention to this matter.

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^{5/} Ibid, at p.p. 6-7

^{6/} D.07-11-045, Conclusion of Law 10.

Respectfully submitted,

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By: _____ /s/
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December 23, 2008

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is 77 Beale Street, San Francisco, California 94105

On December 23, 2008, I served a true copy of:

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) REPLY TO
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- [XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for R.08-03-008 with an e-mail address.
- [XX] By U.S. Mail – by placing the enclosed for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service list for R.08-03-008 without an e-mail address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 23rd day of December 2008, at San Francisco, California.

/s/

PATRICIA A. KOKASON