STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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TO PARTIES OF RECORD IN RULEMAKING 20-05-012:

This is the proposed decision of Commissioner Karen Douglas. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's March 7, 2024 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ MICHELLE COOKE
Michelle Cooke
Chief Administrative Law Judge

MLC:smt/jnf

Attachment

Decision **PROPOSED DECISION OF COMMISSIONER DOUGLAS**
(Mailed 2/2/2024)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the Self-Generation Incentive Program and Related Issues.	Rulemaking 20-05-012

DECISION IMPLEMENTING ASSEMBLY BILL 209 AND IMPROVING SELF-GENERATION INCENTIVE PROGRAM EQUITY OUTCOMES

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DECISION IMPLEMENTING ASSEMBLY BILL 209 AND IMPROVING SELF- GENERATION INCENTIVE PROGRAM EQUITY OUTCOMES

Summary

This decision allocates $280 million from the Greenhouse Gas Reduction Fund to the Self-Generation Incentive Program (SGIP) Residential Solar and Storage Equity budget and makes programmatic changes to improve SGIP and provide the framework for the new budget category, eligibility requirements, and administration. Funds will be allocated to the existing SGIP program administrators (PAs) and one new PA to serve customers of Los Angeles Department of Power and Water (LADWP) as follows:

AB 209 Fiscal Year (FY) 2023-24 Funding Allocation:

Program Administrator	Total FY 23-24 Funds (in $ millions)	Percentage, rounded (%)
Pacific Gas and Electric Company (PG&E)	$110	39%
Southern California Edison Company (SCE)	$97	35%
LADWP	$36	13%
Center for Sustainable Energy (CSE) for San Diego Gas & Electric Company (SDG&E)	$22	8%
Southern California Gas Company (SoCalGas)	$15	5%
Total	**$280**	**100%**

Eligibility criteria for low-income residential customers are modified to:

- Eliminate requirements to reside in a deed restricted or resale restricted residence for single family low-income housing; and
- Expand categorical eligibility for SGIP equity budget incentives to customers participating in California

Alternate Rates for Energy, Family Electric Rate Assistance Program, and Energy Savings Assistance Program.

Other program modifications include:

- Develop a proposal for 50 percent upfront payments for Solar and Energy Storage for eligible low-income household SGIP projects after confirming customer and project eligibility and the appropriate credentials of the developer and adding additional costs (inverters) that are eligible for incentives.
- Funding set-aside for customers living on tribal lands and enrolled members of California Tribes.
- Raising maximum storage incentive level for the Residential Solar and Storage Equity budget from $.85/Wh to $1.10/Wh, setting the solar incentive at $3.10/W for both single-family and multifamily projects, and raising the maximum storage incentive level for the San Joaquin Valley Residential budget category at to $1.10/Wh;
- Transitioning Net Energy Metering 1.0 and 2.0 customers that apply for SGIP incentives (in any budget category except Residential Solar and Storage Equity and San Joaquin Valley Residential) to the Net Billing Tariff (NBT) and requiring new SGIP applicants that install solar to enroll in the NBT.
- Requiring all new SGIP incentive recipients to enroll in a qualified Demand Response program as described in Appendix E;
- Reallocating $80 million of ratepayer funds from the Generation budget category to the Large-Scale Storage budget ($40 million) and the Small Residential Storage budget ($40 million); and
- Providing a $0.10/Wh 'adder' for any projects meeting Resiliency eligibility criteria for the Small Residential Storage budget category.

This proceeding remains open.

1. Background

1.1. SGIP Overview

The California Public Utilities Commission (Commission) established the Self-Generation Incentive Program (SGIP) in Decision (D.) 01-03-073 in response to Assembly Bill (AB) 970 (Ducheny, Stats. 2000, Ch. 329). AB 970 directed the Commission to provide incentives for distributed generation resources to reduce peak energy demand. Since 2001, the Legislature has refined and extended the SGIP several times.[1] Over the years, the program focus has transitioned from peak-load reduction to include greenhouse gas (GHG) reductions. More recently, resiliency has been added as climate change has moved to the forefront of statewide public policy. Currently, the SGIP provides financial incentives for the installation of eligible behind-the-meter (BTM) distributed generation and energy storage technologies that meet all or a portion of a customer's electricity needs. To date, the SGIP has been funded by California's ratepayers and managed by Program Administrators (PAs) representing California's four major investor-owned utilities (IOUs). All PAs are responsible for receiving applications, monitoring budget categories, verifying the installation of systems at customer sites, awarding incentives, contracting for measurement and evaluation, and

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[1] Notably, AB 1685 (Leno, 2003), AB 2778 (Lieber, 2006) and SB 412 (Kehoe, 2009) collectively shifted SGIP's focus from peak demand reduction towards reducing criteria pollutants and GHG emissions. SB 861 and AB 1478 authorized SGIP collections through 2019 and administration through 2020 and required several other changes. AB 1637 (Low, 2016) authorized the Commission to double annual collections through 2019 as compared to calendar year 2008. SB 700 (Wiener, 2018) authorized the Commission to extend annual ratepayer collections for the SGIP from December 31, 2019, to December 31, 2024, by up to $166 million annually and to extend administration of the program from January 1, 2021, to January 1, 2026. AB 1144 (Friedman, 2019) required the Commission to allocate at least 10 percent of annual SGIP ratepayer collections for the 2020 calendar year for the installation of energy storage and other distributed energy resources for customers that operate critical facilities or critical infrastructure serving communities in High Fire Threat Districts (HFTDs) to support resiliency during de-energization events.

conducting marketing, education, and outreach. As of January 2024, the SGIP has incentivized the installation of 1.74 GWh in capacity and completed 47,778 projects.

In 2017, D.17-10-004 established the SGIP Equity Budget to provide funding for BTM storage for low-income and disadvantaged Californians. The SGIP Equity Resiliency Budget was established in 2019 by D.19-09-027. The goal for this budget category was to provide critical resiliency needs to Californians living in areas heavily impacted by wildfires who are medically vulnerable, low-income, or disadvantaged. From 2020 onwards, the SGIP has heightened its focus on equity and customer resiliency as wildfire threats have compelled utilities to exercise their authority to carry out public safety power shutoffs (PSPS).

In 2020, pursuant to SB 700 (Wiener, 2018), the Commission issued D.20-01-021, which authorized the collection of ratepayer funds totaling $166 million per year from 2020 to 2024 across the four IOUs for SGIP. This decision also increased the financial incentive budget for energy storage technologies to 88 percent of total SGIP funding. Most of the storage budget (63 percent of the total SGIP budget) was allocated to the equity resiliency budget category with incentives at $1 per watt-hour (Wh) of capacity. The SGIP ratepayer-funded budget is currently allocated among large-scale storage,[2] small residential storage, residential storage equity, non-residential storage equity,[3] equity resiliency, San Joaquin Valley residential and non-residential,[4] heat pump

[2] Includes residential storage greater than or equal to 10 Kw.

[3] The 2020-2024 authorized collections suspend further collections for non-residential equity storage once existing carryover is exhausted.

[4] Pursuant to D.19-09-027, SJV Pilot Program has a $10 million set-aside funded from SCE and PG&E's unused non-residential equity budget.

water heater, and renewable generation. This decision will primarily address the residential storage equity SGIP budget category.

1.2. Requirements of AB 209

In September 2022, Governor Newsom signed AB 209. This legislation amends the Public Utilities Code Section 379.6[5] to remove the requirement that the Commission administer solar technologies separately from other technologies in the SGIP. AB 209 also adds Section 379.10 to provide funding for combined solar and storage incentives to California residential customers. The Commission is directed to use AB 209 funds for all California residential customers, including those receiving service from a local publicly owned electric utility (POU) or other electricity provider. AB 209 funding is targeted to achieve specific outcomes for all Californians who install BTM energy storage systems or solar photovoltaic systems paired with energy storage systems. Among these outcomes are increasing individual customer resiliency, reducing the electrical grid's net peak demand, reducing electric ratepayer costs, and reducing emissions of greenhouse gases and localized air pollution.

Initially, the Budget Act of 2022 included $900 million for the SGIP with 70 percent of the funding reserved for eligible low-income customers and 30 percent for general market customers.[6] In the 2023 Budget, the $900 million budget was reduced to $630 million and spread over three fiscal budget years.

AB 102, Stat., of 2023, Ch. 38 amended the Budget Act of 2023[7] and was passed by the California Legislature on June 27, 2023, and signed into law by the

[5] All statutory references are to the Public Utilities Code unless otherwise stated.

[6] 2022 Budget Addendum, https://ebudget.ca.gov/2022-BudgetAddendum.pdf.

[7] AB 102 (2023), https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB102; SB 101

Footnote continued on next page.

Governor on July 10, 2023. AB 102 allocated $280 million to the Commission in Fiscal Year (FY) 2023-24.[8] Any allocations in future fiscal years are dependent on future budget bill negotiations, adoption by the Legislature and signature by the Governor. Due to the intersecting timelines of these steps in the State budget process and the Rulings issued by the Commission regarding AB 209, some party comments reference the original budget figure, others the final allocated amount, and still others to the potential future amounts. The Commission considered the comments submitted within this context and correspondingly provided multiple opportunities for party comment. A full accounting of the Procedural History follows in Section 1.3.

The $280 million provided in the 2023 Budget were appropriated from the Greenhouse Gas Reduction Fund (GGRF), which is where the State's portion of the Cap-and-Trade auction proceeds are deposited. The California Air Resources Board (CARB) has developed guidance for all state agencies that receive appropriations from the GGRF.[9] All SGIP PAs must ensure that AB 209 funded projects will be required to comply not only with requirements established by the Commission, but also CARB requirements, which may include and are not limited to program administration, project reporting, marketing, and evaluation.

AB 102 provides that of the $280 million currently appropriated, up to five percent may be used for administrative costs. In addition, the Commission is

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(2023) Budget Act of 2023, https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB101.

[8] The 2024-25 Governor's Budget released January 10, 2024, proposes allocating the remaining $350M in future fiscal years. The proposed future allocations are $50 million in FY 2024-25, $100 million in FY 2025-26, $100 million in FY 2026-27, and $100 million in FY 2027-28.

[9] California Climate Investments, https://ww2.arb.ca.gov/our-work/programs/california-climate-investments/about.

required to allow reservations for incentives in future years. SB 123[10], a trailer bill, passed by the Legislature on June 27, 2023, and signed by the Governor on July 10, 2023, amended Section 379.10 to clarify that the AB 209 incentives are exclusively for eligible low-income residential customers, including those receiving service from a local POU, who install BTM energy storage systems or solar photovoltaic systems paired with energy storage systems. The new funds allocated to the Commission were made available starting in FY 2023-2024, which began on July 1st, 2023. The funds are available for encumbrance or expenditure until June 30, 2026, and are available for liquidation until June 30, 2028.[11]

The text of Section 379.10 is attached to this decision as Appendix C.

1.3. Procedural History

On October 26, 2022, the assigned Commissioner issued a ruling seeking party comments on a variety of implementation issues related to the AB 209 funding (AB 209 October Ruling) as well as improvements to the overall SGIP program and specifically for low-income and Tribal customers.

On December 2, 2022, opening comments were filed by the following parties: California Energy Storage Alliance (CESA); California Solar and Storage Association (CALSSA); California Municipal Utilities Association (CMUA), Northern California Power Agency (NCPA), and Southern California Public Power Authority (SCPPA), (collectively, Joint POUs); Center for Sustainable Energy (CSE); ENGIE North America (ENGIE); Free Energy Savings Company

10 SB 123 (2022), https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240SB123.

11 AB 102 (2023), https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB102.

(Free Energy); GRID Alternatives (GRID); Ivy Energy (Ivy); East Bay Community Energy (EBCE), Marin Clean Energy (MCE), and Peninsula Clean Energy Authority (PCE), (collectively, Joint CCAs); Pacific Gas and Electric Company (PG&E); Public Advocates Office at the Commission (Cal Advocates); Southern California Edison Company (SCE); Solar Energy Industries Association (SEIA); and Southern California Gas Company (SoCalGas).

On December 16, 2022, reply comments were filed by the following parties: Cal Advocates, CESA, CMUA, CSE, CALSSA, Free Energy, Natural Resources Defense Council (NRDC), PG&E, Rural County Representatives of California (RCRC), SDG&E, SEIA, and SoCalGas.

After the final budget and Section 379.10 language were adopted, the Commission sought further stakeholder input. On July 12, 2023, the assigned ALJ issued a ruling seeking additional comments on AB 209 implementation and other SGIP program improvements (AB 209 July Ruling).

On August 1, 2023, opening comments to the ALJ's ruling were filed by CALSSA, CESA, CMUA, EBCE, SoCalGas, SEIA, PG&E, CSE, GRID, SDG&E, and SCE.

On August 11, 2023, reply comments were filed by PG&E, CSE, SDG&E, CMUA, Cal Advocates, SCE, SoCalGas, and CALSSA.

On September 7, 2023, the assigned ALJ issued a ruling providing notice of availability and admitting five previously published SGIP evaluation reports into the record of this proceeding. On September 22, 2023, GRID and SEIA filed opening comments on the ALJ's ruling. On October 9, 2023, CSE filed a motion asking the Commission to direct SDG&E to fully fund the SGIP program in its territory, including authorized budget of $15.5 million per year for program years 2001 – 2005, authorized budget of $11 million per year for program years

2012-2019, and relevant carryover funding so that the full authorized budget is utilized for the program. CSE included a request for a shortened response time to the motion pursuant to Commission Rule 11.1(f) and permission to file a reply to responses to the motion, On October 11, 2023, the assigned ALJ granted CSE's requests for shortened responses and replies. On October 16, 2023, SDG&E filed a response to CSE's motion. On October 23, 2023, CSE filed a reply to SDG&E's response. On October 31, 2023, the assigned ALJ issued a ruling directing CSE to continue to receive and process SGIP applications.

On November 8, 2023, the assigned ALJ issued a ruling setting a status conference, on November 14, 2023, with parties to the proceeding to explore two issues. CSE's motion and to hear from parties about the structure for administering POU customers who participate in the SGIP program. On November 9, 2023, the assigned ALJ issued a ruling providing an agenda for the status conference. The Los Angeles Department of Water and Power (LADWP) filed and was granted a motion for party status on November 14, 2023. On November 17, 2023, the assigned ALJ issued a ruling, setting dates for opening and reply comments for the status conference. On November 27, 2023, SDG&E, CSSA, SoCalGas, LADWP and CSE filed opening comments on the status conference issues. On December 1, 2023, San Diego Community Power filed a motion for party status which was granted on December 12, 2023. On December 4, 2023, SCE, CESA, LADWP, SDG&E, CMUA and CSE filed reply comments to the status conference issues.

2. SGIP Program Context

The intent of the SGIP program is to provide a statewide integrated approach to increasing individual customer resiliency, reducing the electrical grid's net peak demand, reducing electric ratepayer costs, and reducing emissions of greenhouse gases and localized air pollution. Historically, the SGIP has reached low-income customers at a much lower rate than customers qualifying through other eligibility pathways. This Decision addresses how the $280 million in new AB 209 funds are allocated to residential low-income customers and makes changes to existing SGIP budget categories. The decision also examines updates to other SGIP rules which apply universally to existing and future funds that may be appropriated and authorized for the SGIP. The AB 209 funding augments the current budget allocations for FY 2020-2024 established by D.20-01-021 from the four large IOUs' ratepayer collections.[12]

The Commission's goal is to ensure that the SGIP equity budget[13] investments bring positive economic and workforce development opportunities to the state's most disadvantaged communities; help reduce or avoid need to operate conventional gas facilities in these communities, and ensure low-income customers and non- profit or public sector organizations in disadvantaged or low-income communities have access to energy storage resources incentivized through SGIP.[14] The additional funding, authorized in the related budget bill for AB 209, coupled with the other programmatic changes adopted in this decision will further support these goals and ensure compliance with Section 379.10.

3. Issues Before the Commission

This decision addresses the following issues included in the AB 209 Scoping Ruling:

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[12] D.20-01-021 SGIP Revisions Pursuant to SB 700 and other Program Changes, https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M325/K979/325979689.PDF.

[13] The SGIP Equity Budget consists of the following: Residential Equity Solar and Storage, Non-Residential Equity Storage, Equity Resilience, San Joaquin Valley Residential, San Joaquin Valley Non-Residential.

[14] D.17-10-004 at Finding of Fact (FOF) 1 and 2; D.19-09-027 at 5.

1. Program administration for customers served by AB 209 SGIP funds.
2. AB 209 funding allocation across budget categories.
3. AB 209 funding allocation for administration, marketing, education & outreach (ME&O), measurement and evaluation (M&E), and incentives.
4. Updating eligibility criteria across SGIP budget categories.
5. Incentive levels for low-income customers.
6. Upfront system costs.
7. Program Structure: IRA Tax Credit, Demand Response, Net Billing Tariff, TOU Rates, Funds Shifting.
8. Operational Requirements: Advice Letter Requirements.
9. Updating the General Market budget.
10. Improving access for Tribal customers.
11. Other Programmatic Improvements.

The determinations made in this decision aim to reduce obstacles for low-income residential customer participation in the SGIP, allocate the new AB 209 funds in an equitable and efficient manner, and improve program processes and outcomes for all SGIP customers.

For each of the issues identified above, the sections below will provide an overview of the issue, a brief summary of the relevant party comments about the issue, and a discussion section explaining the rationale for the Commission's resolution for each issue.

4. AB 209 Funding Allocation to SGIP

The Commission authorizes allocation of $280 million appropriated from the GGRF to five PAs using the existing Residential Storage Equity budget, renamed as the Residential Solar and Storage Equity budget and as modified by this Decision. The Commission will use the California Environmental Protection

Agency's (CalEPA's) CalEnviroScreen (CES) poverty indicator as the allocation criteria for determining each PA's share of the AB 209 funds. The funds will be split into authorized percentages for the different program functions of incentives, administration, ME&O, and M&E. Per requirement of AB 102 PAs shall allow reservations for future year AB 209 SGIP incentives subject to appropriation by the legislature.

4.1. Program Administrators for AB 209 Funding

4.1.1. Overview

The Commission considered how the AB 209 funds should be administered, with the new statutory requirement to make these SGIP incentives available to eligible low-income residential customers, including those of POUs and rural electric cooperatives as defined in Section 224.3. Previously, SGIP was available only to customers of IOUs who funded the program through ratepayer collections (including gas IOU customers who are also electric POU customers).

Parties have provided comments on varying approaches for which electric Load Serving Entities (LSEs) should be allocated funds to serve as PAs and what the methodology should be to determine their allocation. The Commission also convened a status conference on November 14, 2023, to solicit additional party input about how best to structure the SGIP program administration for customers of POUs, rural electric cooperatives and other LSEs.

4.1.2. Party Comments

Party comments on the AB 209 July Ruling concerning how to administer POU and non-IOU customers under the current SGIP program structure were varied. Parties that supported relying on the existing SGIP PAs for administration contended that this approach avoided the time needed and administrative complexity to establish a new PA. Moreover, avoiding creating a new PA unfamiliar with Commission policies, would give customers access to incentives more quickly and provide a more efficient application review process. Parties that supported establishing new PAs pointed out that POUs may have better knowledge of and relationships with their customers, and that allocating funds to smaller LSEs may guarantee that those funds made it to their own customers.

PG&E's comments supported having each existing IOU PA serve POUs and all new statewide customers.[15] SoCalGas's comments also endorsed having the existing PAs administer AB 209 funding for POU customers as "the only reasonable way the anticipated demand for these funds can be effectively managed."[16] SCE's comments stated that the Commission should allow the existing SGIP PAs to administer AB 209 funds to their current customers. SCE further noted that "developing a new POU PA in [areas where an existing gas utility SGIP PA overlaps with an electric POU service area] would likely entail additional time and resources compared to implementing AB 209 funding through the SGIP PAs already promoting SGIP in those areas, and who have the experience and infrastructure of deploying incentives through SGIP."[17]

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[15] Opening Comments of PG&E in Response to Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 2, 2022, at 5 and 21.

[16] Opening Comments of Southern California Gas Company on Assigned Commissioner Ruling Seeking Comment on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 2, 2022, at 24.

[17] Opening Comments of Southern California Edison on the Administrative Law Judge's Ruling Setting Comments and Replies to Status Conference Issues, November 27, 2023, at 2.

Free Energy's comments agreed with IOU comments supporting keeping existing SGIP PAs through the start-up of AB 209.[18] Free Energy states that, "suggestions of CMUA/POUs, Grid Alternatives, CALSSA to consider changes to the IOU-selected PAs should, if so desired, be evaluated after the mid-2023 AB 209 roll-out."[19] In earlier comments, Free Energy stated that "using current SGIP PAs is preferable since there is a significant learning curve and startup effort needed to develop a new PA."[20]

CALSSA's comments acknowledged that:

> LADWP mentioned (at the November 14, 2023, status conference) it would take them a year to establish the infrastructure to administer the AB 209 funds, this timeframe was significantly longer than the amount of time the existing PAs claimed they needed (to provide AB 209 funds to customers). CALSSA argued that it seemed unfair to the low-income customers in LADWP's service territory that would be eligible for AB 209 funds but would have to wait while the utility sets up the administrative infrastructure to manage access to these funds.[21]

On the other hand, some parties felt that the existing IOUs should not manage SGIP for POU customers. GRID Alternatives' comments supported

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[18] Reply Comments of Free Energy Savings Company, LLC on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 16, 2022, at 9.

[19] *Ibid*.

[20] Opening Comments of Free Energy Savings Company LLC on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 2, 2022, at 18.

[21] Opening Comments of the California Solar & Storage Association on the Administrative Law Judge's Ruling Setting Comments and Replies to Status Conference Issues, November 27, 2023, at 3.

either the POU itself or a third-party program administrator be permitted to serve POU customers.[22]

LADWP strongly advocated to serve directly as the PA for its electric service territory at the status conference.[23] LADWP asserted that it is well positioned to provide meaningful input to the Commission on how to design, implement, and operate SGIP in a way that benefits low-income customers.[24] LADWP mentioned their experience as administrator for multi-million dollar solar and energy efficiency programs as qualification for its ability to assume the PA role for AB 209 SGIP funds.[25] CMUA stated that POUs should have discretion over the funds that may go to incentives for their own customers. CMUA also advocated for POUs to have the options to join an existing PA, to use a third-party administrator individually or in coordination with other POUs, or to serve as their own PA.[26]

4.1.3. Discussion

After considering party comments, the Commission will allocate the $280 million in AB 209 funding to the existing four PAs and a new PA to be established by LADWP. All electric territories across the State will be assigned to one of the existing PAs and LADWP electric customers will be assigned to the

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[22] Opening Comments of Grid Alternatives on Assigned Commissioner Ruling Seeking Comment on Improving Self-Generation Incentive Program Equity Outcomes and Assembly Bill 209 Implementation, December 2, 2022, at 14.

[23] Opening Comments of the Los Angeles Department of Water and Power on the Administrative Law Judge's Ruling Setting Comments and Replies to Status Conference Issues, November 27, 2023, at 5.

[24] *Id*. at 6.

[25] *Ibid*.

[26] Opening Comments of the California Municipal Utilities Association on the Administrative Law Judge's Ruling Setting Comments and Replies to Status Conference Issues, November 27, 2023, at 3.

new LADWP PA. We have made program administrator assignments using the list of LSEs in California maintained by the CEC; these assignments are included in Appendix D.

This approach seeks to strike a balance between delivering AB 209 incentives to income eligible customers as quickly as possible given statutory time constraints[27], and the interest from some POUs to implement their own SGIP program, which may take additional time and consideration. A key consideration that informed this decision is the size of each POU's territory and their proportional share of AB 209 funding. The Commission allocated each POU its proportional share of AB 209 funding based on the methodology described in section 4.2. The analysis showed that POUs with a comparatively smaller service territory may not receive enough to justify the creation of a new PA and in some cases reduces the pool of project incentives such that it serves few or no customers at all. Considering this, and the statutory time constraints, the Commission believes that for this allocation of funding (i.e., $280 million) the POUs benefit from being part of a larger PA. This approach is also consistent with how the PAs already administer SGIP to a number of POU customers where Commission-jurisdictional electric IOUs make SGIP available to their gas customers even if those customers receive electric service from a POU (e.g. Sacramento Municipal Utility District operating in PG&E territory).

While we do not adopt the proposal of some parties to grant every POU the discretion to select a PA, the Commission may consider pathways for POUs to bring forward proposals to change or establish new PAs in the future. The Commission acknowledges the comments raised by parties that supported

[27] AB 102 (2023), https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB102.

establishing new PAs that allocating funds to smaller LSEs may guarantee that those funds make it to their own customers. To address this, the Commission will require that PAs who serve their own electric customers and customers of other electric LSEs be required to ensure that a proportionate share of their incentive allocations are available only to electric customers of POUs. The proportionate shares are identified in Appendix F. This approach provides POUs with certainty that they will have access to their proportional share of AB 209 dollars even though they will largely not administer the program themselves or receive allocated funds directly. To operationalize this, the SGIP application process will be updated to require applicants to indicate the electric LSE serving the customer. In this decision, the terms "Applicant" or "applicant" is the person or entity that is responsible for completing and submitting the SGIP application and serves as the main point of contact for the Program Administrator throughout the application process.[28] Developers are the corporate entity registered and in good standing with the Secretary of State of California that handles a substantial amount of the project's development activities.[29] Knowing the LSE serving an SGIP customer will help PAs track them in the SGIP database.

Regarding LADWP, we find it appropriate to allow it to establish an independent PA. As discussed earlier, the Commission must strike a balance between delivering project incentives to customers in a timely manner and considering additional PAs. The Commission recognizes that LADWP may need some time to stand up an independent PA and develop implementation strategies that align with SGIP program handbook. However, because LADWP

[28] SGIP Handbook at 30, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/self-generation-incentive-program/2023-sgip-handbook-v3.pdf.

[29] *Ibid.*

has a significant low-income population, has expressed a readiness to stand up a program in a timely manner, and will have a proportional share of AB 209 dollars that is sufficient to adequately support a new PA and project incentives, it is appropriate for it to have the option to establish its own PA.

We require LADWP to file a Tier 2 AL for approval from the Commission of its final selection of a new PA and its plan for offering the SGIP AB 209 incentives in its territory. The AB 209 SGIP incentives shall be open for customer applications in the LADWP territory within 12 months of adoption of this Decision. Staff from LADWP should begin attending SGIP PA Working Group meetings as soon as possible to begin learning about the program features and administrative processes already in place. The LADWP PA is required to use the SGIP Handbook and will have the same authorization as existing PAs to propose Handbook modifications, updates, and PA-specific sub-sections, in accordance with Commission Decisions. The LADWP PA will also be required to use the existing SGIP database, contribute administrative funds for joint PA purposes, participate in the M&E plan, and fulfill other requirements that apply to all SGIP PAs, as appropriate.

The Commission determines the following regarding the allocation of funding authorized for AB 209:

a. All SGIP PAs and SGIP participants, which includes manufacturers, developers, applicants and host customers, are required to comply with all program and reporting requirements set by the Commission in its oversight role of funds allocated by the Legislature under the GGRF for AB 209. This includes fulfilling requirements developed by CARB for state agencies that administer these funds.[30]

[30] CARB Funding Guidelines for California Climate Investments, https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/2018-funding-guidelines.pdf

b. To the extent not modified in this Decision, the AB 209 funds shall be subject to existing SGIP rules for the Residential Storage Equity budget category.

c. To avoid commingling of funds, the PAs must establish budget accounts to track the AB 209 funds separately from ratepayer funds.

d. The PAs must return to the Commission any unspent AB 209 funds by June 30, 2028, in line with the statutory requirement for the Commission to liquidate these funds.

e. All new rules adopted in this Decision also apply to new applications for remaining ratepayer funds, unless otherwise specified.

f. For any omissions of customers or LSEs not identified in the PA assignments spreadsheet in Appendix D, those customers will be served by PG&E.

g. All PAs must track which electric LSE serves the customer associated with each SGIP application in the SGIP database.

h. PAs who administer SGIP to electric customers of both IOUs and POUs are required to ensure that there is a proportionate share of their allocation for incentives available only to customers of POUs, in accordance with Appendix F.

i. LADWP is authorized to set up a new PA that will receive an allocation according to the same methodology as the existing PAs. The LADWP PA will be required to use the existing SGIP Handbook and comply with all SGIP rules established by the Commission. LADWP's PA may propose changes to the SGIP Handbook through the Tier 2 Advice Letter process.

4.2. Allocations of AB 209 funding to SGIP PAs

4.2.1. Overview

The Commission also considered what methodology should be used to determine the allocations of AB 209 funds for each PA. The SGIP allocations to

PAs have historically been made using a methodology based on the proportionate share of energy efficiency funding adopted by the Commission for PG&E, SCE, SoCalGas, and SDG&E.[31] A new methodology is now needed because of the expanded statewide territories and the creation of a new PA. At the November 14, 2023, status conference, the Commission asked parties to comment on an appropriate allocation methodology for AB 209 funding. Parties were asked to consider allocating funds based on the proportionate electric load share for each LSE as published by the California Energy Commission, or to propose alternatives.

4.2.2. Party Comments

Party comments from the November 14, 2023, status conference regarding AB 209 funds allocation methodology considered proposals to continue using the proportionate electric load share as a guide for allocation but also debated an alternative methodology that would rely on the CalEPA's CES indicators as a guide for AB 209 funding allocation.

LADWP, CSE, and SDG&E supported using data from the latest CES 4.0 in order to direct funding towards low-income residential customers, either by relying on the SB 535 Disadvantaged Communities map[32] or the AB 1550 maps of disadvantaged and low-income communities.[33] LADWP in particular noted that their territory represented 10 percent of California's population, but over 22

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[31] D.05-09-043 at 4 and D.06-01-024 at 7, Table 2.

[32] Reply Comments of Los Angeles Department of Water and Power on the Administrative Law Judge's Ruling Setting Comments and Replies to Status Conference Issues, December 4, 2023, at 4.

[33] Opening Comments of Center for Sustainable Energy on the Administrative Law Judge's Ruling Setting Comments and Replies to Status Conference Issues, , November 27, 2023, at 8.

percent of California's statewide DAC population[34], and that allocations should reflect the concentration of low-income customers across PA territories. CMUA also recommended that the Commission allocate funding based on each utility's share of statewide electric load associated with low-income customers.[35] SCE stated that using an overall electric load share methodology is a reasonable way to allocate AB 209 funds.[36] SoCalGas argued that the existing allocation methodology, with the existing PAs serving as administrators for IOU, POU and other customers, would be the most effective way to incorporate AB 209 funds into SGIP.[37]

4.2.3. Discussion

After considering party comments, the Commission will use CalEPA's CES 'Poverty' indicator to determine the allocation for AB 209 funds. The allocations are as follows:

Table 1. Allocation of AB 209 Funding

Program Administrator	Total FY 23 Funds (in $ millions)	Percentage[38](%)
PG&E	110	39
SCE	97	35
LADWP	36	13

[34] Opening Comments of the Los Angeles Department of Water and Power on the Administrative Law Judge's Ruling Setting Comments and Replies to Status Conference Issues, November 27, 2023, at 4.

[35] Opening Comments of the California Municipal Utilities Association on the Administrative Law Judge's Ruling Setting Comments and Replies to Status Conference Issues, November 27, 2023, at 2.

[36] Southern California Edison Company's Reply Comments to Status Conference Issues, December 4, 2023, at 2.

[37] Opening Comments of Southern California Gas Company on Administrative Law Judge's Ruling Setting Comments and Replies to Status Conference Issues, November 27, 2023, at 2.

[38] These percentages are rounded values and provided for illustrative purposes only. The absolute values listed in the 'Total FY 23-24 Funds' column shall be used for the final allocation.

CSE	22	8
SoCalGas	15	5
Total	**280**	100

As described in the background section above, SB 123 amended Section 379.10 to clarify that AB 209 incentive funds are exclusively for eligible low-income residential customers, including those receiving service from a local POU, who install BTM energy storage systems or solar photovoltaic systems paired with energy storage systems.[39] In alignment with the low-income customer focus in SB 123, the Commission's decision to use CES for allocation will guide AB 209 funds to the areas statewide where residential low-income customers are most concentrated.

The methodology for allocating the AB 209 funds to the five SGIP PAs uses the CES 4.0 data indicator for 'Poverty' (which is defined as the percent of population living below two times the federal poverty level) [40]. The allocation methodology uses the 'Poverty' indicator solely as a reasonable proxy for expected SGIP application levels across the PA territories. For the purposes of reviewing applications and determining eligibility for budget categories, SGIP PAs will continue to rely on the established definitions for low-income customers, communities, and housing from the current SGIP Handbook.[41]

In allocating these funds using CES, a four-step process was followed:

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[39] SB No. 123, https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240SB123.

[40] CalEnviroScreen 4.0, https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40. The Commission may consider using future versions of CES to make future allocations.

[41] SGIP Handbook, at 20-28 and 113-114. https://www.Commission.ca.gov/-/media/Commission-website/divisions/energy-division/documents/self-generation-incentive-program/2023-sgip-handbook-v3.pdf

- Step 1, each census tract from the CES dataset was matched to an appropriate electric LSE.
- Step 2, each LSE was assigned to an SGIP PA.
- Step 3, the $280 million was proportionately allocated to each SGIP PA by the 'Poverty' percentage of the total population in those census tracts.
- Step 4, the figures were rounded to whole millions, for simplicity and in line with past SGIP allocations.

This methodology is an approximation for matching AB 209 funds to the PAs where the low-income residential households are most concentrated. It is reasonable to use this approximation method to efficiently allocate the funds so that they can best reach low-income customers. The Commission may update this approach based on party feedback in the future.

4.3. AB 209 Funding Allocation Across SGIP Budget Categories

4.3.1. Overview

The current SGIP program has two existing budget categories targeted in whole or in part at low-income residential customers: Residential Storage Equity and Equity Resiliency. Residential Storage Equity is now Residential Solar and Storage Equity. Once AB 209 was enacted, the Commission considered which of these two existing SGIP budget categories was most suitable to receive AB 209 funding or whether to create a new budget category.

As mentioned previously in Section 1, the Commission in 2017 through D.17-10-004 established the SGIP Residential Storage Equity Budget category.

Customer eligibility criteria for this budget category are laid out below[42], with funds available to single-family low-income residential customers that meet both Criteria 1 and 2, or Criteria 3, established in D.17-10-004. Single-family low-income residences in California Indian Country are also eligible for the equity budget if they meet Criteria 1 or Criteria 3. These criteria are described as follows:

- ***Criteria 1:*** Income verification (*i.e.*, customer tax forms) at 80 percent of U.S. Department of Housing and Urban Development's (HUD's) Area Median Income (AMI).
- ***Criteria 2:*** A resale restriction or an equity sharing agreement.
- ***Criteria 3:*** Have reserved funds in the (Single-Family Affordable Solar Homes) SASH or Disadvantaged Communities SASH (DAC-SASH) programs. (*i.e.*, Reservation letter).

This budget category is also available to Multifamily properties if they meet either Criteria 1 and Criteria 2 or Criteria 3 listed below:

- ***Criteria 1:*** Multifamily residential building of at least five rental housing units that is operated to provide deed-restricted low-income residential housing.[43]
- ***Criteria 2:***
    - o Located in a Disadvantaged Community (including Indian Country); or
    - o A building where at least percent of the households have incomes at or below 60 percent of the AMI.
- ***Criteria 3:*** Have reserved funds in the in the Multifamily Affordable Solar Housing (MASH) or the Solar on

[42] These criteria are updated over time and the latest version of the publicly posted SGIP Handbook should be the primary guide to the most up-to-date criteria.

[43] As described in clause (i) of subparagraph (A) of paragraph (3) of subdivision (a) of § 2852 of the Pub. Util. Code.

Multifamily Affordable Housing (SOMAH) programs. (*i.e.*, Reservation letter).[44]

The Equity Resiliency budget (ERB), also mentioned in Section 1, was created in 2019 by D.19-09-027 to provide incentives to residential customers with critical resiliency needs, defined as customers residing in a Tier 3 or Tier 2 High Fire Threat District (HFTD) and meeting one of the following criteria:

- Criteria 1: Eligible for the equity budget.
- Criteria 2: Eligible for the medical baseline program.
- Criteria 3: A customer that has notified their utility of serious illness or condition that could become life-threatening if electricity is disconnected.[45]

Evaluations of the SGIP have shown that only one percent of the incentives under the ERB has been received by customers qualifying via the low income eligibility pathway (the Residential Storage Equity budget criteria), with the vast majority of incentives going to customers qualifying via the medical baseline criteria or relying on an electric well pump for access to incentives (electric well pump program eligibility was later amended to be restricted to low income).[46]

The ERB with its high incentive amount, at $1.00/Wh, is one of the most popular SGIP budget categories with 99 percent of its total $671 million dollar budget currently paid or reserved. In contrast, the Residential Equity Budget is not fully subscribed, with only 39 percent of its total $40 million dollar budget

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[44] D.17-10-004

[45] *See* D.19-09-027.

[46] Verdant Assoc., 2020 SGIP Energy Storage Impact Evaluation, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/self-generation-incentive-program/sgip-2020-energy-storage-impact-evaluation.pdf

paid or reserved.[47] The Commission asked Parties to comment on the budget category structure appropriate for the AB 209 funding.

4.3.2. Party Comments

The Commission received recommendations from 16 parties on this overarching question. Parties' comments reflect a broad range of views on how the AB 209 funding should be allocated. The majority of party comments supported no additional funds from AB 209 being added to the Equity Resiliency budget (ERB). Based on the level of completed projects, this category has been viewed as successful at improving individual customer resiliency, but not successful at reaching low-income equity customers.

CALSSA's comments supported distributing the AB 209 low-income incentives entirely to the Residential Equity Budget stating that, "the Equity Resiliency Budget has been commonly used by customers on medical baseline that do not necessarily meet low-income qualifications,".[48] Cal Advocates, CESA, GRID, SEIA, and NRDC also supported allocating AB 209 funding to the Residential Storage Equity budget.[49] PG&E's comments recommended an approach based on resiliency that supported allocating 80 percent of incentives to a "Low-Income Equity Resiliency Budget" and 20 percent to a "Low-Income Non-Equity Resiliency Budget."[50]

Several parties recommended maintaining separate budgets for ratepayer funded incentives and AB 209 incentives. For example, SCE and CSE recommend

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[47] Self-Generation Incentive Program website, https://www.selfgenca.com/home/login/?next=/budget/program_level_summary/

[48] CALSSA Opening Comments, December 2, 2022, at 1 and 2.

[49] CALSSA Comments at 1-2; SEIA; CESA Comments at 2; Cal Advocates at 2; GRID at 3; Joint CCAs at .

[50] PG&E Opening Comments at 2, 4, SoCalGas Comments at 9.

establishing a new budget category using the same definitions and criteria as the current budget categories (Residential Storage Equity and Equity Resiliency budget categories) or (using AB 209 incentives for) a new program.[51] SoCalGas also supported maintaining an AB 209 budget separate from the ratepayer-funded current SGIP budget.[52] Similarly, CMUA stated that in order to accurately track the disposition of AB 209 funds and ensure equal access for both POU and IOU customers, it is important to manage these funds separately.[53]

Focusing on expanding the eligibility for funds, ENGIE recommended that schools and government agencies be added to eligibility for funds in the Equity Resiliency category and at least 10 percent of the overall AB 209 funding should go to the Equity Resiliency Budget. [54] Free Energy recommended all of the $630 million be allocated to the low-income residential customers other than multifamily.[55] The Joint POUs suggested holding workshops to further develop party recommendations.[56]

The October 6, 2022, assigned Commissioner Ruling asked whether AB 209 funds should be allocated to the Equity Resiliency budget. CALSSA's comments recommended that AB 209 funding should be available throughout the state without a set-aside for customers in high fire threat areas or customers

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[51] SCE Comments at 1-2; CSE Comments at 1.

[52] SoCalGas Opening Comments, at.9.

[53] CMUA Reply Comments at 1-2.

[54] ENGIE Opening Comments at 4.

[55] Free Energy Opening Comments at 5.

[56] Joint POUs Opening Comments, at 4.

on medical baseline.[57] In their comments, CSE supported that no AB 209 funds go to the ERB category.[58] Free Energy's comments advocated that the entire $630 million be allocated to low-income residential customers.[59] GRID's comments endorsed having AB 209 funding be allocated to the Residential Equity budget. According to GRID, the overwhelming majority of residential funding has been utilized through the Equity Resiliency Budget and "now is the time to commit to the Residential Equity Budget."[60] Cal Advocates recommended that the AB 209 funds go to the Equity budget.[61] SoCalGas' comments introduced the idea to specifically prioritizing low-income customers, including those with medical needs or reliance on electric well pumps, by limiting eligibility to the ERB to only low-income customers. This would allow the ERB to be served in its entirety by the portion of AB 209 funds ($630M) directed for use by low-income customers.[62]

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[57] Opening Comments of California Solar & Storage Association in Response to Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 2, 2022, at 14.

[58] Opening Comments of Center for Sustainable Energy in Response to Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 2, 2022, at 18.

[59] Opening Comments of Free Energy Savings Company LLC in Response to Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 2, 2022, at 4.

[60] Opening Comments of GRID Alternatives in Response to Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 2, 2022, at 13.

[61] Opening Comments of Cal Advocate in Response to Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 2, 2022, at 2.

[62] Opening Comments of Southern California Gas Company in Response to Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 2, 2022, at 20.

4.3.3. Discussion

The AB 209 funds by statute must support a low-income program for solar and storage. While applying additional resiliency criteria to the AB 209 funds could be a benefit to customers impacted by PSPS events and wildfires, the Commission does not find it prudent to reduce the number of low-income customers eligible or create additional hurdles for them to qualify for AB 209 funds. After considering Party comments, the Commission authorizes the allocation of AB 209 funds to the existing SGIP Residential Storage Equity budget, to be renamed the Residential Solar and Storage Equity budget.

The Commission finds that it is administratively efficient to rely on the existing SGIP budget categories rather than creating new budget categories to manage additional funds from AB 209. The existing budget categories have well-established rules and criteria that have been developed over several years. In addition, unlike the ERB category, the new Residential Solar and Storage Equity budget category is solely available to low-income residential customers, eliminating the need to create sub-accounts within the budget category. When eligible low-income IOU customers apply for residential storage incentives the PAs shall first exhaust remaining IOU ratepayer funds before tapping into AB 209 funds.

Table 2: Updated Budget Category

<table>
<tr><th>Budget Category</th><th>Technology</th><th>Funds</th></tr>
<tr><td rowspan="2">Residential Solar and Storage Equity</td><td>Storage</td><td>AB 209 / Ratepayer</td></tr>
<tr><td>Solar</td><td>AB 209</td></tr>
</table>

4.4. SGIP AB 209 Budget Allocation for Incentives, Administration, Marketing, Education & Outreach, and Measurement and Evaluation

4.4.1. Overview

This Decision places specific thresholds for spending the AB 209 allocations through the program activity budget categories for incentives, administration, ME&O, and M&E. Additionally, guidance is provided for a soft target for ME&O funds to be spent on customers of POUs and requirements for ME&O plans.

4.4.2. Party Comments

The AB 209 Rulings asked parties to comment on how to allocate funding to the four program activity categories, given that AB 102 established a five percent cap for administrative costs.[63] Most parties agreed that the five percent cap for administrative costs should be considered incremental to and separate from M&E and ME&O, which have historically been included under one 'administration' cost category in SGIP with higher caps.[64] CSE recommended that a separate budget category be established to support ME&O efforts targeted at POU and non-IOU customers and that program activities should be funded at five percent for administrative costs, five percent for ME&O, and three percent for database and evaluation costs.[65]

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[63] *See* Appendix B.

[64] Opening Comments of PG&E in Response to Administrative Law Judge's Ruling Seeking Additional Comments on AB 209 Implementation and Other Self-Generation Incentive Program Improvements, August 1, 2023, at 2.

[65] Opening Comments of CSE in Response to Administrative Law Judge's Ruling Seeking Additional Comments on AB 209 Implementation and Other Self-Generation Incentive Program Improvements, August 1, 2023, at 3.

Additionally, parties were asked whether an entity besides the PA should conduct ME&O to POU customers and whether a portion of the AB 209 budget should be dedicated to ME&O solely for POU customers. CSE expressed support for collaboration with entities such as community-based organizations (CBOs), to conduct ME&O to POU and non-IOU customers.[66] SCE supported the Commission allocating a portion of the AB 209 funding for ME&O for non-IOU customers to the extent that it does not include IOU customer funds.[67]

CMUA's comments recommended additional discussion regarding approaches to conducting ME&O for POU customers that can leverage existing relationships and low-income programs.[68] According to CMUA, "the SGIP should consider appropriating funding for these purposes directly to the POUs.[69] GRID's comments also asserted that POU and other non-IOU entities, such as CBOs, should have access to funds, possibly through grants."[70]

4.4.3. Discussion

After considering party comments, the Commission has decided to allocate funds by program activity, specifically for incentives, administration, marketing education and outreach, and measurement and evaluation, and to allocate these funds solely to the SGIP PAs, with a POU soft target for ME&O funds.

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[66] *Ibid.*

[67] Opening Comments of Southern California Edison Company on the Administrative Law Judge's Ruling Seeking Additional Comments on AB 209 Implementation and Other Self-Generation Incentive Program Improvements, August 1, 2023, at 3.

[68] Opening Comments of The California Municipal Utilities Association Administrative Law Judge's Ruling Seeking Additional Comments on AB 209 Implementation and Other Self-Generation Incentive Program Improvements, August 1, 2023, at 3 and 4.

[69] *Ibid.*

[70] Opening Comments of Grid Alternatives on Administrative Law Judge's Ruling Seeking Additional Comments on AB209 Implementation and Other Self-Generation Incentive Program Improvements, August 1, 2023, at 3 and 4.

The following features are adopted:

1. The allocations for M&E and ME&O activities are incremental to the 5 percent statutory administrative cost cap for AB 209 funding. The program funding will be allocated to these primary program activities, by percentage:

Table 3: Percentage Allocations for AB 209 PA Activities

AB 209 Program Functions	Percentage (%)
Administration	5
Marketing, Education and Outreach	4
Measurement and Evaluation	1
Incentives	90
Total	**100**

2. ME&O funds will be allocated to the SGIP PAs:
   a. PG&E and SCE, which serve as PAs for their respective electric customers and POU customers shall have a 'soft target' for ME&O funds. Similar to the mechanism where incentive funds included a 'soft target' to ensure a proportionate share is available only to POU customers, ME&O funds allocated to PG&E and SCE have soft targets identified in Appendix F.
   b. This soft target may be met by submitting as part of the ME&O plan a method by which a proportionate share of their allocation for ME&O will be spent on ME&O activities targeting customers of POUs. The PAs may implement the soft target by showing the ME&O costs which are attributed specifically to POU customers, by directly allocating ME&O funds to POUs to conduct their own ME&O activities, or other similar strategies.
   c. All SGIP PAs are required to demonstrate in their ME&O plans that they are sufficiently marketing the AB 209 funded incentives to customers in all of the LSE territories assigned to them.

3. M&E of the AB 209-funded portion of SGIP will be conducted by the same contracted Evaluator as the ratepayer-funded portion of SGIP.
    a. This ensures comprehensive and cohesive evaluations of the impact of the entire program, regardless of funding source. The SGIP Working Group and the Evaluator will work together to expand the existing M&E plan to include specific examinations of the AB 209 projects, including the performance of solar generation systems. Evaluations shall demonstrate program impacts based on the required metrics established in Sections 379.10 and 379.6, including individual customer resiliency, reduction of the electrical grid's net peak demand, reductions to electric ratepayer costs, and reductions of GHG emissions and localized air pollution.[71]

5. Residential Solar and Storage Equity Budget Incentive

The AB 209 July 12, 2023, and October 26, 2022, Rulings requested party comments on incentive levels and other program modifications or additions appropriate for residential low-income solar and storage and standalone storage incentives pursuant to Section 379.10. The following sections modify and establish incentive levels for storage and solar in the Residential Solar and Storage Equity budget and for storage in the San Joaquin Valley Pilot budget.

5.1. Storage Incentive Level

The existing equity storage incentive levels adopted in D.20-01-021 and D.19-09-027 are summarized in Table 3.

Table 4: Existing Equity Storage Incentive Levels

Budget Category	Incentive Rate ($/Wh)
Residential Storage Equity	$0.85

[71] *See* Appendix C.

<table>
<tr><th>Budget Category</th><th>Incentive Rate ($/Wh)</th></tr>
<tr><td>Non-Residential Storage Equity</td><td></td></tr>
<tr><td>Equity Resiliency (ERB)</td><td rowspan="3">$1.00</td></tr>
<tr><td>San Joaquin Valley Residential</td></tr>
<tr><td>San Joaquin Valley Non-Residential</td></tr>
</table>

5.2. Party Comments

The Commission's October 26, 2022, ACR also asked parties what the incentive level should be for AB 209 low-income projects per unit of installed storage capacity. The recommended storage incentive levels from Parties' comments ranged from $1.00 to $1.40. Parties also proposed the use of cost adders for different cost categories. All parties, except SoCalGas, supported an increase in incentive levels for storage. SoCalGas' comments indicated that instead of arbitrarily increasing incentive rates, it would be more reasonable to first remove program barriers to participation.[72] CALSSA disagreed with SoCalGas that the current incentive level is adequate. CALSSA supported an incentive level of $1.16/Wh because that was the average cost of an SGIP storage system since June 2022 for single family residential customers according to the SGIP project database.[73]

CESA recommended low-income incentive levels should be set at $1.30/Wh, with per-project adders to cover certain excess cost categories.[74] CSE supported an incentive level of $1.00/Wh for the AB 209 funds to be in alignment with the current ERB to ensure energy storage systems are fully paid for by the

[72] SoCalGas Opening Comments, December 2, 2022, at 16 and 17.

[73] CALSSA Opening Comments, December 2, 2022, at 13; CALSSA Reply Comments, December 16, 2022, at 5.

[74] CESA Opening Comments, December 2, 2022, at 2 and 7.

program.[75] Similarly, SCE suggested that the low-income incentive level be set at a comparable market rate that accounts for current installation and equipment pricing. Implementing a rate that offsets close to or all of the system cost, which would equate to a rate of $1.00/Wh, may encourage participation from the low-income market.[76] PG&E suggested that SGIP cover 100 percent of low-income customers' total system costs and supported $1.20/Wh for low-income storage.[77]

Free Energy recommended a rate of $1.40 which would cover 75-80 percent of project costs for low-income residential customers.[78] GRID commented that an incentive level of $1.10/Wh would allow eligible residential equity budget customers to participate in the SGIP despite the current inflationary and supply-side headwinds.[79] Cal Advocates urged the Commission to design incentive levels for low-income projects to encourage low-income legacy NEM customers to adopt storage through SGIP. Moreover, Cal Advocates acknowledged that any disparity between the incentive level and the total eligible costs could disincentivize low-income customers to transition away from NEM through storage adoption.[80] In their reply comments, Cal Advocates supported PG&E's proposal for incentive levels at $1.20/Wh or CESA's proposal for incentive levels at $1.30/Wh.[81]

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[75] CSE Opening Comments, December 2, 2022, at 15.

[76] SCE Opening Comments, December 2, 2022, at 10.

[77] PG&E Opening Comments, December 2, 2022, at 3.

[78] Free Energy Opening Comments, December 2, 2022, at 15; Free Energy Reply Comments, December 16, 2022, at 6.

[79] GRID Opening Comments, December 2, 2022, at 11.

[80] Cal Advocate Opening Comments, December 2, 2022, at 5 and 7.

[81] Cal Advocates Reply Comments, December 16, 2022, at 4 and 5.

5.3. Discussion

After considering the party comments, the Commission raises the maximum storage incentive level in the Residential Solar and Storage Equity budget from $0.85/Wh to $1.10/Wh. This includes setting the incentive for new AB 209 funds as well as for the remaining existing ratepayer funds in this budget category. SGIP PAs shall track these funds separately for reporting purposes and ensure that the ratepayer funds are only authorized to cover standalone storage for ratepayer customers. For all customers, though, this budget category should appear uniform as offering residential solar and storage or standalone storage incentives by their assigned PA. PAs should use their discretion on when to fund an incentive from AB 209 or ratepayer funds, based on their restrictions.

The Commission also raises the maximum storage incentive level for the San Joaquin Valley Residential budget category from $1.00/Wh to $1.10/Wh to stay aligned with the maximum storage incentive level in the program. This updates the incentive levels for these two existing budget categories previously established in D.20-01-021 and D.19-09-027 (at Attachment A).

According to the most recent 2021 SGIP market assessment prepared by the SGIP Evaluator Verdant, average total eligible costs rose to between $0.98-$1.11/Wh for small residential customers in 2021, depending on the PA.[82] An increase of the Residential Storage Equity incentive to $1.10/Wh will ensure that the full eligible system and installation costs are covered for most customers. The

[82] 2021 SGIP Energy Storage Market Assessment Study, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/self-generation-incentive-program/sgip-2021-market-assessment-study.pdf. See also Administrative Law Judge's Ruling Providing Notice Of Availability And Admitting Five Reports Into The Record issued September 7th 2023, https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M519/K776/519776749.PDF.

San Joaquin Valley Residential budget category incentive level should keep pace with the Equity budget, so as to not make those projects less appealing to developers. Table 4 in Section 8.6 lists the updated SGIP incentive levels adopted in this decision for the SGIP budget categories impacted by AB 209 funding.

5.4. Solar Incentive Level and Rules for Low-Income Customers

AB 209 also directed legislatively appropriated funds for incentives to install solar paired with storage through SGIP for California residential customers. The Commission, through ratepayer funding, already provides solar installation incentives for disadvantaged communities and multifamily affordable housing, through the DAC-SASH and SOMAH programs.[83] This AB 209 SGIP incentive will be differentiated as the first to provide one application for low-income residential solar and storage incentives, will rely on SGIP criteria for customer eligibility, and will be available to all California residential customers. Standalone solar systems are not eligible for SGIP incentives, so applications must be paired with energy storage systems.

5.5. Party Comments

The Commission's October 26, 2022, ACR asked for further party comments about solar program rules and incentives for SGIP. Most parties suggested fully covering the costs of installing and interconnecting solar systems for low-income customers. Incentive rates proposed by parties ranged from $2.80 - $4.00/Wh.

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[83] DAC-SASH Program Handbook, https://gridalternatives.org/sites/default/files/2022-09/Revised-DAC-Handbook-v.4%20_%208.5.2022.pdf; SOMAH Program Handbook, https://calsomah.org/sites/default/files/docs/SOMAH-Program-Handbook-SixthEdition.pdf.

CSE recommended the incentive for AB 209 low-income solar projects should be set at $4.00/Wh,[84] whereas PG&E recommended setting the incentive level at $2.80/Wh.[85] SoCalGas, Free Energy and the Joint CCAs recommended leveraging the incentive levels already evaluated and adopted in low-income Solar incentive programs (DAC-SASH, MASH, and SOMAH).[86] Free Energy recommended a temporary rate of $3.75/Wh until a cost analysis is done, which would be available to SGIP Equity participants not eligible for the existing SOMAH or DAC-SASH programs.[87]

Cal Advocates argued that the Commission should set the incentive for legacy NEM customers at a level that would encourage them to add storage to their systems and transition to the Net Billing Tariff.[88]

Regarding the program rules around cost breakdowns for solar systems, most parties support breaking down the level of detail of solar system costs provided in SGIP applications. SCE suggested cost breakdown should be similar to what is currently required for applications under DAC-SASH Program.[89] CALSSA disagreed with PG&E, CSE, SCE, and SoCalGas on the requirement to breakdown solar system costs because this level of disclosure may disqualify contractors from operating as a Lump Sum contractor.[90]

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[84] CSE Opening Comments, December 2, 2022, at 15.

[85] PG&E Opening Comment, December 2, 2022, at 3.

[86] SoCalGas Opening Comments, December 2, 2022, at 17. Free Energy Opening Comments, December 2, 2022, at 16; Joint CCAs Opening Comments, December 2, 2022, at 13.

[87] Free Energy Reply Comments, December 16, 2022, at 5.

[88] Cal Advocate Opening Comments, December 2, 2022, at 7.

[89] SCE Opening Comments, August 1, 2023, at 6.

[90] CALSSA Reply Comments, August 11, 2023, at 5.

On whether and how the SGIP solar incentive program structure should be modeled on SOMAH and/or DAC-SASH, CSE and SoCalGas recommended aligning rules as much as feasible. CSE recommended that SGIP also allow incentive layering between the SOMAH and DAC-SASH programs for storage-only systems,[91] and SoCalGas suggested SGIP should remain aligned with the technical and operational expectations of these existing solar incentive programs.[92] PG&E and CALSSA did not support applying SOMAH/DAC-SASH policies to SGIP.[93]

5.6. Discussion

After reviewing Party Comments, the Commission adopts the following updated incentive levels for equity solar and storage budget categories:

Table 5: Updated Equity Solar and Storage Incentive Levels

Budget Category	Incentive Rate	Funds
Equity Resiliency	Storage: $1.00/Wh	Ratepayer
Non-Residential Storage Equity	Storage $0.85/Wh	Ratepayer
San Joaquin Valley Non-Residential	Storage: $1.00/Wh	Ratepayer
Residential Solar and Storage Equity	Storage: $1.10/Wh	AB 209 / Ratepayer
	Solar: $3.10/W	AB 209
San Joaquin Valley Residential	Storage: $1.10/Wh	Ratepayer

D.22-12-056, the Net Billing Tariff (NBT) Decision, contemplated system sizing requirements for new solar installations and allowed oversizing to

[91] CSE Opening Comments, August 1, 2023, at 6.

[92] SoCalGas Opening Comments, August 1, 2023, at 10.

[93] PG&E Opening Comments, August 1, 2023, at 6. CALSSA Opening Comments, August 1, 2023, at 8.

encourage electrification. This requirement will already apply to any customers of PG&E, SDG&E, and SCE newly installing solar, but these NBT sizing requirements should also apply to statewide customers receiving SGIP incentives:

> "System sizing requirements. Customers of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company enrolling in the net billing tariff are permitted to oversize their generation systems by no more than 50 percent with two requirements. First, the measurement of oversizing will be in comparison to the past 12 months of usage unless the customer does not yet have 12 months of usage or attests to having more recently increased their usage, and that customer must attest to expecting to increase their usage to correspond with the system size within 12 months of interconnection. Second, net surplus generation will be compensated at the current net surplus compensation rates."[94]

Most parties supported using some performance-based methodology to modify incentive levels. The SGIP PAs should identify a methodology to rely on in their Tier 2 Advice Letter updating the SGIP Handbook and application. The Expected Performance Based Buydown (EPBB) is one such option, but parties noted that it is currently outdated and heavily discounts more northern systems, making it difficult to provide customer parity in different territories, especially for a statewide program. However, the EPBB is planned to be updated with SOMAH funding soon. The PAs could alternatively rely on the nationally recognized tool PVWatts,[95] which is updated frequently and would satisfy this requirement.

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[94] D.22-12-056 at 239.

[95] PV Watts https://pvwatts.nrel.gov/ .

The Commission further determines the following with regards to the solar incentive:

a. PAs must file a joint Tier 2 Advice Letter within 90 days to update the SGIP Handbook and Database to receive solar applications paired with storage.

b. PAs must model the SGIP solar incentive requirements on the DAC-SASH and SOMAH program requirements for certain eligibility and qualification rules. The requirements to be modeled should include but not be limited to:

    i. Eligible project costs.

    ii. PV system requirements (including interconnection, performance monitoring and reporting services).

    iii. Warranty requirements.

    iv. Permanency requirements.

    v. Installation standards.

    vi. Inspection requirements.

    vii. Incentive structure and payment process (including the Expected Performance Based Buydown methodology).

c. Applications should include system costs broken down to at a minimum: solar equipment, inverter costs, labor costs, and the residual balance.

d. Sizing requirements for the solar system should align with those adopted in the NBT Decision, namely to 100 percent of a customer's onsite load with the ability to submit an oversizing attestation for an additional 50 percent to promote electrification.

e. SGIP PAs must require solar developers to use the California Distributed Generation Statistics public reporting site for incentivized projects.

f. We clarify that multifamily Virtual Net Energy Metering arrangements are eligible for these incentives.

g. SGIP PAs must include evaluating these solar and storage systems into the required SGIP M&E plans carried out by the SGIP Evaluator.

6. Modifying Low-Income SGIP Requirements

The Commission modifies the existing SGIP eligibility criteria for low-income customers by removing the deed restriction for single family homes and expanding the list of programs through which customers may participate in to demonstrate categorical eligibility for SGIP equity budget categories.

6.1. Overview

As noted in Section 4.3.1, the Residential Storage Equity budget and the ERB provide increased incentives for energy storage systems installed at qualifying multifamily and single-family low-income housing and for nonresidential installations in low-income and disadvantaged communities (DACs). Income verification through federal tax returns is currently the primary method of establishing low-income eligibility in SGIP. This has been cited as a barrier to participation in the program because some customers may not have federal tax returns, may not prefer to share these documents with developers or PAs, or may be impacted by the additional paperwork burden.

Customers may also demonstrate eligibility for the equity budget categories by providing documentation that they have reserved an incentive in one of the income-qualified solar programs overseen by the Commission (DAC-SASH or SOMAH). This 'categorical eligibility' allows customers to demonstrate low-income eligibility once and meet those criteria for multiple programs.

However, the Commission also oversees other income-qualified programs including CARE, FERA, and ESA, which are not currently accepted as providing categorical eligibility in SGIP. The CARE program is an energy rate assistance program that provides a discount of 30-35 percent on energy bills to income-qualified households. The income qualifications for the CARE program are households that are at or below 200 percent of the Federal Poverty Guidelines. The FERA program is an electric rate assistance program that provides an 18 percent discount on electric bills to income-qualified households with three or more individuals. The income limits of the FERA program range from 200 percent plus $1 to 250 percent of the Federal Poverty Guidelines. The ESA program is a no-cost energy efficiency program that provides home weatherization services and energy efficiency measures to help households conserve energy, reduce their energy costs/utility bills, and improve the health, comfort, and safety of the home. The income qualification for ESA is households at or below 250 percent of the Federal Poverty Guidelines.

Another requirement of the equity budget categories in SGIP is that residential properties must be subject to a deed restriction or regulatory agreement to provide housing to low-income customers. Some parties have noted that many low-income customers in California live in housing that is not deed-restricted and thus would be excluded from the program, despite qualifying based on the other criteria.

6.2. Party Comments

The ACR asked what modification(s) should be considered to the current eligibility definition for a low-income residential customer. The ACR also asked whether the proposed modification would be likely to increase or decrease low-income customer enrollment and by how many households.

CALSSA recommended maintaining the current definition of low-income, but granting eligibility if the customer already participates in other tariffs and programs such as CARE or FERA rates, or utilizes the ESA Program, CalFresh, SNAP, LifeLine, or Medicaid; and maintaining alignment with programs designed to incentivize solar for low-income single and multifamily customers, such as participation and eligibility for DAC-SASH, SASH, MASH or SOMAH.[96] CALSSA asserted that most low-income customers in single-family housing do not have deed restrictions and that the main barrier has been the requirement that their housing have a resale restriction, which is also a limiting factor for multifamily housing.[97]

CESA supported using self-attestation to verify that the host customer's[98] household income is 80 percent or less of the AMI.[99] CSE recommends replacing the current definition with AMI level below 80 percent in order to increase the participation of low-income customers.[100]

Free Energy recommended using the ESA Program guidelines and provide eligibility to customers whose income is at or below 250 percent of the Federal Poverty Guidelines.[101]

GRID recommended removing the "low-income residential customer" definition (and requirement) in the current SGIP Handbook and replacing it with the definition of "low-income households" as found in the Health and Safety Code (HSC) § 39713(d)(1)definition, which states "low-income households" are those with household incomes at or below 80 percent of the statewide median

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[96] CALSSA Opening Comments, December 2, 2022 at 4.

[97] CALSSA Opening Comments, at 3.

[98] SGIP Handbook at 20, "the host customer is the exclusive incentive reservation holder who is party to the SGIP contract. The host customer has the authority to designate the Applicant, System Owner (if not Host Customer), and/or Developer and change any of these parties at any time."

[99] CESA Opening Comments, December 2, 2022, at 10.

[100] CSE Opening Comments, December 2, 2022, at 5 and 6.

[101] Free Energy Opening Comments, December 2, 2022, at 10.

income or with household incomes at or below the threshold designated as low-income by the Department of Housing and Community Development's list of state income limits adopted pursuant to section 50093."[102]

Joint CCAs recommend tying eligibility for the Residential Equity Budget primarily to eligibility for the CARE or the FERA programs.[103]

Cal Advocates recommended that the definition of low-income customers should be changed to include customers living in non-deed restricted buildings who meet the other eligibility criteria, such as living in a building with at least 80 percent of households less than or equal to 60 percent of area median income. [104]

Referring to the ESA which already has a process for income verification, SCE recommended using this existing model for determining and verifying eligibility for the SGIP applicants, allowing for easier cross-participation.[105] SCE disagreed with party support for self-attestation argued to retain SGIP income verification requirements and supported categorical eligibility for ESA customers.

PG&E recommended that "low-income residential customer" be defined as a household at or below 250 percent of the Federal Poverty Limits (FPL), which would allow qualification by households who qualify for California Alternate Rates for CARE, FERA, DAC-SASH, and Energy Savings Assistance (ESA).[106]

SoCalGas pointed out that California has many low-income programs with income thresholds that are set below or near those currently used in SGIP.

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[102] GRID Opening Comments, December 2, 2022, at 6-7.

[103] Joint CCAs Opening Comments, December 2, 2022, at 6.

[104] Cal Advocates Opening Comments, December 2, 2022, at 3-4.

[105] SCE Opening Comments, December 2, 2022, at 5.

[106] PG&E Opening Comments, December 2, 2022, at 8.

SoCalGas has developed lists of programs that, upon proof of enrollment, can allow a customer's categorical eligibility for SGIP. This mechanism removes more onerous income documentation requirements.[107]

Ivy argued that eligibility based on "deed restricted" affordable housing units severely limits the opportunity to reach low-income and disadvantaged customers.[108]

In replies to the ACR, CSE, CALSSA, and Free Energy agreed with PG&E, SoCalGas, CSE, and SCE about expanding the categorical eligibility for the SGIP. CALSSA, CESA, CSE, and GRID support the self-attestation to verify income requirements. Joint CCAs, Free Energy, PG&E, and SCE do not support it.

All parties except SCE supported removal of the deed and resale restriction requirement. SCE argued that deed and resale restrictions offer certain protections for the tenant. In order to protect customer assets value that is meant to accrue to a low-income resident and not a landlord, some type of deed restriction, resale restriction, or tenant agreement is used to not raise rents for a specified period of time.[109] CSE's comments supported CALSSA, GRID Alternatives, Ivy Energy, CESA, Free Energy, PG&E, and SoCalGas in removing deed restriction currently for single family homeowners, but not for multi-family properties. Concerned with resale, RCRC supported requiring a sunsetting lien for low-income SGIP projects to recover incentives for home resales to non-low-income homeowners.[110]

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[107] SoCalGas Opening Comments, December 2, 2022, at 9-10.

[108] IVY Opening Comments, December 2, 2022, at 4.

[109] SCE Opening Comments, December 2, 2022, at 6-7.

[110] RCRC Reply Comments, December 16, 2022, at 6.

6.3. Discussion

Several party comments recognized that the current eligibility requirements are among the primary reasons why the Residential Storage Equity budget category is not fully allocated and why incentives under the Equity Resiliency Budget have largely gone to non-low-income qualifying SGIP customers. Furthermore, there is alignment amongst the parties that deed/resale restrictions depress applications and do not fundamentally improve the program.

After considering the party comments, and in light of the low participation rates in the Equity budget category, the Commission finds it reasonable to modify the existing SGIP eligibility criteria for low-income residential customers as follows:

1. The requirement to reside in a deed-restricted or resale-restricted residence for residential equity customers established in D.17-10-004 is removed for single family homes.
2. The list of low-income programs that, upon proof of enrollment, can allow a customer's categorical eligibility for SGIP equity budget incentives and therefore remove more onerous income verification documentation requirements, is expanded to include CARE, FERA, and ESA.
    a. Eligibility must be documented at the time of the reservation request form (RRF) is submitted.
    b. Customers relying solely on CARE/FERA enrollment to demonstrate eligibility for the Equity budget must be enrolled in CARE/FERA for at least 6 months at the time the RRF is submitted.
    c. If a customer is found to be ineligible or is disenrolled in CARE/FERA at any time prior to receiving the incentive payment, their low-income eligibility status

will need to be verified another way or risk application cancellation.

d. The Commission notes that CARE, FERA, and ESA are programs primarily available to IOU customers. SGIP PAs shall maintain a list of SGIP-approved programs for categorical eligibility, similar to the list of SGIP-approved TOU rates, and update this list over time through a Tier 2 Advice Letter. SGIP PAs shall add to this list any programs offered by POUs and other electric LSEs that have similar eligibility criteria, income thresholds and verification methods as CARE, FERA, and ESA. This ensures that those customers benefit equally from the simpler eligibility pathway now open to IOU customers.

e. SGIP PAs must require applicants to attest to eligibility through the expanded programs.

Expanding the categorical eligibility is anticipated to reduce duplicative paperwork for customers, who can then simply share a letter of eligibility from a similarly targeted low-income program with the PA or contractor. Other subsidy programs already allow for categorical eligibility. For example, under CARE/FERA, if a customer is participating in one of the designated public/IOU assistance programs,[111] they can use that participation as proof of eligibility for CARE/FERA as well. And within SGIP itself, if a customer has demonstrated eligibility for DAC-SASH and SOMAH, they do not need to submit additional income verification.

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[111] Bureau of Indian Affairs General Assistance, CalFresh (Food Stamps)/ Supplemental Nutrition Assistance Program (SNAP), CalWORKs (Temporary Assistance for Needy Families; TANF) or Tribal TANF, Head Start Income Eligible (Tribal Only), Low-Income Home Energy Assistance Program (LIHEAP), Medicaid/Medi-Cal, Healthy Families A & B, National School Lunch Program (NSLP), Supplemental Security Income (SSI), Women, and Infants and Children (WIC).

The Commission does not adopt a self-attestation process for low-income customers within SGIP. However, the Commission acknowledges that CARE and FERA do allow self-attestation and rely on post-enrollment verification processes to selected samples of customers to be verified. SGIP can leverage this existing post-enrollment verification process, but it will not cover all customers by the time they are applying for SGIP incentives. The Commission limits categorical eligibility to only customers that have been on CARE/FERA for six months, which may reduce the risk of fraudulent or erroneous self-attestation as low-income and access to SGIP incentives.

7. Upfront Incentive Payments

The Commission directs the PAs to develop a proposal for providing 50 percent of the upfront payments to SGIP projects in the Residential Solar and Storage Equity budget upon PA confirmation of the credentials of the developer, the eligibility of the submitted customer, and the eligibility of proposed SGIP project.

7.1. Overview

D.19-09-027 identified the lack of upfront capital as the largest barrier inhibiting equity budget participation for low-income customers.[112] Providing upfront incentive payments would adjust the timing of incentives paid to the developers and contractors for the costs to purchase and install an SGIP system on behalf of an eligible low-income customer. Instead of receiving the entirety of the incentive upon project completion, projects for eligible customers with participating contractors would receive half the incentive upfront and half upon

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[112] Decision Establishing A Self-Generation Incentive Program Equity Resiliency Budget, Modifying Existing Equity Budget Incentives, Approving Carry-Over of Accumulated Unspent Funds, and Approving $10 Million to Support the San Joaquin Valley Disadvantages Community Pilot Projects, September 12, 2019, Finding of Fact 2 at 105.

completion. These advance payments allow contractors to take on more projects and avoid delays between projects due to pending incentive payments by making capital immediately available to cover installation costs. Providing upfront payments through the SGIP incentive is intended to remove barriers for low-income program participants.

Currently, SGIP incentives are paid to the benefitting customer project, through the contractor or developer, only after the project is operational and the Incentive Claim Form is submitted and approved by the SGIP PA.

7.2. Party Comments

The AB 209 Ruling asked whether the Commission should consider allowing entire or partial upfront payments on behalf of the customer prior to installation for energy storage systems, including solar where relevant, for low-income households.

There was wide support among parties to provide full or partial support for upfront system costs. CALSSA, Joint CCA, PG&E, SCE, and SoCalGas supported partial 50 percent of upfront payments being provided to developers.[113] GRID and Cal Advocates recommended that entire upfront payment be permitted.[114]

The Joint CCAs recommend partial upfront payments be provided to developers/installers after the Reservation Request is approved.[115]

Observing that upfront payments may cause developers to prioritize pilot projects, PG&E recommended that the Commission mimic the PG&E developer

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[113] CALSSA Opening Comments, December 2, 2022, at 9; Joint CCAs Opening Comments, December 2, 2022, at 10; PG&E Opening Comments, December 2, 2022, at 11

[114] GRID Opening Comments, December 2, 2022, at 8. Cal Advocates Opening Comments, December 2, 2022, at 4.

[115] Joint CCAs Opening Comments, December 22, 2022, at 10.

Financial Assistance pilot rules, to allow partial 50 percent payment to developers up-front, once the project is submitted and confirmed for eligibility by the SGIP PA and the PA has verified the developer has proper credentials.[116]

SCE recommended partial upfront payments to increase participation from low-income households, where the customer designated vendor or contractor acting on their behalf would receive the upfront incentive. SCE suggests that this mechanism must consider scenarios where projects are approved for incentives but do not complete installation. SCE also took steps to establish an upfront payment pilot previously, but their ERB incentives were fully subscribed before an Advice Letter requesting the authorization was approved. [117]

SoCalGas also supported partial upfront payments but noted that this would require significant efforts to establish developer and contractor eligibility, and to confirm the program's ability to recoup incentives paid for projects that do not complete installation.[118]

CSE supported the creation of one-step process for applicants to request an incentive after project installation but as an alternative, CSE also supported partial upfront payment for low-income households with CCAs, CalPA, CESA, PG&E, and SCE. CSE would support structure similar to SOMAH (developer paid 60 percent at proof of project milestone, 40 percent at Permission to Operate).

7.3. Discussion

A majority of party comments affirm that a lack of upfront capital and financing available to low-income customers is still a barrier inhibiting equity

[116] PG&E Opening Comments, December 22, 2022, at 11.

[117] SCE Opening Comments, December 2, at 8.

[118] SoCalGas Opening Comments at 14.

budget participation. Therefore, the Commission directs the PAs to develop a proposal to provide 50 percent of incentive payments upfront to SGIP projects in the Residential Solar and Storage Equity budget upon PA confirmation of eligibility of the submitted customer and project and verification of the appropriate developer credentials. The PAs' proposal must include a mechanism to provide upfront SGIP project costs to developers according to the following:

a. The upfront costs program must provide upfront SGIP project costs to developers and should be modeled on PG&E's Financial Assistance Pilot.[119]
b. The upfront payment must occur at the RRF stage in the current SGIP process. The balance of payment must occur at the Incentive Claim Form (ICF) stage.
c. Similar to the Financial Assistance Pilot, developers are required to offer Equity customers a no-money down enrollment process and not be allowed to require any payment from customers prior to project completion.
d. Upfront payments that are made to projects that do not complete installation, interconnection, or otherwise are not approved after the RRF stage will be refunded to the PAs or applied to new projects.

Within 90 days of issuance of this Decision, the PAs must develop a proposal and jointly submit a Tier 2 Advice Letter with details of how to implement upfront financing based on PG&E's Financial Assistance Pilot. Prior to the filing, the PAs should hold a joint PA webinar or workshop to share details of the proposal. The proposal should address:

a. How developers are qualified to be eligible.

[119] https://www.pge.com/tariffs/assets/pdf/adviceletter/GAS_4226-G.pdf.

b. Program requirements for developers qualifying for the upfront incentive.
c. Provisions for non-performance.
d. Terms and conditions for host customers; and
e. How the program will be marketed.

8. Additional Eligible Project Costs

8.1. Overview

Many parties identified coverage for additional costs, necessary to support project installation, as a major impediment to low-income participation in SGIP. The trade-off when providing higher total incentives (via more eligible costs) is that the program potentially reaches fewer customers. AB 209 intends to dramatically increase SGIP participation by low-income residential customers. Parties' comments debated the merits of providing additional cost coverage for solar panels, roofs, and inverters for low-income households and whether and how to leverage IRA tax credits that potentially cover some of the same costs.

8.2. Party Comments

The Commission's October 26, 2022, ACR asked whether additional costs necessary for project installation should be eligible for SGIP incentives (*e.g.*, panel upgrades, roofing, wiring, etc.).[120]

Several parties put forth proposals supporting eligibility of additional costs for low-income households. We summarize a few of these proposals below.

CALSSA indicated that the IRA provides rebates of 100% of main panel upgrade costs, up to $4,000, for those earning up to 80% of AMI, and rebates of 50% of costs for those earning between 80% and 150% of AMI and argues that

[120] Assigned Commissioner's Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, October 26, 2022, at 17.

this incentive should be sufficient to address these ancillary installation costs for those customers that are able to take the rebate.[121] CESA supported covering the following costs to support low-income household participation:[122]

- Difficult equipment location adder
- Main panel relocations due to existing gas meter proximity
- Main panel upgrade
- Standalone non-export interconnection fee

Supporting additional cost coverage, CSE's comments recommended that the program create a maximum reimbursement of $3,500 per project for service panel and wiring upgrades for low-income projects only, "In designing the added incentives to reimburse for service panel upgrade costs, the clearest pathway is to account for them in the same energy storage funding category."[123]

GRID identified that for Residential Equity Budget and Equity Resiliency Budget projects, main panel, critical load panel and wiring upgrades are currently eligible expenses. GRID commented that roofing costs should be available only through an adder structure or through a carveout with increased scrutiny for those projects.[124]

The Joint CCAs supported Cal Advocates' comments recommending that the Commission should include all necessary solar and storage installation costs as part of the SGIP incentives for low-income customers.[125] SoCalGas also recommended that costs specific to electric panel upgrades be added to the total

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[121] CALSSA Opening Comments, December 2, 2022, at 14.

[122] CESA Opening Comments, December 2, 2022, at 8 Table 2.

[123] CSE Opening Comments, December 2, 2022, at 15 and 16.

[124] GRID Opening Comments, December 2, 2022, at 12.

[125] Cal Advocates Opening Comments, December 2, 2022, at 7.

eligible projects costs to help certain low-income customers overcome these cost barriers.[126]

In reply comments, CSE supported comments filed by CESA and GRID to allow additional incentives for electric panel upgrades, roof repairs/replacement ($3,500 limit for service panel and wiring, $15,000 for roofs).[127] RCRC supported SGIP funding for these costs, with higher scrutiny, recoverable through liens.[128] SCE's reply comments agreed with SoCalGas that "costs specific to electric panel upgrades be added to the total eligible projects costs to help certain low-income customers". SCE also indicated that any increase in funding for ancillary costs would result in a reduction in the incentives available for installation of new solar/storage.[129]

8.3. Discussion

Under existing SGIP rules, electrical and critical loads panel and wiring upgrades are allowable costs in the equity budget category.[130] In adding AB 209 funds to this budget category, these types of costs are also eligible for these SGIP projects. The Commission does not expand or increase these costs at this time. AB 209 funds have a statutory requirement to fund the installation of solar and storage systems. Although roof repairs may be an impediment to installation for low-income customers[131], these costs are not justifiably supported by SGIP at this

[126] SoCalGas Opening Comments, December 2, 2022, at 18.

[127] Reply Comments of CSE, December 16, 2022, at 8.

[128] Reply Comments of Rural County Representatives of California (RCRC), December 16, 2022, at 7 through 9.

[129] Reply Comments of SCE, December 16, 2022, at 3 through 4.

[130] 2023 SGIP Handbook V3 at 42.

[131] Process and Load Impact Evaluation of the Disadvantaged Communities-Single-Family Affordable Solar Housing Program (DAC-SASH), and Process and Load Impact Evaluation of the Single-Family Affordable Solar Housing Program (SASH).

time. The Commission will continue to monitor this issue, especially concerning any additional AB 209 funds and may consider updates to eligible additional costs in the future.

After considering party comments about additional cost coverage, the Commission has determined the following:

1. Roof updates and repairs will continue to not be eligible in SGIP.
2. SGIP will retain the maximum reimbursement of $3,500 per project for service panel and wiring upgrades for low-income projects in the equity budget category.
3. Inverter upgrades/replacements are permitted for new and existing solar systems as an eligible cost under the new SGIP solar incentive for low-income customers under at least one of the following conditions:
    a. A new inverter is required for a new solar installation;
    b. An inverter replacement is required in order to add storage or additional capacity to an existing solar system; or
    c. An inverter replacement is required if the system is over 10 years old or out of warranty.

9. IRA Tax Credit

The Inflation Reduction Act (IRA) included tax credits to incentivize residential clean energy home improvements such as solar and storage[132]. The IRA also includes tax credits for electric panel upgrades associated with clean energy projects.[133] The IRA provides a tax credit of up to 30 percent of the costs of installing solar plus storage. For a system costing $25,000, this represents a

[132] Initial Guidance Establishing Program to Allocate Environmental Justice Solar and Wind Capacity Limitation Under Section 48(e) (irs.gov).

[133] IRA Instructions for Form 5695, Residential Energy Credits, Qualified solar electric property costs Section. https://www.irs.gov/instructions/i5695.

potential federal tax credit of $7,500. The SGIP PAs will be required to hold a workshop, then file and serve a proposal. The proposal will describe how the SGIP might best leverage these federal tax credits and allow the State funds to support more projects for low-income customers.

9.1. Overview

The IRA tax credit for solar and storage installation presents an opportunity for the SGIP Residential Solar and Storage budget category to leverage federal dollars and fund more systems for projects that stack funding. Existing SGIP rules require applicants, host customers, and system owners to disclose information about all incentives, credits, and rebates received, and to deduct that amount from the SGIP incentive claimed. Currently, the SGIP application requires disclosure of all expected Investment Tax Credits or other incentives. Customers self-attest to the value of those credits or incentives to ensure the combination of tax credits, other incentives, and the SGIP requested incentive do not exceed the total eligible project costs.

9.2. Party Comments

Most parties urged the Commission not to require automatically reducing the new AB 209 incentive based on the potential amount of the IRA tax credit.[134] CALSSA stated that many low-income customers do not pay enough tax to make use of the tax credit and that the credit may not be transferrable for full value in all situations.[135] CSE, SCE, PG&E, SDG&E, SEIA, SoCalGas, CALSSA, and CalPA all supported retaining the current SGIP requirement for applicants to self-

[134] Comments of the Center for Sustainable Energy regarding the Assigned Commissioner's Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and AB 209 Implementation, December 2, 2022, at 14.

[135] CALSSA Opening Comments, December 2, 2022, at 14.

proclaim tax credits and incentives received or anticipated on the project application.

GRID, PG&E, and SoCalGas supported efforts to maximally leverage the IRA by SGIP and its clients to support equitable access to storage and related technologies.[136] SoCalGas recommended that any applicant who submits that an IRA tax credit is not being taken, should also be required to provide an attestation of ineligibility or explanation for why the tax credit could not be utilized or transferred. According to SoCalGas, this will discourage customers from utilizing SGIP to offset what would have otherwise been covered by applicable tax credits and may extend the use of AB 209 funds to allow more projects.

9.3. Discussion

After reviewing party comments, the Commission has determined that SGIP applicants shall continue to be required to note the expected tax credit value on their project application and this amount will be deducted from the SGIP incentive request.[137] Applicants that indicate they will not claim the tax credit must include on their application a statement explaining why the project would be ineligible for the credit or why the credit could not otherwise be utilized or transferred. This process allows flexibility in accounting for tax credits and/or other incentives that may differ between customers, projects, and/or tax years.

[136] GRID Opening Comments, December 2, 2022, at 12, PG&E Opening Comments, December 2, 2022, at 16; SoCalGas Opening Comments, December 2, 2022, at 18.

[137] See Section 4.5.6 “Incentives from Other Sources” in the SGIP Handbook, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/self-generation-incentive-program/2023-sgip-handbook-v3.pdf.

The primary downside to this approach is that it could leave potential federal funding on the table and could be exploited if IRA tax credits are under-reported or not reported and then later claimed. A state incentive program ideally would like to leverage federal tax incentives and thereby stretch state incentive funding to maximize the number of customers benefitting. It is not yet clear how leveraging IRA tax credits affects customers in different financial situations. As of now it may be unreasonable to always assume a 30 percent tax credit regardless of a customer's known eligibility to receive those credits or the ability of a third-party project developer to monetize the tax credit and pass the value onto the host customer.

The Commission seeks to obtain more information on how best to maximize the use of federal tax credits for the benefit of California customers in the SGIP program. We direct the SGIP PAs to hold a workshop to address the issue and consider proposals aimed at maximizing the IRA cost share for the SGIP projects, including all cost categories potentially eligible for tax credits under the IRA such as solar, storage and panel upgrades. Alternative structures should be explored including third party owned solar and storage systems that enable low-income customers to host solar and storage with no or little money down. For any residual costs to low-income customers on-bill finance and other finance mechanisms should be explored. The SGIP PAs will consult with Energy Division staff for guidance prior to finalizing the proposal and to file a joint motion for Commission consideration of the agreed-upon proposal in the SGIP Proceeding within six months of the issuance date of this Decision.

10. Improving SGIP Participation for Tribal Customers

Each PA may identify a portion of their allocation of the AB 209 funds that should be reserved and marketed directly to tribal customers. These funds should reflect, at a minimum, an equivalent percentage to the estimated load share or number of low-income tribal customers in the territories that PAs administer SGIP. This shall initially be set at 2 percent of their AB 209 incentive budget, which may be requested to be adjusted by the PAs in a Tier 2 Advice Letter submission.

10.1. Overview

In D.19-09-027, the Commission found that there were no specific eligibility requirements tailored to support tribal participation in SGIP and therefore supplemented the eligibility criteria adopted in D.17-10-004 to define all California Indian Country as DACs for purposes of participating in the SGIP equity budget.

The Commission affirms that tribal customers still face unique challenges accessing SGIP, which may include the lack of accepted income documentation, lack of access to high-speed internet to upload required documents and participate in virtual inspections, and lack of access to local developers. Despite the Commission's focus on tribal communities, SGIP participation has been limited.

10.2. Party Comments

The AB 209 October 26, 2022, ACR asked parties about the existing barriers for tribal customers living on tribal lands and enrolled members of California tribes that wish to participate in SGIP and suggestions for ways and means to overcome those barriers.

Application timelines, program eligibility requirements, distrust of regulatory bodies, the lack of technical assistance, and higher projects costs were cited as barriers for tribal customers. Some of these barriers, such as deed restrictions are common for all other customers, and some are unique to tribal lands. For example, CSE pointed out that project costs are higher for tribal customers due to more remote locations and higher labor costs both for solar installation and additional programmatic requirements such as energy efficiency audits.[138]

CALSSA pointed out that the application timeline has been difficult to manage for energy storage providers when a tribal community's leadership has limited availability to review and approve projects.[5] CSE stated that program eligibility requirements, such as deed restrictions, are less straightforward for tribal customers and required documentation does not align with the documents available to tribal residents.[139] CSE also added that there is limited housing stock that meets the SOMAH definition of multifamily based on assessments conducted by the SOMAH PA team to identify potential eligible properties in tribal territories. CSE also added that project costs are higher for tribal customers due to more remote locations and higher labor costs both for solar installation and additional programmatic requirements such as energy efficiency audits.[140]

SCE recommended that the Commission consider allowing tribal customers that are located near but not within the Tier 2 or Tier 3 High Fire

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138 CSE Opening Comments, December 2, 2022, at 12.

139 CALSSA Opening Comments, December 2, 2022, at 11.

140 CSE Opening Comments, December 2, 2022, at 12.

Threat District (HFTD) to be eligible for an incentive rate similar to the Equity Resiliency category.[141]

SoCalGas recommends trusted relationships through PA outreach will also be key in tribal community engagement.[8] CALSSA, CSE, SCE, GRID, and CalPA supported removing the income verification for tribal customers. CSE and GRID support eligibility for tribal customers not living in Indian Country.[142]

PG&E stated that current SGIP policy allows the customer to choose any applicant they desire, so there is no need to change any existing SGIP policy to allow tribal governments or agencies to apply for SGIP funds on behalf of tribal customers.[143]

SoCalGas supported a set-aside of funds reserved and marketed directly to Tribal customers but argued that it should be pursuant to an evaluation using recent census data or other resources that show the number of tribal customers located within each PA territory.[144]

10.3. Discussion

Tribal eligibility for the SGIP should rely on existing program processes and policies. After considering the party comments, the Commission determines the following:

1. The existing SGIP process for income verification shall continue to be required for incentives for tribal customers.
2. Each PA may, through Tier 2 Advice Letter, identify a portion of their allocation of the AB 209 funds that should be reserved and marketed directly to tribal customers.

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[141] SCE Opening Comments, December 2, 2022, at 8.

[142] SoCal Gas Opening Comments, December 2, 2022, at 15.

[143] PG&E Opening Comments, December 2, 2022, at 14.

[144] SoCalGas Opening Comments, December 2, 2022, at 16.

a. This shall initially be set at 2 percent of the AB 209 incentive budget, which can be requested to be adjusted by the PAs in their AL submission.
b. These funds should reflect, at a minimum, an equivalent percentage to the estimated load share or number of low-income tribal customers in the territories that PAs administer SGIP.
c. These funds would only be a set-aside and would not preclude tribal customers from accessing the overall incentive budgets once exhausted.
d. Any funds from this set-aside for tribal customers which remain unencumbered in the last year of the program shall be available to any eligible customer, to ensure that any remaining funds are not stranded.

The Commission prioritizes the issue of ensuring equitable access to these incentives for tribal customers and will consider this topic at future workshops and in the Proceeding.

11. NBT and TOU Rates

Existing net energy metering (NEM) 1.0 and 2.0 solar customers that apply for SGIP storage incentives in any budget category, with the exception of the Residential Solar and Storage Equity budget and San Joaquin Valley Residential budget, shall be required to transition to the NBT established in the NEM Revisit proceeding (R.20-08-020) via D.22-12-056 or as updated according to the process laid out in that Decision. New solar customers are already required to be on NBT so new SGIP storage applicants who pair with new solar will by default be on NBT in all SGIP budget categories. All new SGIP applications in all budget categories are required to be on high differential electrification TOU rates by existing SGIP rules or the NBT decision or as updated. Customers who apply for standalone storage and do not have solar can choose either the SGIP-approved

TOU rates which have at least a 1.69:1 peak to off-peak ratio or may enroll in higher differential TOU rates now required for all NBT customers.

11.1. Overview

Legacy NEM 1.0 and 2.0 customers with stand-alone solar impose significant additional ratepayer costs each year and many of these customers are grandfathered into these tariffs for up to 20 years. Migrating legacy NEM 1.0 and 2.0 PV customers to NBT and pairing with energy storage will result in significant ratepayer savings as well as significant peak reduction, enhanced reliability, and GHG reduction benefits. A key goal of the NBT is to reduce the large cost shift created by stand-alone solar customers by encouraging pairing of solar with storage.

The NBT Decision determined that requiring highly differentiated time-of-use rates will vastly improve the pricing signal to successor NBT customers, encourage electrification, and maximize the value of solar generation.[145] The Decision also laid out a process for the IOUs to propose new rates and for Energy Division to add new rates, applicable to the SGIP, through a Resolution. NBT rates typically have higher peak to off-peak rate differentials than currently required for SGIP customers (1.69 to 1). Eligible electrification TOU rates adopted in NBT were:

a) PG&E: E-ELEC;
b) SDG&E: EV-TOU-5; and,
c) SCE: TOU-D-Prime.

The October 26, 2022, assigned Commissioner Ruling asked parties to comment on whether the Commission should require all new SGIP storage

[145] D.22-12-056 at 159.

incentive and AB 209 incentive recipients to take service on a higher differential time-of-use rate than currently required (*i.e.*, electrification/EV rates).[146]

The July 12, 2023, ALJ Ruling similarly asked parties to comment on whether an IOU customer with an existing solar system that currently takes service on either NEM 1.0 or 2.0 and applies to receive SGIP incentives for any budget category, should be required to migrate to the NBT.[147]

11.2. Party Comments

Most parties are opposed to requiring that legacy NEM 1.0 and 2.0 customers be required to migrate to the NBT. CALSSA's comments supported the Commission's allowing NEM 1.0 or 2.0 customers to participate in SGIP without requiring them to migrate to the NBT.[148] According to CALSSA, many low-income NEM 1.0 or 2.0 low-income customers would end up paying more for their electric bill on NBT with a battery than if they were to remain on the NEM 1.0 or 2.0 tariff without a battery.[149] Moreover, CALSSA asserted that, "encouraging existing NEM solar customers to add batteries should be a high priority. Forcing them to switch tariffs would be a disincentive that would undermine that objective."[150] CESA's comments stated that this disincentive, "for customers to install on-site energy storage is contrary to the goals of the state and goes far beyond the direction of the legislature or program history."[151]

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[146] ACR Ruling October 26, 2022, at 20.

[147] ALJ Ruling, July 12, 2023, at 6.

[148] CALSSA Opening Comments, August 1, 2023, at 6.

[149] *Ibid*.

[150] *Ibid*.

[151] CESA Opening Comments, August 1, 2023, at 5.

The existing SGIP PAs largely agreed with these arguments. CSE's comments stated that, "Switching customers to a different tariff due to the addition of a battery storage system would add unnecessary complexity and potential confusion for the participating customer."[152] PG&E commented that "PG&E would support transitioning low-income customers on legacy NEM rates to NBT to minimize overall cost shifting only if the participant received bill neutrality or bill savings, possibly due to participation in a load management offering."[153] SDG&E's comments stated that, "(SDG&E) does not believe that existing NEM 1.0 and 2.0 customers should be required to move to the NBT if they elect to take an SGIP incentive."[154]

EBCE's comments encouraged the Commission to allow NEM 1.0 and 2.0 customers the ability to stay on their original tariff.[155] EBCE also recommended that if the Commission does require legacy low-income NEM 1.0 and 2.0 customer to transition to the NBT; the Commission should, "require customers to transition to the most up-to-date rooftop solar tariff currently offered by their energy and delivery providers. Framing the directive more generally will avoid complications if/when a successor tariff replaces the NBT. It also ensures that unbundled customers can access SGIP if their alternate provider implements a modified or updated version of NBT or adopts a different name for a similar/identical tariff."[156] GRID's comments suggested that, regarding continuing SGIP contributions to emission reductions, "the Commission would

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[152] CSE Opening Comments, August 1, 2023, at 4.

[153] *Ibid*.

[154] SDG&E's Opening Comments, August 1, 2023, at 5.

[155] EBCE's Opening Comments, August 1, 2023, at 2 and 3.

[156] *Id*. at 3.

need confidence that requiring existing customers to migrate to a less economically advantageous tariff would not prevent or dampen greater emission reductions than would otherwise occur if migrating was not a requirement."[157]

Cal Advocates' and SCE's comments both supported the concept of requiring low-income legacy NEM 1.0 and 2.0 customers or new low-income SGIP participants, to transition to NBT if they use SGIP incentives for storage. Cal Advocates' comments stated that, "customers that receive these SGIP funds and are currently receiving service under the NEM legacy tariff should be required to migrate to the new NBT. This is because the cost shift that is caused by individual customers on NBT is less than the cost shift caused by those on the legacy NEM tariffs (*e.g.*, NEM 1.0 and NEM 2.0)"[158] SCE's comments expressed support for customers on NEM 1.0 and 2.0 tariffs not being eligible to receive AB 209 funds unless they transition to the recently adopted NBT.[159]

11.3. Discussion

The Commission affirms that a key goal of the NBT is to reduce the large cost shift created by stand-alone solar NEM customers by encouraging pairing of solar with storage. SGIP should be aligned and consistent with the policy goals of NBT. Therefore, we require solar customers on NEM 1.0 or 2.0 to transition to NBT in order to be eligible for SGIP incentives for storage in all budget categories that are not exclusively for low-income customers. Currently, there will be two exceptions: the Residential Solar and Storage Equity and San Joaquin Valley Residential budgets will not require a migration to NBT from NEM 1.0 or 2.0 when adding storage to existing solar systems.

[157] *Ibid*.

[158] Cal Advocates Reply Comments, August 11, 2023 at 2.

[159] SCE Opening Comments, August 1, 2023 at 5.

When a low-income NEM 1.0 or 2.0 solar customer adds storage and transitions to the NBT, their bill could rise or fall depending on different factors. If their developer does not program their battery to follow the NBT export rates, their bill could increase, though it may remain far below what it was prior to adding solar. Optimal dispatch of a battery could result in even further bill savings in this situation. However, while overall low-income NEM 1.0 and 2.0 customers adding a battery and switching to NBT, this is not guaranteed due to the different factors discussed earlier. Considering this, we err on the side of not risking increasing low-income customer bills. Therefore, we will not require applicants to the Residential Solar and Storage and San Joaquin Valley Residential budgets who add storage to their existing solar system to migrate to NBT. We note that all customers who are getting solar and storage for the first time will by default be on the NBT tariff, including low-income customers, because NEM 1.0 and 2.0 are not available to new customers anymore.

After considering the party comments, the Commission determines the following:

1. Existing NEM 1.0 and 2.0 solar customers that apply for SGIP incentives are required to transition to the NBT established in D.22-12-056 or as updated in that proceeding. Residential Solar and Storage Equity SGIP customers and San Joaquin Valley Residential SGIP customers are exempt from this requirement.
2. All new SGIP applicants that install solar are required to enroll in the NBT.
3. All eligible electrification TOU rates adopted in the NBT Decision or as updated according to the process laid out in that Decision are considered to be SGIP-approved rates, even if they do not meet the typical SGIP-required 1.69 to 1 differential between the summer on-peak and off-peak

rate. This ensures that all customers on NBT may apply for SGIP incentives.

4. If a non-IOU electric customer does not have access to an SGIP-approved TOU rate or one with an equivalent differential, they should be required to enroll in another TOU rate offered by their LSE if available. In addition, they should comply with existing rules for customers without access to IOU TOU rates as detailed in Section 5.2.8 of the SGIP Handbook.
5. All SGIP developers are required to program the customer's battery to cycle on the customer's TOU rate and to optimize the battery dispatch based on the retail import rate and retail export compensation of the customer's applicable tariff.
6. The Commission notes that CalFUSE[160] is currently in development and may be a reasonable option in lieu of electrification TOU rates for customers when it becomes available.

12. Participation in Demand Response Programs

All new SGIP participants shall be required to enroll in one of the qualified Demand Response (DR) programs listed in Appendix E.

12.1. Overview

Based on impact evaluations of SGIP-incentivized systems, grid value remains unrealized and underutilized due to the way these systems operate, particularly in regard to discharge during the system net peak period. The SGIP incentive funds advanced solar and storage systems that are capable of dynamic charge and discharge schedules, and the Commission is mandated to ensure that they operate for the maximum grid, GHG, and other customer benefits. Other

[160] California Flexible Unified Signal for Energy (CalFUSE) is a Commission developed roadmap containing six policy elements designed to achieve widespread customer adoption of low-cost, advanced flexible demand and DER management tools and compensation statewide via a unified, universally accessible dynamic economic signal.

Commission programs have begun to require DR program participation. For example, the SGIP Heat Pump Water Heater (HPWH) Decision (D.22-04-036) took a similar approach and required DR participation for incentive recipients for a minimum of three years.

The October 26, 2022, ACR Ruling asked parties to comment on whether the Commission should require all new SGIP storage incentive and AB 209 recipients to enroll in either a supply-side market integrated DR program, or load modifying DR program such as critical peak pricing (CPP). Furthermore, should the Commission allow recipients to enroll in Emergency Load Reduction Program (ELRP)[161] Virtual Power Plant (VPP) as an alternative, or in addition to DR program options.[162]

12.2. Party Comments

Most parties providing comments about participation in DR programs for SGIP participants opposed requiring DR participation because it may present an additional burden to customer participation. They note that these energy storage systems may be utilized to reduce peak load consumption during the same time periods to optimize bill savings. However, if a DR event is called and during, or after, that event a customer suffers an outage related to PSPS or wildfire conditions, their battery may not have a full charge to provide an expected resiliency benefit to the grid.[163]

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[161] Emergency Load Reduction Program (ELRP).

[162] October 26, 2022, ACR at 20.

[163] SoCalGas Opening Comments, December 2, 2022, at 22.

CALSSA, CSE, CESA, Cal Advocates, and SCE do not support allowing SGIP incentive recipients to enroll in supply side market integrated demand response (DR) programs.[164]

CSE's commented that "Energy storage systems operating on the required SGIP approved-TOU rates are currently aligned with the peak periods in which DR programs are aimed so the grid benefit already exists."[165] Cal Advocates' comments stated that, "SGIP already requires participants to operate in certain ways to reduce GHG emissions and provide grid benefits. Should an SGIP recipient participate in supply-side DR, there is no way to determine what portion of their battery discharge or load drop should be attributed to SGIP, and what should be attributed to the DR event."[166]

SCE recommended that a requirement for DR enrollment "could create a barrier to participation, particularly in the low-income customer segment where participation is already a challenge."[167] SEIA's comments" supported allowing but not requiring SGIP participants to enroll in a supply-side market integrated DR program, load modifying DR program such as CPP or the ELRP."[168]

In contrast, the Joint CCAs' and PG&E's comments expressed support for DR program enrollment for SGIP participants. The Joint CCA's comments suggested that the Commission should encourage SGIP participants to participate in DR programs but do not agree that participants should be required

[164] CALSSA Opening Comments, December 2, 2022at 17; CESA Opening Comments, December 2, 2022, at 14; CSE Opening Comments, December 2, 2022, at 20, 21; Cal Advocates Comments, December 2, 2022, at 10.

[165] CSE Opening Comments, December 2, 2022, at 20.

[166] Cal Advocates Comments, December 2, 2022, at 10.

[167] SCE Opening Comments, December 2, 2022, at 11.

[168] SEIA Opening Comments, December 2, 2022, at 3 and 5.

to participate in (or be de-facto auto-enrolled in) any given DR program."[169] PG&E's comments supported requiring all customers receiving an SGIP incentive to enroll and participate in a demand response or 'grid services' program to support grid reliability."[170]

12.3. Discussion

The Commission finds that it is appropriate to require DR program participation, given the relative simplicity of enrolling and the potential to leverage additional benefits from the provided incentives. Furthermore, in D.23-12-005, the Commission provided a definition of "qualified" DR programs eligible to meet a DR program enrollment requirement as a condition of a customer receiving an incentive or rebate. We, therefore, adopt a requirement for AB 209 SGIP incentive recipients to enroll in a "qualified" DR program as defined in D.23-12-005. The list of DR programs appropriate for SGIP recipients is included as Appendix E to the decision. This list of qualified demand response programs may be updated as new offerings are established or as programs change.

Enrollment in the Emergency Load Reduction Program (ELRP) does not satisfy this requirement. However, if the customer's SGIP funded battery is enrolled in a qualified DR program, which is eligible for dual participation with ELRP, then enrollment in ELRP would be allowed. In all cases PAs and customers must conform to all applicable dual participation rules that are already established by the Commission.

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[169] Joint CCA Comments, December 2, 2022, at 14.

[170] PG&E Comments, December 2, 2022, at 19.

After considering the party comments, the Commission determines the following:

1. All host customers receiving SGIP incentives shall be required to enroll in a qualified DR program, which is listed in Appendix E. This is a sub-set of the qualified DR programs that meet criteria established in D.23-12-005 that best serves SGIP program implementation.
2. Enrollment and participation in a qualified DR program must be maintained for a project's 10-year permanency period.
3. This list of qualified DR programs will be maintained by the PAs on the SGIP website and updated as the list of "qualified" DR programs gets updated by the Commission or the IOUs as per D.23-12-005 direction, or by the PAs through Tier 2 Advice Letter.
4. SGIP PAs are directed to add to the list any qualified DR programs that may be offered to statewide customers by other electric providers.
5. PAs may exempt an applicant from this DR participation requirement if:
    a. Customers do not have access to qualified DR programs; or
    b. Customers would have to forfeit a low-income rate to join a DR program.
6. Enrollment in ELRP does not satisfy this requirement, but dual enrollment in ELRP in addition to one of the eligible qualified DR programs is allowed, as consistent with applicable DR dual enrollment rules.

13. Ratepayer Administrative Budgets

PAs are permitted, through Tier 2 Advice Letter, to request shifting funds from ratepayer incentive budgets to ratepayer administrative budgets, while exceeding existing administrative budget caps by no more than an additional three percent. This request should be supported by documentation of administrative costs to date, projections for all expected administrative costs in order to sunset the current program, and the expected utilization rate of the funds.

13.1. Overview

Ratepayer-funded administrative budgets for SGIP PAs have in the past been capped at a fixed percentage of the total authorized budget set by Commission decisions. In D.20-01-021, the Commission reaffirmed this principle and denied PAs the authority to transfer funds from underutilized incentive budgets to administrative budgets.[171] In that Decision, SoCalGas and CSE were directed to allocate 7 percent and 10 percent, respectively, of their total 2020 to 2024 ratepayer collections to their SGIP administrative budgets. PG&E and SCE were directed to utilize their accumulated unspent administrative budgets to fund these SGIP administrative costs, also capped at 7 percent of the total budget, and were not authorized new administrative funds.

On May 18, 2023, PG&E filed a motion requesting authorization to establish a memorandum account to record administrative costs incurred for SGIP that exceed authorized budgets and to later seek cost recovery. PG&E anticipates that its allocated administrative budget will be insufficient to effectively administer the program through 2034.[172] On May 23, 2023, SDG&E filed a response expressing concern with exceeding budgets without a cap. SDG&E prefers that PG&E, (and other PAs), be allowed to shift funds from the incentive budget to the administrative budget, still under the current total budget cap.[173]

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[171] D.20-01-021 at 59.

[172] PG&E Motion, May 18, 2023, at 2.

[173] SDG&E Response, May 23, 2023, at 4.

The Commission recognizes that there may be unknown costs related to administration and evaluation activities for the SGIP that continue after the final program year of a budget category. Furthermore, unallocated funds are to be returned to ratepayers by January 1, 2026, necessitating projecting these administrative costs until the program sunset. Additionally, PG&E correctly noted that their administrative costs were funded at an expected five years of expenditure, but that the SGIP budget allocation established in D.20-01-021 actually required six program years.[174] The Commission's AB 209 July 2023 Ruling asked parties to comment on whether and how the PAs should be permitted to shift funds from incentive budgets to administrative budgets to cover these costs, while remaining under some administrative budget caps.[175]

13.2. Party Comments

Parties were split on whether to allow PAs to shift funds from incentive budgets to administrative budgets but were unified that administrative budget caps should be retained, and that Tier 2 Advice Letters would be the appropriate mechanism for requesting to shift funds. CALSSA did not support the PAs being able to shift funds and advocated for the opportunity for party comment if allowed.[176] PG&E agreed that Tier 2 Advice Letters provide appropriate oversight and public input for fund shifting, while remaining flexible enough to accommodate changes.[177] Cal Advocates supported fund shifting as reasonable

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174 D.20-01-021 at 25.

175 ALJ Ruling, July 12, 2023, at 11.

176 CALSSA Opening Comments, August 1, 2023, at 12-13.

177 *Ibid*.

and supported the use of Tier 2 Advice Letters, except in "extenuating circumstances" which might require a Tier 3 Advice Letter.[178]

CSE commented that, "PAs should be permitted to shift funds from incentive budgets to administrative budgets within the existing budget caps."[179] SoCalGas' comments recommended that,

> "a margin of no more than a 3 percent increase of these administrative budget allocations be allowed for transfers in any of the remaining program years (2023, 2024 or 2025). Furthermore, if an administration shortfall exists, transfers should be spread equitably across all budget categories where funds remain unused, so as not to place an undue burden of administration costs on any one budget category or technology."[180]

13.3. Discussion

It is reasonable for the PAs to be authorized to request through Tier 2 Advice Letter to shift unallocated incentive budget funds to administrative budgets, up to an additional three percent over existing administrative budget caps. The PA should justify the request by accounting for past administrative allocations and expenditures and should request sufficient funds to sunset the current ratepayer-funded program. The Commission grants discretion to the PAs to propose which of their incentive budget categories to draw from to meet the need.

14. Measurement and Evaluation Improvements

PAs are required to implement changes related to data collection for the purposes of SGIP impact evaluations.

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[178] Cal Advocates' Reply Comments, August 11, 2023, at 7- 8.

[179] CSE Opening Comments, August 1, 2023, at 10.

[180] SoCal Gas's Opening Comments, August 1, 2023, at 15-16.

14.1. Overview

The Commission's AB 209 July 2023 Ruling requested party comments on challenges in M&E. The SGIP Evaluator has identified the collection of energy storage system performance data as a substantial barrier to completing timely and comprehensive program evaluations. Project developers who submit SGIP applications may not have access to the requisite data. The energy storage system manufacturers that do have access are not parties to the SGIP contract, under no obligation to comply with data requests, and in some cases unable to connect SGIP application IDs to installed systems. This has recently caused delays for evaluations and adjustments to the methodology used to create representative samples of projects. The 2022 SGIP Impact Evaluation Report has currently been delayed by more than four months due to delays in the M&E consultants acquiring data from developers and manufacturers.

14.2. Party Comments

Most parties did not comment on data for program evaluation, however, some offered measured support for efforts to improve data access for evaluations. SoCalGas suggested the Commission consider requiring manufacturers to demonstrate the ability for third parties to collect data directly from an API using the SGIP Application Code or another unique identifier. They also cautioned that manufacturers may not readily take on development costs associated with improving data access as they are further removed from the program.[181] CALSSA cautioned against any new equipment requirements, for fear of creating application delays.[182]

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[181] SoCalGas Opening Comments, August 1, 2023, at 14.

[182] CALSSA Opening Comments, August 1, 2023, at 12.

14.3. Discussion

The issue of evaluator access to incentivized system performance data is a primary concern for demonstrating the impact of the program. The SGIP PAs will be required to implement the following changes and reflect them where appropriate in the SGIP Handbook and application:

1. Manufacturers will be added to the 'Program Participant' list in Section 4.1 and to the Definitions and Glossary in the SGIP Handbook. The definition and description of the manufacturer role in the program will include the requirement to submit operational and performance data when requested by the SGIP evaluator to ensure comprehensive data submission. Infractions may be issued by PAs or ED for manufacturers that do not provide the information requested by the PAs or the SGIP Impact Evaluator in the timeframe requested and any manufacturer with two infractions for this reason may be suspended from verified equipment lists for six months.
2. As part of the SGIP Equipment Specifications in Section 8.1.3. of the SGIP Handbook, program participants should confirm the ability for third parties to collect data directly from an application programming interface (API) using the SGIP application code or another unique identifier that is or will be required to be submitted in the SGIP application, such as a serial number.
3. Developers must be required in the SGIP application to confirm that they have registered the SGIP application code with the equipment manufacturer or disclose why they are unable to do so.
4. Energy Division, in consultation with the SGIP Working Group shall set an annual deadline for data submission by developers or manufacturers to ensure timely reporting well in advance of program evaluations.

15. Other SGIP Modifications

Both the October 26, 2022, ACR ruling and the July 12, 2023, ALJ ruling asked parties to respond in their comments with suggestions for additional SGIP program improvements. The responses were varied and included a substantial number of proposed minor changes to program processes, most of which did not receive replies from other parties. However, some of these changes may make funds available faster, reduce applicant burden, or otherwise streamline administration. PAs should reflect these changes as soon as possible in the SGIP Handbook and application where appropriate, no later than 120 days from adoption of this decision.

First, the requirement for PAs to separately meter SGIP incentivized and non-incentivized portions of energy storage system capacity is removed for projects that do not receive Performance Based Incentive (PBI) payments.

a. This amends D.20-07-015, Section 7.2 to remove the final clause of the last sentence in this section and add clarity for PBI projects. That section is amended to read as follows:

"It is important to clarify that SGIP does not prohibit customers from installing additional energy storage equipment at a property that would cause the total installed capacity at the site to be greater than the system sized according to SGIP requirements. This additional equipment is, however, ineligible for SGIP incentives. Projects that will receive PBI payments are required to separately meter SGIP-incentivized and non-incentivized equipment, to ensure that the payments are accurate to the recorded kWh of electricity actually discharged or offset by the incentivized portion. Other projects which may have both incentivized and non-incentivized equipment are

> not required to be separately metered. However, the Measurement and Evaluation of SGIP should account for this factor when reporting on system performance and evaluating program impacts and should accurately attribute to SGIP the performance of the incentivized equipment."

Second, the PAs are authorized to add Enhanced Power Safety Setting (EPSS) outages to the SGIP Handbook for the purposes of meeting criteria or requirements currently met by PSPS events. This modification is based on PG&E's recommendation and observation that their customers are more likely to be subjected to EPSS outages than PSPS events, but that EPSS outages are not included in the resiliency definition. SGIP PAs are granted discretion on how exactly to incorporate EPSS outages into SGIP, how these events can be verified by applicants, and what criteria is appropriate for meeting eligibility.

Third, the PAs are authorized to change or remove the general market Small Residential storage budget soft target through Tier 1 Advice Letter. This Advice Letter should include a justification that may cite low uptake, pending deadlines for returning the funds, or other reasons. Previously. D.20-01-021, Ordering Paragraph 12, established a soft target which reserved 50 percent of the general market residential incentive budget for customers meeting the resiliency criteria of being located in a HFTD or having experienced PSPS events. The rationale was to encourage developers to redirect customer outreach to these areas, even for general market budget categories otherwise not targeted towards those customers. PG&E reported that this has led to funds being stranded because uptake is low. The Commission does not remove this soft target outright but will authorize discretion to the PAs to determine whether and when it is appropriate to change or remove the target, considering the uptake of the funds, the deadline for returning funds, and whether the target is having the intended effect.

Fourth, for energy storage systems, PAs shall use a performance warranty in lieu of the existing service warranty requirement in current SGIP rules. This modification is made in response to PG&E's recommendation, which explained that the existing service warranty requirement in SGIP was primarily designed for legacy generation systems, and not energy storage, which is the largest part of the current budgets. PG&E suggests replacing this requirement with a performance warranty or guarantee, in line with industry standards. PG&E also proposes that storage systems should be required to have at least a 60 percent capacity at the end of 10 years, which is the number of years required for the manufacturer's warranty. The exact language of a performance warranty SGIP requirement tailored for energy storage systems shall be agreed upon by unanimous SGIP Working Group decision. The SGIP PAs must submit a Tier 2 Advice Letter proposing a performance warranty.

Fifth, individual PAs are authorized to grant application extensions, without unanimous SGIP Working Group approval, but only in line with all other existing rules regarding extensions. This modification is made in response to PG&E's recommendation. PG&E reports receiving hundreds of extension-requests each year, up to four for every project, which are an administrative burden to grant due to the current approval process.

16. Process for Programmatic Changes

The Commission has a strong interest in both streamlining regulatory requirements for SGIP and adhering to appropriate regulatory mechanisms as defined by statute and rules. The regulatory process used to update SGIP can include the filing of motions, petitions for modification, Resolutions, and Advice Letters. Stakeholders in SGIP have been interested in creating more regulatory flexibility both to implement this Decision addressing AB 209 funding and to update the program in the future based on dynamic market developments and budget category participation.

16.1. Overview

SGIP is a well-established program with a detailed set of rules and also a lot of regulatory baggage from years of overlapping 'vintages' of requirements and numerous decisions, Advice Letters, and resolutions. However, when determining the appropriate vehicle for making a change to SGIP, the Commission must adhere to General Order 96-B (GO 96-B).[183] The rules set out in GO 96-B provide clarity on what matters are appropriate to ALs and what are appropriate to formal proceedings. The Advice Letter process enables

[183] GO 96-B, at 8. https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M023/K381/23381302.PDF#page=17

Commission staff to review and approve milestones of program development or reporting that are expected to be neither controversial nor raising important policy questions. Parties to a proceeding can provide input by submitting comments or protests to Advice Letters. Typically, though, Advice Letters only affect changes that have been previously authorized or required by Commission order or other statutes. On the other hand, PAs and parties can participate in formal proceedings, such as submitting a petition for modification, if the request concerns modification of a decision issued in an SGIP proceeding or if seeking Commission approval of a proposed action that has not been previously authorized. Changes to the SGIP Handbook may fall within either of these scenarios.

16.2. Party Comments

The October 26, 2022, ACR Ruling asked parties to comment on what administrative tools the Commission can use to streamline the process of making program changes to SGIP. PG&E supported the Commission adopting a regular schedule in which PAs could propose changes to the SGIP Handbook through Advice Letter.[184] SoCalGas in their comments recognized the GO 96-B requirements but suggested that one option, to implement SGIP program changes, could be to adopt a new decision that required the use of program implementation plans in SGIP, similar to those within the Energy Efficiency Rolling Portfolio Order Instituting Rulemaking.[185] According to SoCalGas, through using program implementation plans, PAs would have expanded authority (*i.e.* fund transfers, etc.) and would issue public notices or lower-Tier

[184] PG&E Comments, December 2, 2022 at 23.

[185] D.15-10-028 at 58.

Advice Letters for transparency, but without more formal Commission approval or party feedback.

CSE's comments stated that PAs should be authorized to propose substantive program modifications, including changes to incentive levels set in Commission Decisions, through Tier 2 Advice Letter in consultation with Energy Division and avoid petitions for modification.[186] CSE argued that there is precedent for the Commission granting similar authority to the PAs in the California Solar Initiative Thermal Program,"It is reasonable to allow future substantive CSI-Thermal Program changes to be requested by the PAs through Tier 2 Advice Letter after consultation with Energy Division."[187]

Free Energy stated that, "since AB 209 are public taxpayer and not utility ratepayer funds, members of the public or interested parties should have the right to file Advice Letters (or their equivalent) seeking any approved changes in the program or its administration."[188]

16.3. Discussion

The Commission affirms that the Advice Letter process is the appropriate mechanism for PAs to confirm implementation of the changes adopted in this Decision and summarizes all of these Advice Letter requirements in the numbered list below. This process allows for regulatory supervision, stakeholder input, and operational expediency.

We decline to establish any new process for making ongoing changes to SGIP, such as program implementation plans, which would substantially alter regulatory oversight, possibly negating any efficiency gains. The Commission

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[186] *Id*., at 24.

[187] D.15-01-035 at 28.

[188] Free Energy Comments, December 2, 2022, at 20.

recognizes that some SGIP program changes could be interpreted differently depending on the stakeholder. However, the Commission finds that shifting SGIP funds to different purposes, changing incentive levels, or modifying eligibility criteria, can entail significant policy questions that would not be matters appropriate to resolve using Advice Letters. The option to propose petitions for modification to prior Commission decisions remains open to PAs seeking SGIP changes at any time.

We clarify that changes to the SGIP Handbook that are not controversial, do not modify a Decision requirement, and do not expand PA authority beyond what was previously authorized, can be made in an ongoing fashion through the SGIP Working Group with ED consultation.

17. Summary of Public Comments

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

18. Comments on Proposed Decision

The proposed decision of Commissioner Karen Douglas in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on __________, and reply comments were filed on _____________ by ________________.

19. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Hazlyn Fortune is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. AB 209, codified at Section 379.10, directs the Commission to use funds appropriated by the California Legislature to provide eligible low-income residential customers, including those receiving service from a local publicly owned electric utility, to install BTM solar, storage, or solar and storage systems.
2. AB 209 funding is by law available only to residential low-income customers.
3. AB 102 appropriated $280 million from the Greenhouse Gas Reduction Fund for use by the Commission for purposes pursuant to Section 379.10. The funds are available for encumbrance or expenditure by the Commission until June 30, 2026, and must be liquidated by June 30, 2028.
4. The SGIP equity budget category created in Decision 17-10-004 has well-established rules and criteria that have been developed over several years.
5. The existing SGIP program established the low-income equity budget in D.17-10-004.
6. The Commission established eligibility criteria for the low-income customers participating in SGIP in D.17-10-004 as modified by D.20-01-021.
7. The SGIP Equity budget category targets solely income-qualified residential customers.
8. The SGIP storage equity budget, targeted at income-qualified customers, has lower than intended customer participation.
9. The existing PAs PG&E, SCE, SoCalGas, and CSE (on behalf of SDG&E) have experience conducting administration, marketing, education and outreach, evaluation, and incentives for the SGIP program.

Conclusions of Law

1. The allocation of $280 million in funding to SGIP Residential Solar and Storage Equity budget category is reasonable and consistent with the requirements of AB 209.

2. AB 209 requires that incentives are provided to eligible low-income residential customers in all of California, regardless of utility provider.

3. Using categorical eligibility is a reasonable way to expand low-income participation in the SGIP.

4. The Commission should investigate new pathways to address the barrier of high upfront costs for solar and storage installation, which reduces low-income participation in SGIP.

5. Since AB 102 targets the use of AB 209 in low-income communities, using the poverty indicator from the CalEnviroScreen 4.0 data spreadsheet is a reasonable proxy for allocating AB 209 funding to PAs.

6. It is reasonable to increase incentive levels to promote participation and increase benefits from solar and energy storage technologies in low-income communities.

7. The DAC-SASH and SOMAH have extensive experience with technical solar system requirements. It is reasonable for SGIP to use protocols from these programs as the basis for establishing SGIP solar incentive requirements.

O R D E R

IT IS ORDERED that:

$280 million in Self-Generation Incentive Program funding is allocated to: (1) existing Program Administrators Pacific Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company, and The Center for Sustainable Energy for San Diego Gas & Electric Company; and (2) a new Program Administrator for Los Angeles Department of Water and Power, pursuant to Assembly Bill 209 and Public Utilities Code Section 379.10.

The budget allocation is based on a methodology using the CalEnviroScreen poverty indicator data as follows:

Program Administrator	**Total FY 23 Funds (in $ millions)**	**Percentage, rounded (%)**
Pacific Gas and Electric Company	$110	39%
Southern California Edison Company	$97	35%
Los Angeles Department of Water and Power	$36	13%
The Center for Sustainable Energy	$22	8%
Southern California Gas Company	$15	5%
Total	**$280**	**100%**

The existing Self-Generation Incentive Program's Residential Storage Equity budget is renamed the Residential Solar and Storage Equity budget.

Assembly Bill209 funding is allocated to the following primary program functions for the Self-Generation Incentive Program by percentage:

AB 209 Program Functions	**Percentage (%)**
Administration	5%
Marketing, Education and Outreach	4%
Measurement and Evaluation	1%
Incentives	90%
Total	**100%**

Program Administrators for the Self-Generation Incentive Program (SGIP) must comply with existing SGIP rules for the Residential Solar and Storage

Equity budget category, except where modified in this decision, particularly those laid out in Decision (D.) 20-01-021 and D.17-10-004, and in the SGIP Handbook.

Program Administrators for the Self-Generation Incentive Program (SGIP) must comply with the SGIP program activity directives described in Section 4.4.3 of this decision numbered 1 through 3.

Program Administrators for the Self-Generation Incentive Program (SGIP) must establish budget accounts to track Assembly Bill 209 funds for SGIP separately from ratepayer funds, through Tier 2 Advice Letter within three months of this decision's issuance date.

The existing Program Administrators (PAs) and new PA for the Self-Generation Incentive Program (SGIP) must administer the SGIP for statewide customers, according to the assignments made in Appendix D.

Program Administrators for the Self-Generation Incentive Program must comply with the directives, from (a to i) outlined at the end of Section 4.1.3 in this decision.

Categorical eligibility for Self-Generation Incentive Program equity budget incentives may be established during the application process by a customer providing proof of enrollment of at least six months in the California Alternate Rates for Energy, Family Electric Rate Assistance, or the Energy Savings Assistance programs.

Program Administrators for the Self-Generation Incentive Program (SGIP) must maintain a list of SGIP-approved programs for categorical eligibility and add, through a Tier 2 Advice Letter submitted routinely as appropriate, to this list any programs offered by Publicly Owned Utilities and other electric Load Serving Entities that have similar eligibility criteria, income thresholds and verification methods as California Alternate Rates for Energy, Family Electric Rate Assistance, or the Energy Savings Assistance programs.

Customers that qualify for Self-Generation Incentive Program incentives through categorical eligibility that are later found ineligible or are disenrolled from the California Alternate Rates for Energy, Family Electric Rate Assistance, and Energy Savings Assistance programs, at any time prior to receiving the incentive payment, will have their application(s) cancelled.

Current Self-Generation Incentive Program requirements to reside in a deed restricted or resale restricted residence for the residential equity budget are eliminated for single family residences.

Consistent with Section 7 of this decision, the Self-Generation Incentive Program (SGIP) Program Administrators must develop a proposal to provide 50 percent upfront payments to SGIP projects after confirming the credentials of the developer, the eligibility of the submitted customer and the eligibility of the proposed project.

The Self-Generation Incentive Program (SGIP) Program Administrators must file a joint Tier 2 Advice Letter describing the upfront payment financing process and specifying procedural safeguards for ensuring that upfront payments that go to developer projects and are ultimately not installed can be redeployed to other projects or otherwise refunded to SGIP.

Program Administrators (PAs) for the Self-Generation Incentive Program (SGIP) must reserve and market two percent of their Assembly Bill 209 incentive funds for tribal customers. PAs may, through a Tier 2 Advice Letter, increase or decrease this initial percentage. Any funds from this set aside that remain unencumbered in the last year of the program shall be made available to any eligible SGIP customer.

Program Administrators for the Self-Generation Incentive Program must ensure that incentive applicants are required to enroll in a qualified Demand Response program as described in Appendix E and Section 13.3 of this Decision.

All eligible electrification Time Of Use rates adopted in the net billing tariff decision (Decision 22-12-056) or as updated according to the process laid out in that Decision are considered to be Self-Generation Incentive Program (SGIP) approved rates, even if they do not meet the typical SGIP-required 1.69 to 1 differential between the summer on-peak and off-peak rate.

Program Administrators for the Self-Generation Incentive Program must file a joint Tier 2 Advice Letter within 90 days of this decision to update the SGIP Handbook and Database to receive solar applications paired with storage.

(a) Solar incentive applications must include solar system costs delineated as follows: solar equipment, inverter costs, labor costs, and the residual balance.

(b) Include solar inverters in the list of eligible solar cost components.

(c) Solar inverter upgrades or replacements are eligible costs if one of the following conditions are met: (i) a new inverter is required to add storage or additional incentivized capacity to an existing solar system, and (ii) to get a new inverter if the existing one is over 10 years old or out of warranty.

(d) Solar incentive requirements must be based on the Disadvantaged Communities-Single-Family Affordable Solar Housing and Solar on Multifamily Affordable Housing technical solar system requirements.

(e) Any requirements that differ from the Disadvantaged Communities Single-Family Affordable Solar Housing and Solar on Multifamily Affordable Housing technical solar system requirements and provide an explanation for why new requirements would be reasonable.

The maximum storage incentive level for the Self-Generation Incentive Program's Residential Solar and Storage Equity budget is raised from $.85 per watt-hour (Wh) to $1.10/Wh.

The maximum storage incentive level for the Self-Generation Incentive Program's San Joaquin Valley Residential budget category is raised to $1.10 per watt-hour.

The Self-Generation Incentive Program incentive levels for solar are set at $3.10 per watt-hour for both single-family and multifamily projects.

Program Administrators for the Self-Generation Incentive Program (SGIP) must transition existing net energy metering 1.0 and 2.0 solar customers that apply for SGIP incentives to the net billing tariff established in Decision 22-12-056 or as updated in that proceeding (Rulemaking 20-08-020). Residential Solar and Storage Equity SGIP customers and San Joaquin Valley Residential SGIP customers are exempt from this requirement.

All Self-Generation Incentive Program developers are required to program the customer's battery to cycle on the customer's TOU rate and to optimize the battery dispatch based on the retail import rate and retail export compensation of the customer's applicable tariff

Program Administrators for the Self-Generation Incentive Program, within 90 days of the issuance date of this decision, must update their applications to:

(a) Indicate the expected Inflation Reduction Act (IRA) tax credit value on their project application and this amount will be deducted from the SGIP incentive request.

(b) For applicants that indicate that they will not claim the IRA tax credit, include in or attach to their application a statement explaining why the project would be ineligible for the credit.

Program Administrators (PAs) for the Self-Generation Incentive Program (SGIP) shall hold a workshop to develop proposals to maximize the federal cost share of SGIP project costs covered by the federal Inflation Reduction Act tax credits. Within six months after the adoption of this Decision, the PAs shall file and serve the proposal through a Tier 2 Advice Letter.

The current Self-Generation Incentive Program equity budget category's maximum reimbursement of $3,500 per project, for service panel and wiring upgrades for low-income projects remains unchanged.

Program Administrators for the Self-Generation Incentive Program (SGIP) must update the SGIP Handbook and website, within 120 days of the issuance date of this decision, with the following:

(a) Add manufacturers to the Participant List.

(b) Require manufacturers to submit operations and performance data to the SGIP evaluator.

(c) Add rules as appropriate to include the Enhanced Power Safety Setting outages to the resiliency definition alongside existing Public Safety Power Shutoff criteria.

(d) Add rules as appropriate to replace the service warranty requirement for energy storage systems with a performance warranty or guarantee.

(e) Add rules as appropriate to eliminate the requirement to separately meter non-incentivized and incentivized portions of energy storage system capacity.

Program Administrators for the Self-Generation Incentive Program must reallocate $80 million of ratepayer funds from the Generation budget category: $40 million to the Large-Scale Storage budget and $40 million to the Small Residential Storage budget.

Program Administrators for the Self-Generation Incentive Program must implement a $0.10 per watt-hour 'adder' for any projects meeting Resiliency eligibility for eligible projects in the Small Residential Storage budget category.

Program Administrators (PAs) for the Self-Generation Incentive Program (SGIP), shall submit a Tier 2 Advice Letter, to shift funds from ratepayer incentive budgets to ratepayer administrative budgets, without exceeding the existing administrative budget caps by no more than three percent, including justification for the budget transfer, and demonstrating how the PA will manage its budget to remain under its existing budget cap.

The Commission's Energy Division staff in consultation with the SGIP Working Group shall set an annual deadline for data submission by developers or manufacturers to SGIP evaluators. Once established the date will be communicated to the developer or manufacturers by the evaluator.

Rulemaking 20-05-012 remains open.

This order is effective today.

Dated _______________, at San Francisco, California.

APPENDIX A

Senate Bill 123

APPENDIX B

Assembly Bill 102

APPENDIX C

Pub. Util. Code 379.10

APPENDIX D
SGIP PA Assignments for Assembly Bill 209 Funds

APPENDIX E

SGIP-Required Demand Response Programs

APPENDIX F

POU Customer Incentives and ME&O Funds