

Decision 20-02-002 February 6, 2020

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking  
Regarding Policies, Procedures and  
Rules for the California Solar  
Initiative, the Self-Generation  
Incentive Program and Other  
Distributed Generation Issues.

Rulemaking 12-11-005

**DECISION GRANTING PETITION FOR MODIFICATION OF  
DECISION 11-09-015 AND DECISION 16-06-055  
CONCERNING SELF-GENERATION INCENTIVE  
PROGRAM APPLICATION REQUIREMENTS**

This Decision grants the joint Petition for Modification filed by Southern California Gas Company (SoCalGas), Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and the Center for Sustainable Energy (CSE) and modifies Decision (D.) 11-09-015 and D.16-06-055 to remove the Self-Generation Incentive Program application fee for residential projects. It also eliminates the requirement that project applications submit a paper copy of an energy efficiency audit and instead requires the host customer to confirm that they performed an energy efficiency audit at the project site and have received and reviewed the audit findings.

This decision directs PG&E, SCE, SoCalGas and CSE to submit a Joint Tier 1 advice letter implementing the program revisions adopted here no later than February 14, 2020.

This proceeding is closed.<sup>1</sup>

## 1. Background

Between 2004 and 2016, the California Public Utilities Commission (Commission) instated and modified an application fee for Self-Generation Incentive Program (SGIP) projects on several different occasions. In 2004, the Commission instructed the SGIP Working Group to develop an application fee for all SGIP applications received after January 2005 to deter “phantom projects.”<sup>2</sup> The Commission subsequently removed the fee, but then Decision (D.) 11-09-015 reinstated the fee at an amount equal to one percent of the requested incentive amount.<sup>3</sup> Ordering Paragraph 1(l) of D.16-06-055 raised the application fee to five percent of the total project cost. SGIP program administrators (PAs) refund SGIP project application fees upon completion and verification of an installed project.<sup>4</sup>

D.11-09-015 at 62 and A-5 requires applicants to obtain and submit an energy efficiency audit to SGIP PAs. D.11-09-015 requires that SGIP applicants perform all measures recommended in the audit report with a return on investment (ROI) of two years or less. Ordering Paragraph 1(j) of D.16-06-055 removed the “two-year requirement” but retained the energy efficiency audit requirement.

On September 17, 2019, Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company and the Center for

---

<sup>1</sup> We expect to open a new proceeding in 2020 to continue implementation of SGIP.

<sup>2</sup> D.04-12-045, Order to Modify the Self-Generation Incentive Program and Implement Assembly Bill 1685, December 16, 2004, pages 24-25.

<sup>3</sup> D.11-09-015 at 65; see also D.11-09-015, Attachment A, at 5.

<sup>4</sup> SGIP Handbook at 48, available here: <https://www.selfgenca.com/home/resources/>.

Sustainable Energy (collectively petitioners) filed a *Joint Petition for Modification of Decisions 11-09-015 and 16-06-055 Concerning the Self-Generation Incentive Program Application Requirements* (Joint PFM). The Joint PFM states that the residential energy storage market has changed significantly since the Commission adopted the five percent application fee in 2016 and requests that the Commission modify D.11-09-015 and D.16-06-055 to eliminate the application fee for all SGIP residential applications.

The Joint PFM offers several arguments for why the fee is no longer needed for residential projects. First, the Joint PFM states that the number of residential SGIP applications has increased significantly in the last two years and this has increased the administrative burden of processing and refunding the fee. Second, the Joint PFM states that an application for an average residential system incentive of about \$7,000 would forfeit just \$350 if the application is withdrawn. The Joint PFM states that this is not a significant deterrent and such systems have a low attrition rate in any case. Finally, the Joint PFM argues that the potential benefit of the fee for residential projects is outweighed by the administrative burden of processing thousands of application fee payments and returns.

The Joint PFM also requests that the Commission modify D.11-09-015 and D.16-06-055 to eliminate the requirement that SGIP participants submit a paper copy of an energy efficiency audit or its summary as part of the SGIP application process. Both residential and non-residential project applications are currently required to submit a paper energy efficiency audit form with a project Reservation Request Form or at the Proof of Project Milestone stage. The Joint PFM instead proposes that the Commission require the project host customer to attest as part of the legally binding Reservation Request Form that they performed an energy efficiency audit at the project site and received and

reviewed the findings of the audit. The Joint PFM states that making this change will help streamline the SGIP application process while ensuring that SGIP participants have reviewed the energy efficiency audit and contemplated the recommended energy efficiency measures.

On October 16, 2019, the California Energy Storage Alliance (CESA) filed comments on the Joint PFM. CESA supports the proposed modifications, stating that they are sensible, justified and support SGIP efficiency.

The Joint PFM requests that the Commission grant the petitioners leave to file the Joint PFM in accordance with Rule 16.4(d) of the Commission's Rules of Practice and Procedure (Rules). Rule 16.4(d) requires parties to file and serve their petition within one year of the effective date of the decision proposed to be modified or to explain why this did not occur if the filing date falls after one year has elapsed. The Joint PFM explains that SGIP has undergone substantial revisions since its inception and that neither the Commission nor parties to R.10-05-004 or R.12-11-005 could have anticipated how requirements adopted in 2011 or 2016 might impact the program in 2019.

## **2. Jurisdiction**

Public Utilities Code Section 379.6 requires the Commission to establish and oversee the SGIP to increase deployment of distributed generation and energy storage systems.

## **3. Issues Before the Commission**

The issue before the Commission in this Decision is:

- Should the Commission modify D.11-09-015 and D.16-06-055 to eliminate the application fee for all SGIP residential applications?
- Should the Commission modify D.11-09-015 and D.16-06-055 to eliminate the requirement that SGIP participants submit a paper copy of the energy efficiency audit or its summary as part of the SGIP application process?

- Should the Commission grant the petitioning parties leave to file the Joint PFM under Rule 16.4(d)?

#### **4. Discussion**

This decision modifies D.11-09-015 and D.16-06-055 to eliminate the application fee for all SGIP residential projects and to eliminate the requirement for all SGIP participants that they submit a paper copy of the energy efficiency audit or its summary as part of the SGIP application process. Both changes will help reduce the time and transaction costs involved with applying for SGIP incentives. The five percent application fee for residential projects is no longer necessary because of low residential application attrition rates.<sup>5</sup> Eliminating the fee requirement will help reduce administrative burden. We note that residential SGIP projects include projects smaller, equal to and larger than 10 kilowatts (kW) as long as the system is installed and connected to a residential meter.<sup>6</sup> We modify D.11-09-015 and D.16-06-055 to eliminate the application fee for all SGIP residential projects.

We are also persuaded that requiring the SGIP project host customer to attest as part of the Reservation Request Form that they performed an energy efficiency audit at the project site and received and reviewed the findings of the audit is sufficient to ensure that audits continue to be conducted and reviewed by SGIP applicants prior to installation of storage systems. We modify D.11-09-015 and D.16-06-055 to eliminate the requirement that SGIP participants submit a paper copy of the energy efficiency audit or its summary as part of the

---

<sup>5</sup> In 2018 and 2019, 622 residential storage equity and small residential storage projects were cancelled out of 11,136 total projects submitted in these residential storage incentive categories, equating to a less than 5.6 percent attrition rate. SGIP Weekly Statewide Report accessed December 9, 2019, available here: <https://www.selfgenca.com/home/resources/>.

<sup>6</sup> SGIP Handbook at 24-25, available here <https://www.selfgenca.com/home/resources/>.

SGIP application process. Instead, SGIP PAs shall require the project host customer to attest as part of the Reservation Request Form that they performed an energy efficiency audit at the project site address and received and reviewed the findings of the audit.

We agree with the petitioners that neither the Commission nor the parties could have anticipated how SGIP requirements adopted in 2011 and 2016 might impact program administration in 2019. We grant the petitioners leave to file the Joint PFM more than one year after the effective date of the decision proposed to be modified as provided for in Rule 16.4(d).

## **5. Comments on Proposed Decision**

The proposed decision of Commissioner Rechtschaffen 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. Comments were filed on January 22, 2020 by GRID Alternatives (GRID) and the California Solar & Storage Association (CALSSA). No party opposed the request.

GRID and CALSSA support the proposed decision's modifications to the SGIP handbook. CALSSA notes that the proposed decision did not stipulate a process for the SGIP PAs to implement the program revisions and requests that the final decision require the SGIP PAs to submit a Tier 1 advice letter by February 14, 2020. CALSSA states that this is just before the February 18, 2020 date identified by the SGIP PAs as the date they plan to begin accepting residential applications for the equity and equity resiliency budgets.<sup>7</sup> CALSSA observes that SGIP PA submittal of a Tier 1 advice letter with an effective date of February 14, 2020 would allow new residential equity resiliency budget

---

<sup>7</sup> CALSSA references the SGIP PAs' December 5, 2019 letter to Commission Executive Director Alice Stebbins requesting an extension of time to file advice letters pursuant to D.19-09-027.

applications to avoid being subject to fee requirements that will be discontinued just a few weeks later under the typical 30-day advice letter submittal period.

The final decision requires SGIP PAs to submit a Joint Tier 1 advice letter no later than February 14, 2020 to implement the program revisions adopted in this decision. The SGIP PAs Joint PFM also requested approval for submittal of a Tier 1 advice letter to implement the proposed program revisions. In addition, D.20-01-021 requires the SGIP PAs to launch the equity resiliency budget program no later than March 1, 2020. Requiring a Joint Tier 1 advice letter here no later than February 14, 2020 date will ensure that the program revisions adopted in this decision apply to applications for residential equity resiliency project incentives when that program launches, regardless of whether the launch date is in mid-February 2020 or March 1, 2020.

## **6. Assignment of Proceeding**

Clifford Rechtschaffen is the assigned Commissioner and Cathleen A. Fogel is the assigned Administration Law Judge in this proceeding.

### **Findings of Fact**

1. The five percent SGIP residential project application fee is no longer necessary because of low residential application attrition rates.
2. Eliminating the SGIP application fee for residential projects reduces administrative burden.
3. Residential projects include any size project that is installed and connected to a residential meter.
4. Requiring a SGIP project host customer to attest as part of the Reservation Request Form that they performed an energy efficiency audit at the project site and received and reviewed the findings of the audit is sufficient to ensure that

energy efficiency audits continue to be conducted and reviewed by applicants prior to installation of storage systems.

5. The modifications proposed in the Joint PFM will help reduce the time and transaction costs involved with applying for SGIP incentives and can be eliminated without impeding the safety requirements or effectiveness of the program.

6. Neither the Commission nor the parties could have anticipated how SGIP requirements adopted in 2011 and 2016 might impact program administration in 2019, which justifies petitioners filing the Joint PFM more than one year after the effective date of the decisions proposed to be modified.

7. Requiring the SGIP PAs to submit a Joint Tier 1 advice letter by February 14, 2020 will ensure that the program revisions adopted here are applicable to residential equity resiliency budget applications when that new budget launches in early 2020.

### **Conclusions of Law**

1. The Commission should modify D.11-09-015 and D.16-06-055 to eliminate the application fee for all SGIP residential projects.

2. The Commission should modify D.11-09-015 and D.16-06-055 to eliminate the requirement that SGIP non-residential and residential participants submit a paper copy of the energy efficiency audit or its summary as part of the SGIP application process and should instead require the project host customer to attest as part of the Reservation Request Form that they performed an energy efficiency audit at the project site address and received and reviewed the findings of the audit.



3. The Commission should grant petitioners leave to file the Joint PFM more than one year of the effective date of the decision proposed to be modified as provided for in Rule 16.4(d).

4. The Commission should direct the SGIP PAs to submit a Joint Tier 1 advice letter implementing the program revisions adopted here in the SGIP handbook no later than February 14, 2020.

## O R D E R

### IT IS ORDERED that:

1. We modify Decision (D.) 16-06-055, Ordering Paragraph 1(l), and D.11-09-015 A-5, to eliminate the application fee for Self-Generation Incentive Program residential project applications, regardless of system size.

2. We modify Decision (D.) 11-09-015, A-5 and page 62, and D.16-06-055, Ordering Paragraph 1(j), to eliminate the requirement that non-residential and residential Self-Generation Incentive Program (SGIP) participants submit a paper copy of the energy efficiency audit or its summary as part of the SGIP application process and instead require the project host customer to attest as part of the Reservation Request Form that they performed an energy efficiency audit at the project site address and received and reviewed the findings of the audit.

3. We grant the petitioning parties leave to file the *Joint Petition for Modification of Decisions 11-09-015 and 16-06-055 Concerning the Self-Generation Incentive Program Application Requirements* more than one year of the effective date of the decisions proposed to be modified as provided for in the Rule 16.4(d) of Commission's Rules of Practice and Procedure.

4. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and Center for Sustainable Energy shall

submit a Joint Tier 1 advice letter implementing the program revisions adopted here no later than February 14, 2020.

5. Rulemaking 12-11-005 is closed.

This order is effective today.

Dated February 6, 2020, at Bakersfield, California.

LIANE M. RANDOLPH  
MARTHA GUZMAN ACEVES  
CLIFFORD RECHTSCHAFFEN  
GENEVIEVE SHIROMA  
Commissioners

President Marybel Batjer, being  
necessarily absent, did not participate.