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 September 17, 2026 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: vj4
Attachment

Decision **PROPOSED DECISION OF COM DOUGLAS (Mailed 8/14/2026)**

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 CLOSING RULEMAKING 20-05-012

Summary

This decision closes Rulemaking 20-05-012 and grants Southern California Edison Company's Motion for Relief, filed July 24, 2026.

1. Background

The most recent decision in this proceeding, Decision (D.) 25-12-003, established conditions for returning ratepayer funds and closing out all activities related to the ratepayer-funded portion of the Self Generation Incentive Program (SGIP). The decision also implemented the Greenhouse Gas Reduction Fund portion of SGIP, as well as conditions for that program's closure in 2028. Moreover, D.25-12-003 made modifications to existing rules for extending existing SGIP projects that were nearing expiration and required participation, in a qualifying demand response program, for new SGIP's Residential Solar and Storage Equity (RSSE) budget supported projects.

1.1. Legislative Background

Assembly Bill (AB) 970 (Ducheny, Stats. 2000, Ch. 329) 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 intervening years, the SGIP's focus has transitioned from peak load reduction to greenhouse gas (GHG) emissions reductions.

In 2020, pursuant to Senate Bill (SB) 700 (Wiener, Stats. 2018, Ch. 839), 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 large investor-owned utilities for SGIP. SB 700 also extended the administration of the program from January 1, 2021 to January 1, 2026.

In September 2022, Governor Newsom signed AB 209 (Committee on Budget, Stats. 2022, Ch. 251). This legislation amended Public Utilities Code (Pub. Util. Code) Section 379.6 to remove the requirement that the Commission administer solar technologies separately from other technologies in the SGIP. AB 209 also added Pub. Util. Code Section 379.10 to provide funding for combined solar and storage incentives to low-income California residential customers. The Commission was directed to use AB 209 funds for all California residential customers, including those receiving services from a local publicly owned electric utility (POU) or other electricity provider.

AB 102 (Ting, Stats. 2023-24, Ch. 38) allocated $280 million to the Commission in Fiscal Year (FY) 2023-24 from the greenhouse gas reduction fund

[1] AB 1685 (Leno, Stats. 2003, Ch. 894), AB 2778 (Lieber, Stats. 2006, Ch. 617) and SB 412 (Kehoe, Stats. 2009, Ch. 182) collectively shifted SGIP's focus from peak demand reduction towards reducing criteria pollutants and greenhouse gas (GHG) emissions. SB 861 (Committee on Budget and Fiscal Review, Stats. 2014, Ch. 35) and AB 1478 (Committee on Budget, Stats. 2014, Ch. 664) authorized SGIP collections through 2019 and administration through 2020 and required a number of other changes. AB 1637 (Low, Stats. 2016, Ch. 658) authorized the Commission to double annual collections through 2019 as compared to calendar year 2008.

(GGRF).[2] SB 123 (Committee on Budget and Fiscal Review, Stats. 2023, Ch. 52) amended Pub. Util. Code Section 379.10 to clarify that the funds appropriated by the Legislature for combined solar and storage incentives are exclusively for eligible low-income residential customers including those receiving service from a local POU, who install behind-the-meter energy storage systems. The new funds allocated to the Commission were made available to SGIP program administrators (PAs) in FY 2023-2024, which began on July 1, 2023. The funds were available for encumbrance or expenditure until June 30, 2026, and are available for liquidation until June 30, 2028.[3]

1.2. Procedural Background

On February 20, 2026, an Assigned Commissioner's Ruling (ACR) was issued directing all SGIP PAs to enhance existing verification of Total Eligible Project Costs (TEPC) before distributing incentive payments for all RSSE projects.

On March 13, 2026, another ACR was issued establishing the cost verification requirements for projects with a TEPC above 100 percent of the maximum SGIP incentive for the system's size. All PAs in SGIP were directed to implement the TEPC verification described in this ruling before distributing incentive payments for RSSE projects. Parties were invited to include comments on the process directed in this ruling as part of their March 18, 2026, comments to the prior February 20, 2026, ACR.

On March 18, 2026, the following parties filed comments on the February 20, 2026, and March 13, 2026, ACRs: the Center for Sustainable Energy, Southern

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[2] The GGRF was established in 2012 with the adoption of AB 1532 (Perez, Chapter 807, Statutes of 2012) to receive auction proceeds from the cap-and-trade program at the California Air Resources Board.

[3] AB 102.

California Gas Company, California Solar and Storage Association, Joint filers (Marin Clean Energy, San Diego Community Power, Clean Energy Alliance, City of San Jose, Peninsula Clean Energy Authority), GRID Alternatives, and Clean Power Alliance of Southern California.

On May 8, 2026, the Commission issued an ACR providing further direction to PAs for SGIP payments for RSSE projects. PAs were directed to pay developers for completed RSSE projects once the Incentive Claim Form has been approved and the developer has submitted the cost documentation and Supplemental Cost Verification Form, in compliance with the ACR from March 13, 2026. The May 8 ACR also established 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.

On July 10, 2026, the Commission issued an ACR directing PAs in SGIP to deem complete project cost documentation submitted by developers for their RSSE projects, when accompanied by a signed attestation.

On July 24, 2026, Southern California Edison Company (SCE) filed a motion requesting a waiver of the SGIP's Qualified Demand Response Program (QDRP) enrollment[4] requirement for a subset of customers SCE refers to as "Limited Wavier Customers."[4] SCE identifies Limited Waiver Customers as customers who are enrolled in SCE Schedule MB-E (Medical Baseline Exemption), are departing load customers, and have applied to participate in

[4] D.24-03-071 requires all new SGIP application to enroll in a qualified demand response program.

SGIP but their projects are facing expiration due to non-compliance with the QDRP requirement.[5]

2. Issues Before the Commission

The issue before the Commission are:

1. Whether to close this proceeding.
2. Whether to grant SCE's request for a waiver from the QDRP enrollment requirement in D.24-03-071 and D.25-12-003 for SCE's Limited Waiver Customers.

3. Closing the Proceeding

D.25-12-003 ended ratepayer funded SGIP and authorized the RSSE SGIP, with funding allocation ending in June 2026 and program activities through 2028. The Commission has established a clear set of rules and procedures in the SGIP Handbook that cover a wide range of administrative processes from incentive levels to permissible equipment.

Directions regarding RSSE projects were provided in the ACRs issued on February 20, March 13, May 8, and July 10, 2026. The assigned ALJ and Commissioner considered party comments on the ACRs issued on February 20 and March 13, 2026. Any further direction on program activity in RSSE SGIP will refer to the SGIP Handbook and will largely use same processes that were used to close the ratepayer-funded SGIP program to also close the RSSE SGIP in 2028. Therefore, there is no need for the Commission to keep the Rulemaking open to resolve issues related to RSSE projects.

4. SCE's Motion

According to SCE, approximately $1.7 million in reserved SGIP incentives are at risk for Limited Waiver Customers. Customers with an MB-E are excluded

[5] Southern California Edison Company's Motion for Relief, July 24, 2026, at 1.

from participating in demand response programs because they require use of electronically powered medical devices. Participating in a qualified demand response program could affect the reliability of stored energy to power those medical devices and pose risks to their health. As a result, SCE states that Limited Waiver Customers have no reasonable means of complying with the Commission's SGIP QDRP enrollment requirement without making significant changes to their current electric service, effectively excluding them from SGIP. Further, some SGIP participants with MB-E have already made financial investments in SGIP-qualified systems.

No party opposed SCE's motion.

We find that SCE's motion demonstrates good cause and is granted. Granting this motion preserves customer protections, protects departing load customers' choice of generation service provider, and enables MB-E customers to retain their rate schedule. The limited waiver ensures MB-E customers will continue to be able to participate in and receive the intended benefits of SGIP. Further, the limited nature of the waiver ensures there will not be an adverse impact to electricity available through the qualified demand response program. Limited Waiver Customers' SGIP projects can now continue to be processed.

5. Summary of Public Comment

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(a) requires that all written public comment submitted prior to the submission of the proceeding are part of the administrative record of the proceeding. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. No relevant public comments were submitted regarding the issues resolved by this decision.

6. Procedural Matters

This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

7. Comments on Proposed Decision

The proposed decision of Commissioner Karen Douglas in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 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 ________________.

8. 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. Directions regarding RSSE projects were provided in the ACRs issued on February 20, March 13, May 8, and July 10, 2026.
2. The assigned ALJ and Commissioner considered party comments on the ACRs issued on February 20 and March 13, 2026.
3. Program activity in RSSE SGIP will refer to the SGIP Handbook and will largely use same processes that were used in D.25-12-003 to close the ratepayer-funded SGIP program to also close the RSSE SGIP in 2028.
4. SCE's Limited Waiver Customers enrolled in the MB-E are prohibited from participating in qualified demand response programs due to the need for availability of stored energy for their electric powered medical equipment.

Conclusions of Law

1. SCE's Motion for Relief, filed July 24, 2026, should be granted.
2. Any pending motions that are not expressly ruled upon by the assigned Commissioner or ALJ should be denied.
3. It is reasonable for the Commission to close Rulemaking 20-05-012.

O R D E R

IT IS ORDERED that:

1. All outstanding motions filed in this proceeding that have not yet been ruled on are denied.
2. Southern California Edison Company's Motion for Relief, filed on July 24, 2026, is granted.
3. Rulemaking 20-05-012 is closed.

This order is effective today.

Dated ______________________________, at San Marcos, California.