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

**ASSIGNED COMMISSIONER'S RULING REQUESTING  
COMMENTS ON THE PROGRAM MODIFICATION REQUESTS  
AND STAFF PROPOSAL FOR A REVISED EVALUATION PROCESS**

This ruling solicits comments from interested parties on the recommendations of the Self-Generation Incentive Program Working Group (SGIP Working Group)<sup>1</sup> and the Energy Division to add eligible technologies under the SGIP. It also requests comments on a proposal for evaluating SGIP program change requests in the future.

The Commission established the SGIP in D.01-03-073 pursuant to Pub. Util. Code § 399.15(b).<sup>2</sup> The SGIP provides financial incentives for qualified self-generation equipment, which, when installed on the customer's side of the

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<sup>1</sup> Decision (D.) 03-08-013 defined the SGIP Working Group as the self-generation program administrators, working with the Energy Division. D.03-08-013 also noted that, consistent with the directions in D.01-03-073, SDG&E, although not a program administrator, is a member of the SGIP Working Group.

<sup>2</sup> All statutory references are to the Public Utilities Code unless otherwise noted.

utility meter, provides electricity for either a portion or all of that customer’s onsite electric load.

Initially, the SGIP provided financial incentives to distributed generation (DG) technologies, including micro-turbines, small gas turbines, solar photovoltaics, fuel cells, and internal combustion engines at certain levels. Starting in January 2007, all incentives for photovoltaic systems were removed from the SGIP and provided through the California Solar Initiative (CSI). Thus, as of January 1, 2007, the SGIP provided incentives only to non-solar renewable and non-renewable DG technologies.

Assembly Bill (AB) 2778<sup>3</sup> further amended Pub. Util. Code § 379.6 relating to SGIP and limited program eligibility for SGIP incentives to qualifying wind and fuel cell DG technologies, beginning January 1, 2008 through January 1, 2012.

The following table reflects the changes to the SGIP pursuant to AB 2778:<sup>4</sup>

<b>Incentive Levels</b>	<b>Eligible Technologies</b>	<b>Incentive Offered (\$/watt)</b>	<b>Minimum System Size</b>	<b>Maximum System Size</b>	<b>Maximum Incentive Size</b>
Level 2 Renewable	Wind Turbines	\$1.50/watt	30 kW	5 MW	1 MW
	Renewable Fuel Cells	\$4.50/watt	30 kW		
Level 3 Non-Renewable	Non-Renewable Fuel Cells	\$2.50/watt	None	5 MW	1 MW

<sup>3</sup> Chapter 617, Statutes of 2006.

<sup>4</sup> D.08-01-029, p. 8.

In D.03-08-013, the Commission established a multi-stepped evaluation process to consider requests to add technologies to the SGIP or evaluate related program changes which are referred to as Program Modification Requests (PMR).<sup>5</sup> Below is a summary of how the evaluation process would proceed:

1. An applicant contacts a Program Administrator<sup>6</sup> and develops a program modification request package for submittal to the SGIP Working Group.
2. The proposal is distributed to the SGIP Working Group for evaluation.
3. The applicant or the sponsoring Program Administrator will present the proposal to the SGIP Working Group.
4. The SGIP Working Group develops recommendations on the eligibility of the new technology or program rule modification.
5. The applicant has five days to comment on the SGIP Working Group's final recommendations to the assigned Commissioner.
6. The Energy Division will submit the SGIP Working Group's final recommendations and the Energy Division's recommendation to the assigned Commissioner within 90 days after the proposal is presented at the SGIP Working Group meeting.
7. The assigned Commissioner will issue a ruling requesting comments within 15 days and replies within five days on the Energy Division/Working Group recommendations. A Commission decision will address the recommendations and the public comments raised by the Assigned Commissioner's Ruling.

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<sup>5</sup> This ruling presents only a summary of the evaluation process. See D.03-08-013 for full text of the adopted evaluation process and guidelines.

<sup>6</sup> SGIP Program Administrators are Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and the California Center for Sustainable Energy (CCSE).

Since D.03-08-013, the SGIP Working Group has received several PMRs. The SGIP Working Group has reviewed seven PMRs and has submitted its recommendations to the Energy Division. The Energy Division also has reviewed the PMRs and the SGIP Working Group's recommendations, and has submitted both its own recommendation and the SGIP Working Group's recommendations to me for further consideration. The Working Group's recommendations are attached to this ruling as Appendix A, and the Energy Division's recommendation are attached as Appendix B.

In addition, the Energy Division has proposed to modify the process that was established in D.03-08-013 for the review of the PMRs. Energy Division's proposal is also included in Appendix B.

Pursuant to the procedures set forth in D.03-08-013, I am soliciting comments from the parties on the following:

- The SGIP Working Group's recommendations for the PMRs;
- The Energy Division's recommendations for the PMRs; and
- The proposed PMR review process.

I also encourage the SGIP Working Group to comment on the proposed PMR review process. Because the Energy Division's proposal for PMR review would require modification to D.03-08-013 in Rulemaking (R.) 98-07-037, this ruling provides notice to the parties on the service list for R.98-07-037 of the Commission's intent to modify a Commission's prior order in that proceeding. Comments are due no later than 15 days from this ruling. Replies are due no later than five days thereafter. I anticipate that the SGIP Working Group's and the Energy Division's recommendations, and parties' comments will be addressed in a Commission decision.

**IT IS RULED** that:

1. Comments on the Self-Generation Working Group's and the Energy Division's recommendations for the Program Modification Requests, and the Energy Division's proposal to change the PMR evaluation process shall be filed within 15 days from the date of this ruling. Reply comments shall be filed no later than five days after the comments.

2. The Process Office shall serve a copy of this ruling to the parties on the service list for Rulemaking (R.) 98-07-037 as well as R.08-03-008.

Dated April 4, 2008, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey  
Assigned Commissioner

**INFORMATION REGARDING SERVICE**

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated April 4, 2008, at San Francisco, California.

/s/ ELIZABETH LEWIS

Elizabeth Lewis