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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 DIRECTING PROGRAM
ADMINISTRATORS TO RESUME PAYMENTS FOR CERTAIN PROJECTS
AND NOTIFYING DEVELOPERS OF AUDITS**

This ruling provides further direction to Program Administrators (PAs) for the Self-Generation Incentive Program (SGIP) regarding payments for Residential Solar and Storage Equity (RSSE) projects. PAs are now directed to pay developers for completed RSSE projects once the Incentive Claim Form (ICF) has been approved and the developer has submitted the cost documentation and Supplemental Cost Verification Form, in compliance with the Assigned Commissioner's Ruling (ACR) from March 13, 2026.¹

¹ Applicant must submit documentation for each cost category: Equipment (provide receipts), Construction & Installation (provide labor contract or salary range of employee and hours worked), Engineering & Design, Permitting, Interconnection, Warranty/Maintenance, Metering/Monitoring, Sales Tax, and Other Eligible Costs (including cost of capital) for both the solar and storage info. Cost of capital should be reported and documented in the Other Eligible Costs category. Project specific costs, such as panel upgrades or meter collars, are not allowed in the baseline, and need to be documented on a project-by-project basis. If Metering/Monitoring is already included in the cost of OEM equipment, it cannot be reported twice in two different TEPC categories.

The direction in the March 13 ACR is consistent with existing program rules,² including rules for developers participating in the Advanced Payment Program, with the understanding that some projects may be audited. The PAs will complete a compliance check to ensure that required cost-documentation has been submitted. However, PAs will not conduct a cost verification review before funds are distributed. Instead, the Commission will use its statutory audit authority to determine the reasonableness of the cost verification documentation and the Total Eligible Project Cost (TEPC) compliance with existing program rules for those projects selected for audit.

This approach allows developers to be paid for their completed work, while holding them accountable for documenting costs and complying with program rules.

1. Background

Two previous rulings introduced cost verification requirements for projects with a TEPC above 100 percent of the maximum SGIP incentive (for the system's size) and directed PAs to enhance existing verification of TEPC before distributing incentive payments for all RSSE projects. Both rulings were crafted with the goal that RSSE funds cover true project costs and benefit as many low-

² Self-Generation Incentive Program Handbook (2026), Section 4.5.2 Total Project Eligible Costs at 46-48, available at <https://www.selfgenca.com/documents/handbook/2026> (capping warranty and/or maintenance contract costs at 10 percent of total claimed project costs and not listing costs to submit SGIP application, including income verification, as allowable); Self-Generation Incentive Program (SGIP) Advance Payment Program (APP) Developer and Host Customer Agreement, available at https://www.slfgenca.com/documents/developer/advance_payment_program_agreement (providing developer agrees not to charge customer out-of-pocket project costs prior to entire SGIP project incentive being paid and developer agrees system price will not greater than the price they would sell a comparable system that is not eligible to receive incentives).

income customers as possible with zero or minimal out of pocket costs incurred by the host customer. These rulings achieve parallel goals of expeditious program implementation and prudent management of SGIP RSSE funds.

This ruling directs PAs to resume payments for projects with approved ICFs. Projects must still complete cost documentation and the Supplemental Cost Verification Form prior to payment as required by the prior rulings. In addition, this ruling establishes that the Commission will exercise its role to oversee prudent management of RSSE funds by conducting post installation audits of selected projects to identify and address any undocumented and unsubstantiated costs, or costs not in compliance with existing program rules.³

2. Audits at the Commission

The Commission's Utility Audits Branch (UAB) will perform audits to determine whether TEPC costs are properly substantiated and consistent with program rules. The UAB operates under the general authority outlined in the Public Utilities Code Sections 314, 314.5, and 314.6. The UAB conducts its audit services to assist the Commission in safeguarding ratepayer funded programs and protecting ratepayer interests. The UAB performs its audits in accordance with generally accepted government auditing standards (GAGAS).

The audit reports, once completed, will be publicly posted on UAB's website reports page and may be posted to the docket of this proceeding, as well as the SGIP website www.selfgenca.com.

³ Self-Generation Incentive Program Handbook (2026), Section 14.2 Infractions at 120, *available at* <https://www.selfgenca.com/documents/handbook/2026>. Allows PAs or Energy Division to refer a project to audit. Sanctions may include suspension or expulsion from future program participation and cancellation of existing projects.

IT IS RULED that:

1. SGIP PAs shall collect cost verification documentation in compliance with previous rulings in this proceeding.
2. SGIP PAs shall pay developers in the SGIP RSSE program for completed projects with approved and completed ICFs, complete cost documentation, and a Supplemental Cost Verification Form, in compliance with the ACR from March 13, 2026.
3. The Commission's UAB will perform audits to determine whether TEPC costs are properly substantiated and consistent with SGIP program rules.
4. The UAB's audit results may be posted on its website reports page and may be posted to the docket of this proceeding, as well as the SGIP website www.selfgenca.com.

Dated May 8, 2026, at San Francisco, California.

/s/ KAREN DOUGLAS

Karen Douglas
Assigned Commissioner