Date of Issuance: October 1, 2024

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-5346**
September 26, 2024

R E S O L U T I O N

Resolution E-5346. Pacific Gas and Electric, Center for Sustainable Energy®, Southern California Edison Company, and Southern California Gas Company Self-Generation Incentive Program Advanced Payment Program

PROPOSED OUTCOME:

- Approves, with modification, the joint proposal by Pacific Gas and Electric Company, Center for Sustainable Energy®, Southern California Edison Company, and Southern California Gas Company concerning the Self-Generation Incentive Program's Residential Solar and Storage Equity budget Advanced Payment Program and incorporation of other program modifications filed in the joint Advice Letter 4924-G/7301-E, 154-E, 5320-E, and 6323-G.

SAFETY CONSIDERATIONS:

There is no safety considerations associated with this resolution.

ESTIMATED COST:

There are no costs associated with this resolution.

By joint Advice Letter 4924-G/7301-E, 154-E, 5320-E, and 6323-G, Filed on June 25, 2024.

SUMMARY

This Resolution approves, with modification, the joint proposal by Pacific Gas and Electric Company (PG&E), Center for Sustainable Energy®(CSE), Southern California Edison Company (SCE), Southern California Gas Company (SCG)'s, hereafter referred to as the joint Program Administrators (PAs), Self-Generation Inventive Program (SGIP)

Advanced Payment Program (APP) proposal for the new Residential Solar and Storage Equity budget (RSSE) and other SGIP handbook modifications.

The major modifications include:

- Altering the APP developer approval criteria to remove the requirement of a Better Business Bureau (BBB) rating while adding a negative BBB screen;
- Requiring all APP developers to have successfully completed residential SGIP projects in the past;
- Continued reliance on the existing practice of verifying an active California Contractors State License Board (CSLB) license and incorporating the Commissions' Public Watch List of Non-Compliant Solar Providers when available;
- Reducing the APP project extension allowance from three six-month extensions to one six-month extension (except for Tribal customer projects);
- Creating a tiered upfront incentive payment cap for developers that can provide an Investment Grade credit rating (provided by Moody's, Finch, or S&P). All APP approved developers will have an initial statewide upfront incentive cap of $1 million. Developers that meet the higher upfront incentive requirements will have access to $2 million in the smaller PA territories of SCG, CSE, and Los Angeles Department of Water and Power (LADWP) and to $5 million across all PA territories.

These changes will better allow developers to access the APP upfront incentives to implement projects in the RSSE budget, mandated by Decision 24-03-071, and put in place safeguards to protect the upfront incentives to ensure as many funds are going to SGIP projects as possible while mitigating the risk of loss of funds from non-performing and bankrupt developers.

BACKGROUND

Assembly Bill (AB) 102[1] allocated $280 million to the Commission in Fiscal Year (FY) 2023-24 from the Greenhouse Gas Reduction Fund (GGRF)[2] to SGIP pursuant to AB 209[3], which directed solar and storage or standalone storage incentives be provided to California residential customers, including those receiving service from publicly

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

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

[3] AB 209 (2022), https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB209

owned utilities (POUs)... SB 123[4] clarified that the AB 209 incentives are exclusively for eligible low-income residential customers.

In March 2024, the Commission passed Decision (D.) 24-03-071[5] directing the PAs to develop a proposal for providing 50 percent of the incentive payments up front for projects in the RSSE budget to reduce barriers to low-income residential participation. In D.24-03-071 (the "Decision"), Ordering Paragraphs 18 and 19 directed:

> 18. Consistent with Section 7 of this decision, the [SGIP PAs] 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.
>
> 19. The [SGIP PAs] 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[6]

Section 7.3 of the decision states that "[t]he 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.[7]
b. The upfront payment must occur at the [Reservation Request Form] 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.

[4] SB 123 (2022), https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240SB123
[5] D.24-03-071, https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M527/K963/527963349.PDF
[6] Decision at 102.
[7] https://www.pge.com/tariffs/assets/pdf/adviceletter/GAS_4226-G.pdf

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".[8]

The Commission required the PAs to 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.[9] Prior to the filing, the PAs were required to hold a joint PA webinar or workshop to share details of the proposal.[10] The proposal should address:

a. How developers are qualified to be eligible.
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.[11]

On May 17, 2024, the PAs held a workshop to solicit feedback from SGIP stakeholders on how to implement the APP. On June 20, 2024, the PAs submitted a joint Advice Letter, PG&E AL 4924-G/7301-E, et al. to establish the APP structure and incorporate other program modifications as specified in the Decision.

Proposed Advanced Payment Program

The PAs propose that to participate in the APP, a developer must first be approved by the PAs after satisfying several qualifications and documentation requirements. A developer seeking to participate in the APP must meet the following requirements:

- Be an SGIP approved developer in good standing;
- Provide a Certificate of Insurance for Commercial General Liability;
- Possess a Business Auto Insurance;
- Possess a satisfactory Better Business Bureau rating;
- Provide a signed Upfront Incentive Agreement Form for each project;
- Not be in the process of dissolving or filing for bankruptcy; and
- Developer must annually recertify the above.

[8] Decision at 53
[9] *Ibid.*
[10] *Ibid.*
[11] *Ibid* at 54.

The PA proposed Developer Agreement Form certifies that:

- The SGIP PA can recover the upfront incentives in the event a project is cancelled, withdrawn, or otherwise not completed in a timely manner;
- The developer will not charge the residential SGIP host customer any out-of-pocket costs prior to the SGIP upfront incentive being paid;
- The developer cannot charge more for the system than the developer would charge for a system that does not receive incentives;
- The developer will not accept any advanced payment if the developer no longer meets the APP Developer requirements.

The PAs propose that an advanced payment will be 50 percent of the expected SGIP incentive issued at the Reservation Request Confirmed stage after verification of the developer for the APP and the APP Agreement Form has been submitted for the project. The developer then has 180 days to install the SGIP system and submit the Incentive Claim Form (ICF). Once the ICF has been approved the remaining 50 percent of the incentive payment will be issued.

The PAs propose that each developer will have a statewide cap of $1 million in upfront payments on active projects. The reasons stated for this are that "The PAs have experienced a significant increase in the number of SGIP developers going out of business while they have active SGIP applications not-yet-installed… A statewide cap on funds advanced to any one developer may mitigate unreasonable financial loss due to developers who may go out of business while in receipt of advanced payment SGIP funds, while not-yet completing the intended projects."[12] The PAs propose making changes to this budget cap based on actual APP developer participation in a future Tier 2 AL. Any developer that breaches the Developer Agreement is suspended from the SGIP APP, suspended from any other customer-funded program administered by the PAs, must return any upfront incentive payments to the PA, and may face other legal action from the PAs. The PAs request 90 days to get the APP online following the disposition of the AL.

Other Program Modifications

The PAs propose to alter the SGIP Handbook to require a performance warranty in lieu of the existing service warranty as allowed by D.24-03-071. The PAs include language that the storage sizing requirements may be revised by the PAs using a Tier 2 AL. The

[12] PG&E AL 4924-G/7301-E, et al.

PAs also include language that adds Enhanced Power Safety Setting outages to the resiliency and Public Safety Power Shutoff (PSPS) events criteria.

NOTICE

Notice of Joint AL PG&E AL 4924-G/7301-E, CSE AL 154-E, SCE AL 5320-E, and SCG AL 6323-G was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

PG&E AL 4924-G/7301-E, et al. was timely protested on July 10, 2024, by California Solar & Storage Association (CALSSA), California Energy Storage Alliance (CESA), and the Energy Savings Company (Free Energy).

The Joint PAs responded to the protests of CALSSA, CESA, and Free Energy on July 17, 2024.

The following provides a summary of the major issues raised in the protests and the Joint PAs reply to each.

Protests on Proposed APP Plan
All protesters were supportive of providing upfront incentive payments through the APP.

1) **Developer Qualification Requirements**

CALSSA and CESA protest the use of a BBB rating being used to qualify developers for the APP. CALSSA claims that for developers who do not have a BBB rating it can take months to receive, the criteria lack uniformity, and a developer may have several BBB ratings for different regions of California or different business sectors. CESA claims that the BBB is based primarily on customer complaints and would lead to arbitrary ratings. CALSSA and CESA contend that the other criteria are stringent enough and that the BBB rating does not add value to the process. CALSSA further stated, "To the degree the Commission determines that the BBB rating should be maintained as an eligibility criterion, we ask that it be waived in instances where a company has an 'investment grade' credit rating issued by one of the three major credit rating agencies."[13]

[13] CALSSA Protest of PG&E 4924-G/7301-E, Concerning the SGIP Advanced Payment Program at 1.

Joint PA Reply: In response to the protests, the PAs state that the BBB rating is a requirement to ensure that developers act with integrity and meet certain customer performance criteria.[14] The PAs add that a developer without a BBB rating will be allowed to join the APP while obtaining the BBB rating and that developers with a poor BBB rating can work with the PA to gather more information and determine if the issues resulting in the poor BBB rating were outside the developers control. Then the developer could still join the APP. The PAs still recommend the use of BBB ratings for developer participation in APP.

1) Project Timeline

CALSAA protests that the proposed 180-day project timeline is too short for developers to successfully complete solar and storage projects due to long permitting timelines. CALSAA recommends that PAs should follow the Golden State Finance Authority[15] model to allow developers 270 days for project completion. Free Energy supports the 180-day timeline to ensure APP funds are being quickly utilized and SGIP systems installed.

Joint PA Reply: The PAs clarify that the APP projects will still be able to apply for up to three six-month extensions following the typical SGIP process. Therefore, the PAs continue to recommend the 180-day initial project deadline.

2) Upfront Incentive Cap

Both CALSAA and CESA argue the cap of $1 million is too low which may discourage developers from participating in the program. CALSAA and CESA recommend that $1 million be the default upfront incentive cap, but that developers who have an Investment Grade Credit (IGC) Rating from Standard & Poor's, Moody's or Fitch should have an upfront incentive cap of $10 million as an IGC rating is another means of determining the credit worthiness of a company. CALSAA acknowledges that not all developers will have an IGC rating in which case developers should be allowed to post bonds of different levels to increase the maximum upfront incentive cap.

Joint PA Reply: The PAs want to ensure that small and large developers are able to participate in the APP. The PAs state that the $1 million cap is already double what the PAs proposed at the SGIP 2nd Quarter Workshop. A $10 million cap would fail to

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[14] Better Business Bureau Mission and Vision, BBB Mission and Vision | Better Business Bureau®

[15] Golden State Financing Authority (GSFA) Grant Advanced Rebate Payment is an independent bridge financing program for SGIP projects in the Equity Resiliency Budget that provides the developer 50% upfront at RRF and 50% at ICF and GSFA is reimbursed by the SGIP incentive at ICF, Energy Storage | Advance Rebate Payment Program | GSFA (gsfahome.org)

motivate developers to complete projects quickly and could result in a few larger developers monopolizing the funding in smaller territories as $10 million is 74 percent of SCG's entire incentive budget. Considering that thirteen SGIP developers have gone out of business in the past two years with active SGIP projects, the $1 million cap would also decrease the risk of large amounts of funds becoming unrecoverable in the event a developer with upfront incentive payments goes bankrupt before completing an SGIP project. The PAs made no explicit reference to the validity of the IGC rating. The PAs continue to recommend a cap of $1 million statewide.

3) The APP Implementation Timeline

Free Energy protests the 90-day implementation timeline for the APP to become available as it may delay the launch of the RSSE budget. Free Energy instead recommends a 30-day implementation timeline be used or that the RSSE budget be opened before the APP is launched.

Joint PA Reply: The PAs clarify that the need for 90 days to launch the APP is to ensure the launch of the full RSSE budget category is not delayed due to the APP needing more time to set up. The PAs continue to recommend a 90-day timeline to launch the APP.

Protests on Issues Outside the Scope of this Advice Letter

a) CESA requested that the PAs provide a timeline for the potential storage system sizing requirements update that incorporates the updates before the new SGIP funding opens while still including stakeholder input.
b) Free Energy protests that the AL is lacking details on the APP to be evaluated.
c) Free Energy protests that all the APP guidelines should apply to all SGIP residential projects, including the 180-day project timeline.
d) Free Energy protests that residential customers in the APP pay no out-of-pocket costs or non-cash transfers to the developer such as: project tax credits or third-party ownership of the installed system.
e) Free Energy protests the use of liquidated damages by developers to participate in the APP.

Joint PA Reply:

a) The AL is in direct compliance with OP 31 of the Decision so this is outside the scope of the AL. Nonetheless, the PAs plan to include Storage Sizing requirements as a topic of discussion in the upcoming SGIP quarterly workshop.
b) The AL discusses all APP points that OP 18 and OP 19 directed the PAs to do. The PAs clarify that specific forms referenced will be created upon the Commission approving the content of the APP in the AL.

c) The D.24-03-071 OPs 18 and 19 directed the PAs to create specific guidelines just for the APP so this protest is out of scope of the AL.
d) D.24-03-071 created the APP and broader RSSE budget to cover most of the costs of a solar and storage project, but some projects may be more complex resulting in a customer needing to pay some out-of-pocket costs. The use of non-cash transfers being used to offset the cost of these more complex projects is up to the developer and customer to decide. The PAs find this protest is out of scope of the AL. The PAs proposed to clarify that, in line with D.24-03-071, APP "'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.' The PAs clarify that this specific language will be included in the Developer Agreement Form that must be agreed to and executed prior to participation in the APP. "[16]
e) The PAs state that the use of liquidated damages by developers was never recommended in the AL and was directly stating that this method would not be used for the APP.

In conclusion, the PAs recommend that the PG&E AL 4924-G/7301-E, et al. be approved by the Commission with no modifications.

DISCUSSION

The Commission has reviewed the joint Advice Letter, the protests, and the reply, and approves PG&E AL 4924-G/7301-E, et al. with modifications. We next discuss each topic following the structure of the previous section.

Issues Outside the Scope of this Advice Letter
Protests items a-e in the Protests section are not in the scope of the PG&E AL 4924-G/7301-E, et al. Items a, b, c, and d are outside the scope as they ask the PAs to establish or change what was required in the Decision, and as such, is rejected by the Commission. Item e was factually incorrect and is rejected by the Commission.

The Commission does find the PA-proposed explicit inclusion of language from D.24-03-071 that the APP "developers are required to offer Equity customers a no-money down enrollment process and not be allowed to require any payment from

[16] PG&E AL 4924-G/7301-E, et al. at 5.

customers prior to project completion"[17] be added to the APP Developer Agreement Form to be reasonable.

Proposed APP Plan

1) Developer Qualification Requirements

We are concerned that the BBB rating may not be the ideal or sole way to determine the potential success of a given developer or project and to ensure customer protection and safety of program funds. To compare pathways to certify customer protection the Commission referred to the California Solar Consumer Protection Guide[18] that the Commission maintains and updates in the Rulemaking 14-07-002 as well as the pending Public Watch List of Non-Compliant Solar Providers[19] regulated in Rulemaking 20-08-020. Both sources rely on the California Contractors State License Board (CSLB) active licenses to ensure that a developer is maintaining the standards of the CSLB and to protect the customer by allowing customers to report complaints against the developer that the CSLB can verify and possibly sanction the developer. Currently, SGIP developers are required to provide an active CSLB license for the installer of a particular project.[20] We therefore accept the suggestion from CALSSA and CESA that the BBB rating requirement should be removed from the APP and instead the PAs will ensure that the APP Developer Agreement requires the developer to have an active CSLB license number for each project.

However, the Commission does find the use of unsatisfactory BBB ratings as reasonable justification to exclude developers from participating in the APP. According to the BBB website, a rating of B or higher is an indicator of a 'positive track record in the marketplace.'[21] Therefore, PAs can check a company's BBB profile and if the BBB rating is less than a B, the PAs can exclude the company from the APP. A company without a BBB rating will still be able to participate in the APP. Furthermore, once the Commission's Public Watch List of Non-Compliant Solar Providers is active, a developer in the APP will be removed from the program by the PAs if the developer is put on the watch list.

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[17] Decision at 53.
[18] CPUC California Solar Consumer Protection Guide Overview V3, https://www.cpuc.ca.gov/solarguide/
[19] CPUC Public List of Non-Compliant Solar Providers, https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/public-watch-list-of-non-compliant-solar-providers
[20] SGIP Handbook 2024, https://www.selfgenca.com/documents/handbook/2024 at 32.
[21] Better Business Bureau Accreditation Standards, BBB Accreditation Standards

In addition, any developer seeking to participate in the APP must have successfully completed at least one SGIP residential project, either in a previous residential budget category or the RSSE, to qualify. Adding this requirement ensures that participating developers understand the SGIP process and have demonstrated reliable project installation before having access to an upfront incentive in the APP.

2) Project Timeline

The Commission finds an APP project timeline of 180 days with one six-month extension, following existing extension request procedures in the SGIP handbook, to be reasonable. Currently, the SGIP Handbook states that a project can receive a maximum of three six-month extensions.[22] If the current extension process is applied to APP projects, it would allow for a developer to have 50 percent of the incentive funds for potentially dozens of projects that could take up to two years. This increases the risk to the program that funds go underutilized if held for ultimately cancelled projects or unrecoverable in the event that a developer goes bankrupt with pending projects.

As SGIP is integrating solar projects into the new RSSE budget, Energy Division (ED) staff used California Distributed Generation Statistics low-income solar PV data and SGIP data to compare timelines of low-income residential solar or storage projects from the fund reservation to the incentive claim form submittal.[23] Looking only at projects from 2021-2024 that have been completed, the Commission finds the following about projects progressing from the date at which they receive a confirmed RRF to the date they submitted the ICF:

Table 1. Project Application Rates Over Time

Percent of projects that passed application milestones			
	180 days	**270 days**	**360 days**
SGIP	61%	76%	88%
Low-Income Solar (SASH, MASH, DAC-SASH)	32%	64%	84%
SOMAH	3%	7%	13%

As 360 days is equivalent to the initial 180-day period with one six-month extension, the Commission finds that the APP projects should be completed within 180 days with one

[22] SGIP Handbook 2024 at 17 https://www.selfgenca.com/documents/handbook/2024
[23] SGIP and low-income solar project datasets accessed July 2024, CaliforniaDGStats

allowable six-month extension to be reasonable. For projects that received APP upfront funding that are not completed by the end of the extension period, the developer may request further extensions following the current SGIP extension rules but must return the upfront incentive. The developer in this case would be able to obtain the full incentive amount upon completion of the project following typical SGIP rules. This will encourage developers to meet expedited installation expectations when receiving advanced payments and to utilize the RSSE budget without participation in the APP for projects expected to take longer. For these reasons, we find that a 180-day project timeline from the confirmed RRF to submission of the ICF with one possible six-month extension to be reasonable for projects receiving advanced payments.

We are concerned that SGIP projects applied by or for Tribal customers[24] may warrant additional time to meet application deadlines due to the low number of completed residential Tribal projects in existing SGIP budgets.[25] We find it reasonable to allow projects for Tribal customers in the APP to have access to the typical three six-month extensions.

CALSSA further asked the Commission to alter when the upfront payment is made, but this is outside of the scope of the PG&E AL 4924-G/7301-E, et al.as D.24-03-071 required the upfront payment to be made at the RRF stage.

3) Upfront Inventive Cap

The Commission finds it reasonable to have a larger APP upfront incentive cap for developers that can provide additional assurance of solvency. For this assurance, the Commission finds the use of an IGC rating as proposed by CALSSA and CESA to be reasonable. Developers would supply the PAs with the name of the credit ratings agency as well as the company name and PAs would verify the developer has an IGC rating (a rating of BBB-/Baa- or above) on the rating agency website. Currently, the accepted credit agencies are Finch Ratings, Moody’s, and S&P Global Ratings.[26]

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[24] Tribal customers are defined at 78 ‘Proof of Indian Country Qualification,’ SGIP Handbook 2024, https://www.selfgenca.com/documents/handbook/2024

[25] Eight completed SGIP projects are identified as Tribal residential customers and 254 completed SGIP projects are identified as low-income residential customers. SGIP project database accessed July 2024.

[26] Credit Rating sites for Fitch, Moody’s, and S&P Global: Fitch Ratings: Credit Ratings & Analysis For Financial Markets; Moody's - credit ratings, research, and data for global capital markets (moodys.com); Home | S&P Global Ratings (spglobal.com)

Table 2. Upfront Incentive Cap

Developer Status	PA Territory	Upfront Incentive Cap
No Investment Grade credit rating	Maximum Statewide Cap	$1 million
With Investment Grade credit rating	SCG, CSE, and LADWP	$2 million
	Maximum Statewide Cap	$5 million

Due to the varying budgets of the PAs, the Commission finds it reasonable to have two developer caps for developers with IGC: one statewide (Statewide Cap) and one in the smaller PA regions of CSE and SCG (Smaller Cap). Once LADWP is established as an SGIP PA, LADWP will use the Smaller Cap for the APP. For the Statewide Cap, the Commission agrees with the PAs that a cap of $10 million is too large as it would allow one developer to have 50 percent of the incentive value for potentially up to 526 active solar and storage projects or up to 884 active storage-only projects.[27] The Commission finds that Statewide Cap of $5 million and Smaller Cap of $2 million to be reasonable to ensure developers can have a substantial portfolio of active projects in one or multiple PA territories and to limit the total upfront incentives value that can be held at one time (Table 2). For these reasons, we agree with CALSSA and CESA protests that a larger upfront incentive cap should be available to developers that can provide an IGC rating.

As the APP is a new program, the Commission finds it reasonable to allow the joint PAs to file a future Tier 2 AL to propose changes to the APP to adjust to market conditions and program experience.

4) The APP Implementation Timeline

The Commission requires the PAs to launch the APP developer enrollment process within 60 days of the approval of this Resolution. The PAs shall open the APP for incentive enrollment in conjunction with the RSSE budget. We find that opening the RSSE before the APP could lead to confusion among developers applying early and possibly trying to shift projects to the APP after it opens. Additionally, due to the need to verify developers for the APP it would be useful to open the APP first for developers' approval, so developers are able to immediately begin projects in the APP once the RSSE funding becomes available.

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[27] Project Number=proposed cap/(incentive amount*.5). Solar and storage incentive amount=$38,000 Storage-only incentive amount= $22,600 as reported by the SGIP PAs in PG&E AL 4924-G etc.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments on August 21, 2024.

The PAs (PG&E, SCE, CSE, and SCG) jointly filed a timely comment on the draft Resolution on September 10, 2024.

The SGIP PAs recommend that in OP 12 the phrase 'launch the APP' be clarified.

The APP Implementation Timeline

The PAs request that OP 12 be modified to read "SGIP PAs must launch the APP **enrollment process (Developer Agreement and APP Customer Agreement forms)** within 60 days or in conjunction with the Residential Solar and Storage Equity Budget~~, whichever comes first~~."[28] The PAs note that this change is needed to clarify what aspects of the APP are being launched at this deadline. The PAs assert it would be difficult to comply with the deadline set as the opening of the full RSSE budget is tied to the SCE AL 5347-E et al. that was suspended by the Commission on September 4, 2024. The APP cannot be opened for incentive reservation until the RSSE budget is opened. However, the PAs state that they can publish the two developer agreement forms to begin approving developers for the APP by the 60-day deadline.

The Commission finds it reasonable to clarify in OP 12 that within 60-days after this Resolution is approved, the PAs shall launch the APP developer enrollment process which includes the Developer Enrollment Form and the Developer Agreement Form. If the RSSE budget opens sooner than 60-days from the approval of this Resolution, the PAs must launch the APP developer enrollment before the RSSE budget opens.

[28] Formatting from original. Joint SGIP PA Comments on Draft Resolution E-5346 at 2

The Commission does not find it reasonable to leave the opening of the APP for incentive reservation without a deadline. The OP 12 will further clarify that the APP shall open for incentive reservation in conjunction with the RSSE budget opening for incentive reservation. Finding 20 is similarly altered to reflect this clarification.

FINDINGS

1. Decision (D.) 24-03-071 directed the SGIP PAs (Pacific Gas and Electric Company, Center for Sustainable Energy®, Southern California Edison Company, and Southern California Gas Company) to develop an upfront incentive payment program to deliver 50 percent of the Residential Solar and Storage Equity incentive to a verified project after the Reservation Request Form (RRF) was approved and the remaining 50 percent of the incentive after the Incentive Claim Form (ICF) was approved.
2. On June 20, 2024, the SGIP PAs filed a proposal for an Advanced Payment Program (APP) through a joint advice letter (AL), PG&E AL 4924-G/7301-E, et al.
3. On July 10, 2024, PG&E AL 4924-G/7301-E, et al. was timely protested by California Solar & Storage Association (CALSSA), California Energy Storage Alliance (CESA), and the Energy Savings Company (Free Energy).
4. On July 17, 2024, the SGIP PAs replied to the protests of the AL that were filed by CALSSA, CESA, and Free Energy.
5. The SGIP PAs proposed to use a Better Business Bureau (BBB) Rating to verify developer for the APP.
6. It is not reasonable to use the BBB rating as a requirement to approve a developer for the APP but is reasonable for SGIP PAs to exclude developers with poor BBB ratings from the APP.
7. It is reasonable to use an active California Contractors State License Board (CSLB) license as a requirement for an APP project.
8. It is reasonable to use the CPUC Public Watch List of Non-Compliant Solar Providers to remove developers from the APP once the list becomes available.
9. It is reasonable to require SGIP PAs to verify developers have successfully completed a residential SGIP project in the past to be approved for the APP.
10. The SGIP PAs proposed a project timeline of 180 days to complete a project with access to three six-month extensions for APP projects.
11. It is reasonable to use a timeline of 180 days to complete an APP project.
12. It is reasonable to allow three six-months extensions for an APP project for a Tribal customer.
13. It is reasonable to allow one six-month extension for an APP project following SGIPs usual extension requirements.

14. The SGIP PAs proposed a statewide upfront incentive cap of $1 million.
15. It is reasonable to have an initial statewide upfront incentive cap of $1 million.
16. It is unreasonable to have a maximum statewide budget cap of $1 million for all developers.
17. It is reasonable to allow the smaller PA territories of SCG, CSE, and LADWP to have a maximum upfront incentive cap of $2 million and a statewide cap across all PA territories of $5 million.
18. It is reasonable that the PAs should verify the developer has an Investment Grade credit rating for the developer to have access to the maximum upfront incentive caps.
19. The SGIP PAs, in the reply to protests, proposed including direct D.24-03-071 language that developers in the APP are "not allowed to require any payment from customers prior to project completion"[29] in the Developer Agreement Form.
20. It is reasonable to require the SGIP PAs to launch the APP developer enrollment process within 60 days and for the APP to open in conjunction with the Residential Solar and Storage Equity Budget for incentive reservation.
21. It is reasonable to assume the needs of the APP may change and to allow changes to the program to be made following a Tier 2 Advice Letter from the Joint SGIP PAs.

<u>THEREFORE IT IS ORDERED THAT:</u>

1. The request of the Pacific Gas and Electric Company, Center for Sustainable Energy®, Southern California Edison Company, and Southern California Gas Company (SGIP PAs) to establish a Residential Solar and Storage Equity Budget Advanced Payment Program (APP) and other program modifications as requested in Advice Letter 4924-G/7301-E, 154-E, 5320-E, and 6323-G is approved with modifications set forth below and otherwise specified herein.
2. SGIP PAs shall not use a Better Business Bureau rating as an APP developer requirement. SGIP PAs may use an existing Better Business Bureau rating of less than a B to remove a developer from the APP program.
3. SGIP PAs shall include language in the APP Developer Agreement Form that a developer must have and provide an active California Contractors State License Board license for each APP project.
4. SGIP PAs shall utilize the CPUC Public Watch List of Non-Compliant Solar Providers to disqualify developers from the APP once the list becomes available.

[29] Decision at 53.

5. SGIP PAs must verify that a developer has successfully completed a residential SGIP project in the past before they can be approved for the APP.
6. SGIP PAs shall allow an APP project timeline of 180 days from confirmed Reservation Request Form to submittal of the Incentive Claim Form.
7. SGIP PAs will allow one six-month extension for an APP project following SGIPs usual extension requirements. If the project is for a Tribal customer, the project will have access to three six-month extensions following SGIPs usual extension process.
8. SGIP PAs shall use a statewide APP upfront incentive cap of $1 million as a baseline for the APP.
9. SGIP PAs shall allow an increased APP upfront incentive cap of $2 million in SCG, LADWP, and CSE territories and $5 million across all PA territories for approved developers.

Table 2. Upfront Incentive Cap

Developer Status	**PA Territory**	**Upfront Incentive Cap**
No Investment Grade credit rating	Maximum Statewide Cap	$1 million
With Investment Grade credit rating	SCG, CSE, and LADWP	$2 million
	Maximum Statewide Cap	$5 million

10. SGIP PAs must verify an APP developer has an Investment Grade credit rating (BBB-/Baa- or above) before allowing the developer to access the increased APP upfront incentive caps (see Table 2).
11. SGIP PAs shall alter the language in the APP Developer Agreement Form Section B to read: "Require developer to affirm that they will not charge the residential SGIP host customer any out-of-pocket costs prior to the approved Incentive Claim Form (ICF)."
12. SGIP PAs must launch the APP developer enrollment process within 60 days and before the Residential Solar and Storage Equity budget opens. SGIP PAs must open the APP in conjunction with the Residential Solar and Storage Equity Budget for incentive reservation.
13. SGIP PAs may submit a joint Tier 2 Advice Letter to alter the APP in response to program performance.
14. SGIP PAs must notify the SGIP Proceeding Service List, the SGIP website announcements, and in future SGIP marketing materials and workshops once the

SGIP Handbook is modified and the APP is launched with the modifications in this Resolution.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 26, 2024; the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON
Rachel Peterson
Executive Director

ALICE REYNOLDS
President

DARCIE HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
MATTHEW BAKER
Commissioners