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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION
ITEM # 30 I.D.# 6916
RESOLUTION E-4114
September 6, 2007

R E S O L U T I O N

Resolution E-4114. Pacific Gas and Electric Company's (PG&E) and Southern California Edison (SCE), on behalf of all California Solar Initiative (CSI) Program Administrators, including the California Center for Sustainable Energy (CCSE), propose a set of modifications for the CSI Program Handbook aimed at streamlining CSI Program administration and making other Handbook changes to conform to regulatory decisions.

By PG&E Advice Letter 3087-E, SCE Advice Letter 2138-E (filed on July 17, 2007), PG&E Advice Letter Supplement 3087-E-A, and PG&E Advice Letter Supplement 3087-E-B (which were both filed on July 23, 2007.)

SUMMARY

PG&E and SCE propose CSI Program Handbook Revisions Designed to Streamline the Application Process and Reflect Regulatory Decisions.

This Resolution approves the proposed changes to the CSI Program Handbook and shortens the comment and reply period to this Resolution. In approving these proposed changes to the CSI Program Handbook, the CPUC responds quickly to the concerns of the California solar industry. The change from the Self-Generation Incentive Program (SGIP) and Emerging Renewables Program (ERP) to the CSI on January 1, 2007, introduced a number of administrative changes to the solar incentive program in the State, and some of these administrative requirements are simplified herein. The CSI Program continually works with solar industry stakeholders to address their concerns, and the changes proposed herein are the outcome of feedback received from the solar industry.

- PG&E and SCE's proposed changes conform with CPUC decisions and Sections 25405.5 and 25405.6, and Chapter 8.8 to Division 15 of the Public Resources Code, and Sections 387.5 and 2851 of the Public Utilities Code.
- PG&E and SCE's proposed changes, when not directly related to either CPUC decisions or California State Law, are in the spirit of the goals of the CSI Program and further the goal of achieving 3,000 MW of installed distributed generation solar by 2017.
- Comments to this Resolution shall be returned to the CPUC no later than 5 p.m. Pacific Standard Time on August 27, 2007, with Reply Comments being submitted no later than August 31, 2007, by 5 p.m. Pacific Standard Time.

BACKGROUND

PG&E and SCE propose CSI Program Handbook Revisions Based on CSI Program Forum.

On August 24, 2006, the CPUC issued Decision (D.) 06-08-028, which clarified the process for submitting subsequent revisions to the CSI Program Handbook. In discussion of this process, the CPUC also created a CSI Program Forum by stating:

“Consistent with our statements in D.06-01-042, we will create a CSI Program Forum, which will provide a public venue for interested parties to identify and discuss ongoing issues related to CSI administration and implementation. The purpose of forum meetings is to provide the opportunity for CSI stakeholders to fashion consensus-based revisions to the CSI Program Handbook. If the group achieves consensus, it may designate one of its members to file a proposed Handbook revision by Advice Letter with the Energy Division, which should be served on the service list of this or any successor rulemaking. If the group achieves consensus for more substantive program modifications that go beyond the level of the Program Handbook, it may designate a member to file a petition to modify a Commission order related to CSI.” (D.06-08-028, p.66)

In the first few months of program start-up after January 1, 2007, Program Administrators were contacted by parties with numerous suggestions for

program simplification. The Program Administrators responded to these suggestions by bringing a set of administrative changes to the quarterly Program Forum on June 29, 2007. These changes were well received by the solar community, and as a result, the Program Administrators jointly agreed on the changes to the Program Handbook proposed herein.

Summary of Proposed CSI Program Handbook Revisions

The goal of this set of CSI Program Handbook changes is to simplify and streamline the application process for CSI solar projects. The changes proposed in PG&E AL 3087-E (jointly filed as SCE AL 2138-E) are listed below. The changes proposed in the two PG&E supplements (PG&E AL 3087-E-A and 3087-E-B) are also listed below. The sections of the CSI Program Handbook that are modified by each item are indicated in parenthesis at the end of the item.

Summary of AL 3087-E and 2138-E:

- **System Description Worksheet:** This proposed modification to the CSI Program Handbook removes the requirement that residential and non-residential systems under 10 kW submit a solar system description worksheet with their initial CSI incentive application. After this modification, the only systems that will submit this documentation are non-residential systems of 10 kW or greater. (CSI Program Handbook, Sec. 4.7.1.3)
- **Application for Interconnection:** This proposed modification to the CSI Program Handbook removes the requirement that residential and non-residential systems under 10 kW submit an application for interconnection to the grid at the same time as their initial incentive application. After this modification, the only systems that have to submit this documentation will be non-residential systems of 10 kW or greater. CSI Program participants must still submit an interconnection agreement if required by the utility, but for those participants in the above category, submission of this agreement can be submitted at any time, though no incentive payment will be made until the agreement has been submitted. (Sec. 4.7.1.8.)
- **Electrical System Sizing Documentation:** A current requirement of the CSI Program is that the solar system must be sized so that the amount of electricity generated is not greater than the customer's electrical needs at the site of the installation. All systems currently submit system sizing documentation to show

that the system is not greater than on-site load. The proposed modification removes the requirement of system sizing documentation for systems of 5 kW or less. (Sec. 4.7.1.4)

- **Advanced Reservation prior to Interconnection:** This proposed modification removes the CSI Program Handbook requirement that requires CSI participants to have an incentive reservation approved by their CSI Program Administrator prior to obtaining interconnection agreement for their proposed solar system. (Sec. 2.1.1)
- **Self-Installations:** The proposed clarification to the CSI Program Handbook adds additional language in Section 2.1.4 to indicate that self-installations of solar energy systems are eligible for CSI program incentives. (Sec. 2.1.4)
- **Performance Monitoring and Reporting Services (PMRS):** The proposed modification to the CSI Program Handbook clarifies the fact that all CSI Program participants must submit a copy of either an executed PMRS Contract or proof that the customer cannot meet the cost cap included with the Incentive Claim Form package. (Sec. 4.7.3)
- **Time of Use Rates:** The proposed modification to the CSI Program Handbook reflects changes to the time-of-use (TOU) requirement, in accordance with D.07-06-014 and recent State Law (2007 Assembly Bill 1714). This modification temporarily removes the requirement that all participants in the CSI Program take a TOU rate until a next TOU rate is developed by the three investor-owned utilities (IOUs: PG&E, SCE, and San Diego Gas and Electric) in each IOU's next General Rate Case. (Sec. 2.8)
- **CSI Trigger Incentive Mechanism:** This proposed clarification to the CSI Program Handbook indicates that any MWs of capacity that are reserved at a specific Incentive Trigger Level that remain unused due to reservation cancellation (or project dropouts) will be reallocated to the particular Administrator's current Incentive Trigger Level, in accordance with D. 07-05-007. (Sec. 3.1)
- **Expected Performance Based Buydown (EPBB) Incentive Calculator:** This proposed modification to the CSI Program Handbook finalizes the rules surrounding the calculation of EPBB incentives. It states that the incentive calculation methodology may be changed over the course of the CSI Program

and that these changes may impact the value of EPBB incentives for participants who have not yet received an incentive reservation confirmation letter. (Sec. 3.2)

- **Minor Modifications:** The AL proposes a number of minor modifications and clarifications to the CSI Program Handbook that correct typographical errors, formatting, and rewording for additional clarity.

- **Name Change:** The proposed modifications to the Program Handbook include a name change for one of the CSI Program Administrators. The San Diego Regional Energy Office (SDREO) has changed its name to the California Center for Sustainable Energy (CCSE). The CSI Program Handbook has been updated to reflect this organizational name change.

PG&E submitted two supplemental Advice Letters on July 23 on its own behalf and that of California Center for Sustainable Energy (CCSE) to remove insurance requirements in the handbook. The first, 3087-E-A, requests lifting all insurance requirements in Section 2.6.2 for installers. The second 3087-E-B, requests removing all insurance requirements for all host customer and system owners in Section 2.6.1 and insurance requirements for Governments in Section 2.6.3.

AL 3087-E-A:

- **Installer Insurance Requirements:** The proposed modification to the CSI Program Handbook removes the insurance requirement for installers. (Sec. 2.6.2). This modification does not eliminate the insurance requirement for the host customer or system owner. (Sec 2.6.2)

AL 3087-E-B

- **Installer Insurance Requirements:** The proposed modification to the CSI Program Handbook removes Section 2.6, Insurance Requirements (including Sections 2.6.1, 2.6.21, and 2.6.3), in its entirety, from the CSI Program Handbook. This modification eliminates all insurance requirements for the installer, as well as homeowner liability insurance for the host customer and system owner. (Sec 2.6)

Note: There are currently some insurance requirements through the interconnection process, depending on the IOU. PG&E's AL does not change the interconnection insurance requirements, just the CSI rebate application process.

NOTICE

Notice of AL 3087-E, 3087-E-A, and 3087-E-B was made by publication in the Commission's Daily Calendar on July 20, 2007 and July 27, 2007, respectively. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section III-G of General Order 96-B.

PROTESTS

Advice Letter 3087-E was protested by the Coalition of California Utility Employees (CUE) on July 27, 2007. CUE is concerned that the changes proposed regarding self-installation of solar energy systems are incomplete and do not adequately protect the health and safety of utility workers and the public at large. CUE supports allowing self-installed solar photovoltaic systems to be eligible for funding under the CSI program, if the applicant is a qualified State certified electrician. CUE argues that allowing non-certified electricians to self-install solar photovoltaic systems undermines the Commission's objective of ensuring safety and maximizing system performance. CUE references Section 3099 of the Labor Code that requires by January 1, 2007, all electricians working for electrical contractors in the State of California must be state certified, as the legal precedent for their argument.

PG&E replied to CUE on July 31, 2007, stating that it shares CUE's concerns regarding the safety of utility workers as well as self-installers. PG&E also stated in their reply that proposed CSI Program Handbook changes are consistent with current law and regulatory direction and as a result supports the proposed changes as an interim approach that may be revisited by the California Energy Commission (CEC) at a later date in its development of CSI eligibility criteria and conditions for incentives.

DISCUSSION

In D.06-08-028, the Commission set forth a protocol for updating the CSI Program Handbook, in order to modify and conform the CSI Program rules and guidelines into line with on-going regulatory, legal, and market activity. PG&E and SCE have submitted ALs, and PG&E has submitted two supplemental ALs proposing a set of changes to the CSI Program Handbook. CPUC staff finds that

these ALs conform to the word and intent of D.06-08-028. The purpose of these AL filings is to implement a set of changes to the CSI Program Handbook that are aimed at streamlining the administration of the CSI Program and reducing the administrative burden of the CSI Program on participants. The changes represent a collaborative effort between stakeholders, the Program Administrators and CPUC staff to achieve the above mentioned goals.

Energy Division staff were present at both the April and June 2007 CSI Program Forums, and they heard concerns from the solar community about these issues, particularly the insurance requirements. Moreover, a host of concerns have been submitted to the CPUC staff regarding the quantity of required CSI documentation. Staff concur that the proposal and its supplements will help reduce administrative requirements and paperwork in the CSI program. With regard to self-installation, staff note that the proposal conforms to previous practice in the CEC Emerging Renewables Program to allow host sites to self-install their PV systems.

With regards to the protest filed by CUE, Section 3099 of the Labor Code is not inconsistent with permitting self-installers of solar energy systems to receive monetary incentives for the installations of those systems. Labor Code Section 3099 governs the required certifications of electricians. Pursuant to Labor Code Section 3099.2 (3)(b), California State certification is required only for those persons who perform work as electricians for contractors licensed as Class C-10 electrical contractors. These regulations do not pertain to self-installers of solar energy systems. Sections 25781 and 25782 of the Public Resources Code specifically deal with eligibility to receive monetary incentives for the installation of solar energy systems. These sections do not conflict with the proposed changes to the CSI Program Handbook regarding the self-installation of solar energy systems. PG&E and SCE's approach to dealing with self-installation of solar photovoltaic systems is consistent with current law and regulatory direction. CPUC affirms PG&E and SCE's approach and accepts their proposal for dealing with self-installation of solar photovoltaic systems.

In accepting the changes proposed in these ALs, the CPUC is responding quickly to the concerns of the solar industry. Furthermore, the CPUC recognizes that until these changes are reflected in the CSI Program Handbook, there will remain a degree of uncertainty regarding the CSI Program rules and guidelines. As a result, CPUC seeks to move this resolution towards Commission action in as expeditious manner as possible. For this reason, the CPUC is reducing the

comment period and reply comment period for this resolution is to allow the matter to be dealt with at the September 6, 2007, Commission meeting.

COMMENTS

Public Utilities Code section 311(g) (1) requires that draft resolutions be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g) (3) provides that this 30-day period may be reduced or waived pursuant to Commission adopted rule.

The 30-day comment period for this resolution has been reduced in accordance with the provisions of Rule 14.6 (b). Rule 14.6(b) provides that the Commission may waive or reduce the comment period for a decision when all parties so stipulate. The Commission has requested and received written consent from all parties to shorten the 30-day period for public review and comment.

“(b) The Commission may reduce or waive the period for public review and comment on proposed decisions, draft resolutions and alternates, where all the parties so stipulate.” (Sec 14.6 (b) CPUC Rules of Practice and Procedure)

Thus, pursuant to Rule 14.6 (b), we provide for a shortened comment period. As a result, comments on this Resolution shall be submitted to the CPUC no later than August 27, 2007, with reply comments submitted no later than August 31, 2007. Two parties, the Solar Alliance and the California Center for Sustainable Energy, filed comments to draft Resolution E-4114. One party, Southern California Edison, filed reply comments. Comments were filed on August 27, 2007 and reply comments were filed on August 31, 2007. The Solar Alliance commented that they supported support draft Resolution E-4114. The California Center for Sustainable Energy provided language to clarify the intent of the proposed CSI Handbook changes included in AL 3087-E /AL 2138-E. Southern California Edison noted that while they support the removal of insurance requirements for CSI installations, it should be clarified that the insurance requirements for interconnection differ between utilities. While Pacific Gas and Electric and San Diego Gas and Electric have interconnection process insurance requirements, Southern California Edison has no such requirements in place. The three sets of comments do not protest or seek to modify draft Resolution E-4114.

FINDINGS

1. By PG&E Advice Letter 3087-E and SCE Advice Letter 2138-E filed on July 17, 2007, and PG&E Advice Letter Supplements 3087-E-A and 3087-E-B filed on July 23, 2007, PG&E and SCE propose modification to the CSI Program Handbook.
2. CUE submitted a protest dated July 27, 2007, on PG&E AL 3087-E and SCE AL 2138-E. CUE objects to the change to the CSI Program Handbook in section 2.1.4, relating to self-installation of solar photovoltaic systems because the rules represent a danger to utility workers and the public.
3. PG&E submitted a response to the protest on July 31, 2007, stating that the proposed change to section 2.1.4 is consistent with current law and regulatory direction.
4. All parties to the ALs (PGE, SCE and CUE) have agreed to a reduced comment and reply comment period.

THEREFORE IT IS ORDERED THAT:

1. The request of PG&E and SCE to update the CSI Program Handbook pursuant to Attachment 1 of PG&E AL 3087-E and SCE AL 2138-E and PGE AL Supplements 3087-E-A, and 3087-E-B as notified in Advice Letter 3087-E, 2138-E, 3087-E-A, and 3087-E-B is approved effective as of the date of this resolution. The Energy Division will incorporate the CSI Program Handbook changes approved herein, and the Energy Division will reissue a new CSI Program Handbook in September 2007.
2. The protest of CUE is denied because Labor Code Section 3099 does not pertain to the self-installation of solar energy systems and the proposed changes to the CSI Program Handbook regarding the self-installation of solar energy systems do not conflict with State Law.
3. The 30-day period for public review and comment of this resolution is reduced to 10 days for comment and 4 days for reply comment, with effective

due dates of August 27, 2007 for comment and August 31, 2007 for reply comment.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 6, 2007; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director