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R2005012

**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

**ASSIGNED COMMISSIONER’S RULING ON VERIFICATION OF SELF-  
GENERATION INCENTIVE PROGRAM HIGH TOTAL ELIGIBLE PROJECT  
COST BEFORE DISTRIBUTING INCENTIVE PAYMENTS**

This ruling establishes the cost verification requirements for projects with a Total Eligible Project Cost (TEPC) above 100 percent of the maximum Self-Generation Incentive Program (SGIP) incentive for the system’s size. All Program Administrators (PAs) in the SGIP shall implement the TEPC verification described in this ruling before distributing incentive payments for all Residential Solar and Storage Equity (RSSE) projects, effective immediately.

Parties may include comments on the process implemented in this ruling as part of their March 18, 2026 comments to the Assigned Commissioner's Ruling (ACR).

**1. Background**

The RSSE budget offers an incentive for low-income customers to install solar and storage or stand-alone storage to offset the upfront cost of the system. The program opened in June 2025 with \$252M in incentives available. The program has been 99 percent reserved since November 2025, with \$3.4M still available to Tribal customers. There are 5,405 single-family projects and 277 multi-family projects with reservations, collectively totaling 139 MWh of storage

and 38 MW of solar. Projects are only paid the incentive after the system is installed and interconnected. There are over 3,200 projects on a waitlist.

On February 20, 2026, I issued a Ruling on Enhancing Verification of SGIP TEPC before Distributing Incentive Payments (ACR). The ACR was issued after finding that TEPCs in the RSSE were significantly higher than the industry average and historic SGIP costs.<sup>1</sup>

The ACR's stated goals are to ensure RSSE funds cover true project costs, benefit as many low-income customers as possible, and limit high out-of-pocket costs for the low-income customers. To this end, further TEPC verification was implemented for RSSE projects with a TEPC above 90 percent of the maximum SGIP incentive for the system's size. The TEPC verification is intended to validate higher costs while further investigating the high price differentials to achieve prudent program administration, as shown in Table 1.

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<sup>1</sup> Energy Division analysis of RSSE applications found single-family projects reported an average storage cost to be \$1,790/kWh for standalone storage and \$1,640/kWh for storage paired with solar. The average reported solar cost was \$4,900/kW. These pricing results are significantly higher than the SGIP incentives of up to \$1,100 per kWh for storage and \$3,100 per kW of solar adopted in D.24-03-071 and the 2026 Energy Sage average of \$1,030 per kWh storage and \$2,370 per kW solar.

**Table 1.** ACR Table on How TEPC Verification will Impact Projects

	<b>TEPC Value for a 13.2 kilowatt-hour (kWh) storage and 5 kilowatt (kW) solar</b>	<b>TEPC Verification at Incentive Claim Form</b>
<b>At or below 90% of maximum SGIP incentive<sup>2</sup></b>	\$27,018	Processed following existing SGIP procedures
<b>Above 90% and at or below 100% of maximum SGIP incentive</b>	\$27,019 - \$30,020	Submit documentation for equipment and construction and installation (i.e. labor) costs
<b>Above 100% of maximum SGIP incentive</b>	\$30,021	Submit documentation for equipment and construction and installation costs. Additional TEPC verification guidance to be developed by PAs and Energy Division before payment can be processed.

In the ACR, I required PAs and Energy Division to develop TEPC verification requirements for projects with a TEPC above 100 percent of the maximum SGIP incentive. Due to the need for swift resolution on this matter for projects that have already begun construction, I issue this ruling to resolve all known outstanding matters. Following conversations with Energy Division, the PAs, and other stakeholders, this ruling lays out these TEPC verification requirements.

## **2. Discussion**

As stated in the ACR, all RSSE projects, regardless of application submission date, reporting a TEPC above 90 percent of the maximum SGIP incentive for the system's size must provide further TEPC verification at the

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<sup>2</sup> Maximum SGIP Incentive is calculated based on the capacity of the energy storage system in kWh and the CEC-AC rating of the solar system. 13.2 kWh x \$1.10/Wh = \$14,520 allowable storage cost, 5 kW x \$3.10/W = \$15,500 allowable solar cost, \$30,020 = maximum SGIP Incentive. The actual SGIP incentive may be lower for the project depending on factors such as CSI rating.

Incentive Claim Form (ICF) stage for PA review before the project is paid an SGIP incentive. In the ACR, I required projects with a TEPC greater than 90 and up to 100 percent of the maximum SGIP incentive to submit receipts for the system equipment and labor contracts, or similar documents, covering the installation and construction costs.<sup>3</sup>

In this ruling, I provide further clarification on the cost verification process. For projects with a TEPC greater than 100 percent of the maximum SGIP incentive, the developer must submit at ICF:

1. Receipts for the system equipment and labor contracts, or similar documents, covering the installation and construction costs.
2. Any other invoices or documentation needed to validate each cost category<sup>4</sup> reported at ICF to justify the full TEPC.
3. Supplemental Cost Verification Form (Appendix A) signed by the developer or system owner and delivered to the host customer.
  - a. This document lists the total customer out-of-pocket costs during the length of the contract and a short narrative on why the TEPC is so high for the proposed system.

We recognize that some RSSE developers may have purchased equipment or contracted labor for multiple projects at once. To streamline this cost verification, a developer can choose to establish a baseline TEPC for all RSSE projects. Through this pathway, the developer could provide receipts or documentation to support the average project cost for each cost category

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<sup>3</sup> As a substitute to a labor contract, a document describing the salary range of the employee and the hours worked on the project would be sufficient.

<sup>4</sup> These additional cost categories include Engineering & Design, Permitting, Interconnection, Warranty/Maintenance, Metering/Monitoring, Sales Tax, and Other Eligible Costs for both the solar and storage.

reported at ICF. Documentation may include total financing costs for cost of capital, a bulk invoice for system equipment that can be averaged on a per module basis, and estimated hours worked and salary for the typical project.

For projects with a TEPC under the baseline the developer is proposing to establish, the developer must accurately represent these lower costs at ICF. For projects with a TEPC over the baseline, the developer must submit additional TEPC verification documentation to support the project-specific higher TEPC. For example, a project that includes a panel upgrade (up to the \$3,500 cap allowed in SGIP) or that had higher installation and construction costs due to building complexity must provide supplementary documentation.

In review of this and all other cost verification documentation, the PAs should focus on ensuring the developer's good faith documentation of actual costs for incentive payment. The PAs should flag any projects that do not meet this standard or have abnormally high costs for potential auditing. As stated in the ACR, any TEPC that cannot be verified through documentation must be reduced by the PA. The PA should issue a warning to such developers to reduce all other SGIP applications TEPC accordingly.<sup>5</sup>

To improve the efficiency of the ICF review, I group projects based on ease of review and customer protection criteria. The PAs shall review submitted RSSE ICFs in the following order:

Projects with a TEPC of less than 100 percent of the maximum SGIP incentive and projects with a TEPC above 100 percent of the maximum SGIP

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<sup>5</sup> The ACR at 3: If an applicant chooses to reduce the reported TEPC, or if the PA must reduce the TEPC for a project because costs cannot be verified, the applicant must submit an amended contract signed by the host customer showing the lower TEPC.

incentive that applied for interconnection before February 20, 2026<sup>6</sup>: will be reviewed first.

These projects represent those aligning with industry averages and historic SGIP TEPC data and should not have the customer facing any out-of-pocket costs. Projects that have applied for interconnection by the date of the ACR are included to both protect the host customer and accelerate cost verification and processing of projects that a developer has already installed.

Projects with a TEPC of less than 100 percent of the maximum SGIP incentive will not be subject to further auditing. Projects with a TEPC above 100 percent of the maximum SGIP incentive that applied for interconnection before February 20 may be flagged for auditing by the PAs or the Commission for projects with the highest TEPCs or out-of-pocket costs.

Projects with a TEPC above 100 percent of the maximum SGIP incentive that have customer out-of-pocket costs under \$3,000 and all multifamily projects not in Group A.

These projects represent those with high TEPC above industry averages and historic SGIP TEPC data, but are aligned with the goal of low out-of-pocket costs for the low-income customers.

PAs will review projects in this group after all projects with a submitted ICF in Group A have begun review.

PAs or the Commission may flag projects in this group with the highest TEPCs or out-of-pocket costs for auditing.

All remaining projects with a TEPC above 100 percent of the maximum SGIP incentive.

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<sup>6</sup> This is the date the ACR was issued.

These projects represent those with both high TEPC project costs above industry averages and historic SGIP TEPC data and high out-of-pocket costs for customers.

PAs will review projects in this group after all projects with a submitted ICF in Group B have begun review.

These projects will be randomly sampled for auditing in addition to the cost verification conducted by PAs.

When projects are flagged for auditing after the review of the complete cost verification documentation, PAs may withhold 30 percent or more of the SGIP incentive until the audit can be completed.

To clarify, if a PA has begun review of all projects in group A they may commence review of projects in group B even if some projects in group A have not reached ICF approved. A developer can lower the TEPC or amend the contract to reduce customer out-of-pocket costs to meet criteria A or B at any time. The developer must provide an amended contract to the PAs to confirm this has occurred.

The SGIP PAs must make any Handbook changes required by this ruling and the previous ACR within five days. As the changes are clearly outlined in these rulings, no Advice Letter filing is needed. Energy Division staff should review the changes for consistency with the rulings. The SGIP PAs shall immediately begin reviewing projects in group A that have submitted the needed documentation at ICF.

**IT IS RULED** that:

1. The SGIP PAs shall comply with the verification requirements for RSSE projects with TEPC values 100 percent above the maximum allowed SGIP incentive for that size of project as described in this ruling.

2. The SGIP PAs shall allow a developer with several projects in the RSSE to submit program-wide receipts and documentation to create a baseline TEPC.

3. The SGIP PAs shall begin reviewing ICFs with the submitted documentation immediately and prioritize review of submitted RSSE ICFs in the following order:

- a. Projects with a TEPC less than 100 percent of the maximum allowed SGIP incentive for that size of project and projects with a TEPC above 100 percent of the maximum SGIP incentive that applied for interconnection before February 20, 2026.
- b. Projects with a TEPC above 100 percent of the maximum allowed SGIP incentive for that size of project that have customer out-of-pocket costs less than \$3,000 or are multifamily projects not in Group A.
- c. Projects with a TEPC above 100 percent of the maximum allowed SGIP incentive for that size of project that do not meet any of the criteria in Group B.

4. The SGIP PAs shall make the needed changes to the SGIP Handbook and notify all developers of the cost verification process within five days of this ruling.

5. Parties may include comments on the process implemented in this ruling as part of their March 18, 2026 comments to the ACR.

Dated March 13, 2026, at San Francisco, California.

/s/ KAREN DOUGLAS

Karen Douglas  
Assigned Commissioner