PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-5362**
January 30, 2025

R E S O L U T I O N

Resolution E-5362. Southern California Edison Company, Center for Sustainable Energy®, Southern California Gas Company, and Pacific Gas and Electric Self-Generation Incentive Program (SGIP) Residential Solar and Storage Equity Budget Category.

PROPOSED OUTCOME:

- Approves, with modification, the joint proposal by Southern California Edison Company, Center for Sustainable Energy, Southern California Gas Company, and Pacific Gas and Electric concerning the Self-Generation Incentive Program's Residential Solar and Storage Equity budget category and other proposed revisions to the SGIP Handbook pursuant to Ordering Paragraph (OP) 23 of Decision 24-03-071 filed in the joint Advice Letter (AL) SCE ALs 5347-E and 5347-E-A, CSE ALs 157-E and 157-E-A, SCG ALs 6350-G and 6350-G-A, PG&E ALs 4952-G/7345-E and 4952-G-A/7345-E-A.
- Adopts changes to the Self-Generation Incentive Program for the opening of the Residential Solar and Storage Equity budget category.

SAFETY CONSIDERATIONS:

There are no safety considerations associated with this resolution.

ESTIMATED COST:

There are no costs associated with this resolution.

By joint Advice Letter SCE ALs 5347-E and 5347-E-A, CSE ALs 157-E and 157-E-A, SCG ALs 6350-G and 6350-G-A, PG&E ALs 4952-G/7345-E and 4952-G-A/7345-E-A, Filed on August 5, 2024 and October 16, 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), and Southern California Gas Company (SCG)'s, hereafter referred to as the joint Program Administrators (PAs), for the Self-Generation Inventive Program's (SGIP) new Residential Solar and Storage Equity budget (RSSE) and other SGIP handbook modifications.

This Resolution:

- Approves the joint PA AL with modifications.
- Maintains the use of a Design Factor in the Expected Performance Based Buydown (EPBB) calculator that utilizes a Geographic Correction and has a minimum acceptable Design Factor of 75 percent.
- Establishes 5 kW as the threshold for load justification for solar projects. Projects above 5 kW require load justification and projects at 5 kW or less do not require load justification.
- Directs the PAs to apply the existing 5 kW per tenant load assumption for multifamily projects that applies for the storage incentive to the new solar incentive. For projects where the SGIP PA is the electric utility provider for the host customer, the PA must provide the applicant with aggregated tenant load and common area load data, if requested.
- Authorizes the SGIP PAs to add the Multifamily Affordable Solar Housing (MASH) successor tariffs to the categorical eligibility list for SGIP in those cases where the income eligibility criteria for the tariff are the same as that of the MASH program or the RSSE.
- Adopts the Inspection Sampling protocol proposed by the joint PAs.
- Approves the proposed implementation window period of up to 45 days after the Commission adoption of this Resolution for the opening of the RSSE budget category.

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 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 approved Decision (D.) 24-03-071[5] (the "Decision") directing the PAs to submit a joint Tier 2 AL within 90 days of receipt of AB 209 funds from the Commission's Fiscal Office to update the SGIP Handbook and Database with program modifications and to receive eligible applications.

By May 7, 2024, all the existing SGIP PAs received their allocation of AB 209 funds from the Commission's Fiscal Office. On August 5, 2024, the PAs submitted a joint Advice Letter, SCE AL 5347-E, et al. to launch the RSSE, proposing program Handbook modifications, and proposing details on the implementation of orders from the Decision, including:

- The incentive amounts available in each PA territory, from the $280 million statewide allocation pursuant to AB 209 and PUC Section 379.10.
- Modification of the existing Residential Storage Equity budget category name to Residential Solar and Storage Equity budget.
- Program Administration for AB 209 Funding.
- Updated RSSE and SJV Residential incentive levels.
- Incentive soft cap of AB 209 funds for tribal customers.
- New Solar Applications, Incentive Levels and Requirements.
- Solar Incentive Applications System Costs per OP 23(a) and (f).
- Solar Inverter Eligibility per OP 23(b) and (c).

[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.
[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.

- DAC-SASH (Disadvantaged Communities – Single-Family Solar Homes Program) and SOMAH (Solar on Multifamily Affordable Housing Program) Technical Solar Requirements.
- Addition of Manufacturer as a Program Participant.

On October 16, 2024, the PAs submitted a joint supplemental Advice Letter SCE AL 5347-E-A et al. to add revisions to the SGIP Handbook, including:

- Inspection sampling protocols for paired solar and storage projects.
- Solar sizing thresholds for load justification.

The PAs propose significant modifications or new requirements for the launch of the RSSE, including:

- The use of the Expected Performance Based Buydown (EPBB) methodology for calculating solar incentives based on verified solar energy system characteristics such as location, system size, shading, and orientation. These features are compared to a reference system to yield a Design Correction, a Geographic Correction, and an Installation Correction that together comprise the overall Design Factor. This Design Factor is expressed as a ratio that is multiplied against the maximum possible incentive value to yield the actual incentive value for a given project.
- Updating the Field Inspection Sampling Protocol for the RSSE budget to require: (1) the first two solar plus storage projects installed by a developer must be physically inspected, and (2) after a developer's first two solar plus storage projects have passed a physical inspection with no failures, future solar plus storage projects will follow the same sampling protocol as the existing SGIP inspection sampling methodology for battery storage.
- The establishment of a threshold for solar system sizing for which load justification is not required. For systems above the threshold, applicants will need to submit load justification in order to prevent over-sizing of systems. The Joint PAs propose that there should be no overall solar size limit.

The PAs asked for Commission guidance on two specific issues in their Advice Letters:

- Whether to use a Geographic Correction Factor in the calculation of SGIP incentives for solar systems.
- What the appropriate threshold should be for load justification for solar systems.

NOTICE

Notice of Joint ALs SCE 5347-E et al. and 5347-E-A et al. was made by publication in the Commission's Daily Calendar. SCE states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS AND RESPONSES

SCE AL 5347-E et al. was timely protested by California Solar & Storage Association (CALSSA), Sunrun Inc. (Sunrun), and the Energy Savings Company (Free Energy), and was responded to by the California Choice Energy Authority (CalChoice) and Ava Community Energy, Clean Power Alliance of Southern California (Clean Power Alliance), Marin Clean Energy, Peninsula Clean Energy, San Diego Community Power, San José Clean Energy, and Sonoma Clean Power Authority (collectively the "Joint CCAs") on August 26, 2024.

The Joint PAs responded to the protests submitted by CALSSA, Sunrun, Free Energy and the responses submitted by CalChoice and the Joint CCAs on September 3, 2024.

SCE AL 5347-E-A et al. was timely protested on October 28, 2024, by CALSSA. The Joint PAs responded to this protest on November 4, 2024.

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

Issues Raised in the Protests and Responses

1) **Solar Incentive Calculation: Geographic Correction Factor and Minimum Design Factor**

CALSSA and Sunrun protested the inclusion of a Geographic Correction Factor in the solar incentive calculation, arguing that it unfairly disadvantages customers in Northern California due to the reference location being in Southern California. They state those more northerly customers may actually have greater need for incentives due to the lower expected solar generation. They also protest the use of a Minimum Design Factor of 85 percent, stating that it would unfairly disqualify projects with low calculated values. They state that low calculated values could result from the Geographic Correction Factor or from customers living in Multifamily housing with uncontrollable property factors such as roof space or angle. They state this may

particularly impact low-income housing. Sunrun states that the declining incentive payment in proportion to EPBB calculated values ensures that participants are appropriately incentivized to design systems efficiently and that SGIP pays incentives that align with the benefits of projects, without the need for a Minimum Design Factor.

Joint PA Reply:
The Joint PAs address the protests on the use of a Geographic Correction Factor and a Minimum Design Factor and note that SOMAH and DAC-SASH each have differing requirements on these issues. They contend that in utilizing both features, they are in alignment with SGIP's intent to incentivize distributed energy resource systems with minimum expected performance, while maximizing GHG reductions and peak load shifting potential.

2) Adding PV to Existing Systems

CALSSA protested the proposed new Handbook language that states, "New panels added to existing inverter(s) that are already in service are not eligible to receive a SGIP incentive".[6] CALSSA argues that this would negatively impact electrification efforts and expansion of existing multifamily solar that is only supporting common area load.

Joint PA Reply:
The Joint PAs responded by noting that SOMAH disallows the addition of new panels to pre-existing inverters and that SGIP historically has promoted only the installation of new equipment to comply with durability criteria.

3) Solar Sizing Justification

CALSSA objects to the requirement for customers to submit load justifications for systems larger than a certain size threshold. They contend that this information is already subject to utility approval through the net billing tariff (NBT) and duplicates the review process.

Joint PA Reply:
The PAs note that SOMAH and DAC-SASH both require load justification for all project applications, to ensure systems are based on either current energy usage and/or expected energy usage if sizing for future electrification or load growth. These programs do not rely solely on the NBT to confirm systems are appropriately sized and the PAs further note that NBT is an IOU-specific tariff which is not available to POU

[6] AL 5347-E, et al., Attachment A SGIP Handbook page 69.

customers. The PAs contend that their proposal complies with D.24-03-071 by aligning SGIP solar incentive requirements to DAC-SASH and SOMAH, and is necessary to maintain the ability to have a check against the potential for oversized projects.

4) Aggregate Tenant and Common-Area Usage Data

CALSSA states that there is a lack of guidance in the Advice Letter on how to determine sizing justification for multifamily projects. They note that this has been a major issue for multifamily projects in the SOMAH program. They state that the Commission has recognized that it is infeasible to collect usage history directly from every low-income household served in a multifamily development and has directed the subject utility to provide aggregated data, ideally to the applicants as early in the process as possible. CALSSA states that the SGIP PAs may not be able to provide aggregated load information to applicants.

Joint PA Reply:

The Joint PAs state that CALSSA's concern regarding sizing justifications for multifamily projects falls outside the scope of OP 23 from the Decision and this Advice Letter and should be rejected.

5) Virtual Inspections

CALSSA suggests implementing virtual inspections for all SGIP projects. They believe virtual inspections would expedite payments, lower costs, and improve the new budget category's success.

Joint PA Reply:

The Joint PAs replied that this recommendation should be rejected and that solar inspections should continue to follow the established Field Inspection Sampling Protocol. They note that this protocol already includes options for virtual inspections.

6) Categorical Eligibility Clarifications

Sunrun protested the existing SGIP Handbook language regarding demonstrating categorical eligibility for SGIP equity budget categories through participation in MASH. They state that the MASH program no longer has funding that can be reserved, but that the MASH tariff remains available to income-qualified customers. They request that the Handbook be updated to state that eligibility for the MASH tariff meets categorical eligibility for SGIP equity budget incentives. Sunrun further protested that the current SGIP eligibility pathway for multifamily properties has not been updated to match the most recent criteria set by SB 355 and the SOMAH program income eligibility. While

the multifamily equity eligibility for SGIP includes a pathway for "a building where at least 80% of the households have incomes at or below 60% of the area median income"[7], Sunrun noted that this criterion was based on the SOMAH program, which has since been amended such that a building may qualify if 66 percent of households have incomes at or below 80 percent of AMI.

Joint PA Reply:
The Joint PAs note that updates to the categorical eligibility for MASH participants and the income eligibility metrics for SOMAH participants were not features of the joint PA AL nor a compliance requirement established in the Decision. They contend that this change is outside the scope of this AL and that Sunrun's request should be rejected.

7) The RSSE Implementation Timeline

Free Energy protested the filing date of the initial AL and the 45-day implementation window for the RSSE to open for applications, stating this is harmful to SGIP applicants, including tribal customers and market players.

Joint PA Reply:
The Joint PAs responded that Free Energy's Protest was incorrect in asserting that the AL was submitted outside the timeline mandated by the Decision. They note that the last PA received AB 209 funds on May 7, 2024, and the AL was submitted within 90 days of that date. The PAs further noted that pause periods are standard practice for effectively managing the opening of a new program or budget category, especially for stakeholders acquainting themselves with new rules. They contend that the 45-day implementation window is in line with the Commission's order and in the best interest of the launch of the program.

Protests and Responses on Issues Outside the Scope of this Advice Letter

a) Free Energy protested that the AL does not establish a new pathway for POU customers without access to an eligible TOU rate or solar PV to qualify for SGIP.
b) Free Energy protested that some PAs may treat categorical eligibility through participation in Energy Savings Assistance (ESA) as requiring a separate income verification documentation in addition to confirming ESA enrollment.
c) Free Energy protested and the Joint CCAs responded that customers enrolled in CARE and FERA should not be required to demonstrate they have gone through income verification and that the SGIP PAs should confirm this instead.

[7] Advice Letter 5347-E et al., Attachment A (SGIP Handbook) at 25.

d) Free Energy, CalChoice, and the Joint CCAs responded that the requirement of SGIP applicants to enroll in a qualified Demand Response program may be discriminatory to residential unbundled customers of CCAs, as well as customers of POUs and SMJUs, and that clarity should be provided on the Demand Response participation requirement, exemptions from that requirement, and the process for adding new programs.

In conclusion, the Joint PAs recommend that the SCE ALs 5347-E and 5347-E-A, et al. be approved by the Commission.

DISCUSSION

The Commission has reviewed the joint Advice Letter, the protests, and the replies, and approves SCE ALs 5347-E and 5347-E-A, et al. with modifications. We next discuss each topic following the structure of the previous section.

Protest Issues 1-7

1) **Solar Incentive Calculation: Geographic Correction Factor and Minimum Design Factor**

We are concerned that a potential exclusion of a Geographic Correction Factor or Minimum Design Factor in the solar incentive calculation would not best serve the goals of the program funds.

The EPBB was created for the California Solar Initiative Program to adjust the upfront incentive based on an estimated system performance and thereby encourage optimal system design. The two relevant equations are:

- *Solar Incentive = Incentive Rate * System Rating * Design Factor*
- *Design Factor = Design Correction * Geographic Correction * Install Correction*

The Design Correction is based on the tilt and azimuth of system, the Geographic Correction is based on the system location compared to a reference location in Southern CA, and the Install Correction is based on the mounting method and solar temperature coefficient of the module. When changes to these three factors reduce the expected solar generation, the Design Factor calculation yields a ratio lower than 100% and the solar incentive is correspondingly reduced. For example, due to the Geographic Correction

alone, an optimally designed system in L.A. might receive 99 percent of the incentive, while a system in Eureka may receive 77 percent.[8] A Northern location combined with poor design and installation characteristics could yield a Design Factor even lower. Table 1 below shows the minimum and maximum

D.24-03-071 required the use of a performance-based methodology to modify incentive levels and directed the PAs to adopt a calculator, which could have been the EPBB or an alternative.[9] The PAs note that DAC-SASH and SOMAH each have differing requirements for these two features of the calculator. SOMAH includes a Geographic Correction in the Design Factor equation, while DAC-SASH does not. DAC-SASH requires a minimum Design Factor of 85 percent that projects must meet in order to be eligible for incentives at all, while SOMAH does not have a minimum Design Factor. Each requirement safeguards funds in a different way, making the incentive less lucrative or unavailable to projects with lower expected solar generation.

Sunrun and CALSSA are concerned that the EPBB methodology and calculator puts downward pressure on the incentive value for projects in Northern California. However, the Joint PAs did not propose any alternative to the use of the Geographic Correction and simply eliminating it from the calculation leaves the fundamental problem of the incentive being mismatched to the actual generation of a given project. It also would remove the appropriate inducement for applicants to SGIP to design projects that yield the highest solar generation.

Lastly, the storage sizing for SGIP including this new budget category was reformed in the Resolution E-5360.[10] This Resolution required that the amount of expected solar generation will now be an input to determining the allowable size of the battery incentivized by SGIP. If the Geographic Correction Factor was eliminated, this could also lead to SGIP-incentivized storage systems being oversized as a result because they would be sized to a level of solar generation that would not materialize in reality.

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[8] CSI EPBB Calculator - Standard PV Calculator, https://www.csi-epbb.com/.
[9] D.24-03-071 at 42, https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M527/K963/527963349.PDF.
[10] Resolution E-5360, adopted by the CPUC on December 19, 2024.
https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M549/K864/549864709.PDF.

Fundamentally, the Design Factor requirements align with SGIP's intent to incentivize DER systems with a minimum performance expectation and in a manner that maximizes the Greenhouse Gas (GHG) emissions reduction potential and peak load shifting potential of solar plus storage installations. Linking the incentive to the expected solar generation ensures that more program funds are unlocked for those projects that produce more renewable generation that is capable of being shifted into peak hours.

Table 1 below shows the minimum and maximum possible incentive values yielded by the current version of the EPBB for various locations in California under the three proposals considered.[11] The first scenario shows what is proposed in this Draft Resolution, with the Geographic Correction Factor in place and a minimum Design Factor allowable of 75%. The second scenario shows what was proposed by the Joint SGIP PAs, with a Geographic Correction Factor in place and a minimum Design Factor allowable of 85%. The third scenario shows what was proposed by CALSSA and Sunrun, with no Geographic Correction Factor in the calculation and no minimum Design Factor.

[11] CSI EPBB Calculator - Standard PV Calculator, https://www.csi-epbb.com/. These sample calculations are for illustrative purposes only. The calculations utilized the following inputs (in addition to the locations identified in the table):
Module Type: Qcells North America B.Line Peak
# of Modules: 18
# of Inverters: 2
Shading: Minimal
Array Tilt: Optimal
Azimuth: 180

Table 1. Proposals Considered for Solar Incentive Calculation

EPBB Calculated Percentage of Incentive and Dollar Value at $3.10/W							
Location of 4.432 kW Solar System	Estimated Annual kWh	Resolution Proposal: GC & DF ≥ 75		Advice Letter Proposal: GC & DF ≥ 85		Protest Proposal: No GC, No DF Min	
		Min	Max	Min	Max	Min	Max
Los Angeles (Southern CA)	7,814	75% ($10,304)	100% ($13,739)	85% ($11,678)	100% ($13,700)	34% ($4,671)	100% ($13,739)
Stockton (Central Valley)	7,708	75% ($10,304)	99% ($13,602)	85% ($11,678)	99% ($13,602)	34% ($4,671)	100% ($13,739)
Redding (Northern CA)	7,413	75% ($10,304)	95% ($13,137)	85% ($11,678)	95% ($13,137)	34% ($4,671)	100% ($13,739)
Eureka (Northern Coastal CA)	5,977	75% ($10,304)	77% ($10,581)	0% (below minimum DF threshold)	0% (below minimum DF threshold)	34% ($4,671)	100% ($13,739)

We accept the suggestion from the joint PAs to include the Geographic Correction and direct a minimum Design Factor of 75 percent (lowered from the 85 percent proposed the AL). This lowered minimum Design Factor would enable Northern projects to still be eligible for a reduced incentive, as long as their design and installation characteristics are close to optimal. We further direct the SGIP PAs to work with their technical consultant Alternative Energy Systems Consultants' (AESC) to update the current version of the EPBB, which was first developed for CSI, to utilize the latest version of NREL's PV Watts[12] as inputs. The current version of the EPBB still utilizes an older version of NREL's PV Watts which may not best reflect the factors that affect the output of the PV systems that will be incentivized.

2) Adding PV to Existing Systems

Although CALSSA makes useful points that adding PV to existing solar systems may be beneficial to electrification efforts and the expansion of existing multifamily solar, we accept the rationale presented by the Joint PAs and agree that SGIP should align with the SOMAH requirement which disallows the addition of new panels to pre-existing inverters and continue to focus on the installation of new systems. With limited budgets SGIP should focus on funding storage plus solar for new customers without DERs.

[12] PVWatts Calculator, https://pvwatts.nrel.gov/index.php.

3) Solar Sizing Justification

CALSSA was the only party that protested the proposed solar sizing justification threshold put forward by the Joint PAs. CALSSA argues that SGIP should rely on sizing guidelines established in NBT in which the applicant completes a self-attestation to oversize their solar system in anticipation of future load growth. Existing SGIP policy requires evidence of load growth at the time of incentive request making CALSSA's position a significant departure from current SGIP policy and thus unworkable. Applying load verification to solar, the new technology in SGIP, is reasonable because the program covers up to 100 percent of the system costs and load verification is necessary for fiscal prudency. CALSSA's proposal is rejected.[13]

The Joint PAs ask the Commission to set an appropriate minimum PV-size threshold below which load justification is not required and propose either 3, 4, or 5 kW as reasonable options. They note that this Commission guidance is requested because a new SGIP threshold would meaningfully differ from the DAC-SASH and SOMAH programs, which both verify the host customer load for every project regardless of size.

The Joint PAs state that three PAs supported a 5 kW threshold for solar, to align with experience from DAC-SASH and the California Solar Initiative (CSI). DAC-SASH had a median 3.5 kW installed project size, but DAC-SASH program data indicates that if the solar was sized to customer load, the installed size average would be 5.3 kW.[14] The CSI established a 5 kW threshold below which load justification was not required.[15] The rationale that the CSI program put forth in 2017 for a 5 kW threshold was that the average annual residential electricity consumption in California was stated to be 7,000 kWh/year and therefore systems smaller than 5 kW were assumed to comply with system size requirements.[16] The source for the 7,000 kWh/year figure is not cited in the CSI Handbook, but recent U.S. Energy Information Administration information shows that single family detached homes in California have an average annual 8,039 kWh electricity consumption.[17]

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[13] SGIP Handbook at 71, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/self-generation-incentive-program/2023-sgip-handbook-v3.pdf.

[14] Joint PA Advice Letter 5347-E-A et al. at 3.

[15] See January 2017 CSI Program Handbook, Sections 2.2.4, 2.2.5, and 2.2.5.1 https://www.cpuc.ca.gov/-/media/cpuc-website/files/legacyfiles/c/6442454547-csi-handbook-2017.pdf.

[16] Ibid., at 28.

[17] Tesla Comments on Draft Resolution E-5360 at 3.

The supporting PAs argued that a 5 kW threshold would also significantly reduce application processing times, because many projects would fall under the load justification threshold. One PA differed and supported a lower initial program threshold of 3 or 4 kW to safeguard SGIP funds from paying for oversized systems.

We accept the proposal from the majority of the SGIP PAs to establish a 5 kW threshold for load justification, for several reasons. First, it covers many solar system sizes and would thus streamline administration of SGIP RSSE applications. Second, this is only a threshold, and projects sized above 5 kW have the opportunity to submit load justification data to receive incentives for that additional capacity.

Lastly, NBT allows solar to be sized up to 150 percent of the customer's current load based on an attestation of future planned load growth. D.24-03-071, the RSSE Decision, directed the SGIP PAs to carry this feature forward to the new solar incentive in SGIP. SGIP currently requires applicants that use estimated future load growth to justify a proposed system size first at the reservation request stage as detailed in the SGIP handbook.[18] Second, the developer must then submit substantiating documentation at the time of incentive payment (Incentive Claim Form, or ICF stage) to demonstrate that the load forecasted has materialized. [19] With additional solar incentives to RSSE we clarify that this rule remains in place and that any solar system above 5 kW must submit load justification, including for applications in which the capacity beyond 5 kW is solely attributed to future load growth and the load will be substantiated during the ICF stage.

We are aware that when SGIP PAs receive a reservation request based on future load growth, they will communicate to the developer to make them aware that incentives will only be paid up to the amount of capacity documented at the time of incentive request. This is very important to continue this proactive communication with developers.

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[18] "If the system is being sized based on new or future load growth (i.e., new construction or load growth due to facility expansion or other load growth circumstances), applications must include an engineering estimate with appropriate substantiation of the site's annual peak demand forecast." SGIP Handbook at 71, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/self-generation-incentive-program/2023-sgip-handbook-v3.pdf.

[19] "For projects where Host Customer estimated the future load to justify system size, applications must include documentation demonstrating that the load forecast has materialized." SGIP Handbook at 86, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/self-generation-incentive-program/2023-sgip-handbook-v3.pdf.

4) Aggregate Tenant and Common-Area Usage Data:

CALSSA contends that the Supplemental AL does not adequately address sizing justifications for multifamily projects because it does not provide applicants a solution to the difficulties of aggregating tenant and common-area usage data. While the SGIP PAs assert that this falls outside the scope of OP 23, we do see this issue as relevant to the launch of the RSSE and a potential hurdle for multifamily applicants.

CALSSA notes that SOMAH attempts to resolve this issue by requiring the SOMAH PA and the subject utilities to provide aggregated tenant and common-area usage data to applicants, during the application process, after the initial reservation of funds is submitted. However, this would be a novel approach for SGIP and would not be a solution in all cases, given that the SGIP PAs are not the electric utility provider for all potential applicants and would not have access to this data. Furthermore, SGIP has in the past met this issue as it has pertained to multifamily properties applying for energy storage incentives by allowing the developer to assume up to 5 kW of load per tenant and requiring load justification above that threshold.[20]

We find this approach reasonable and adopt a 5 kW load per tenant threshold for solar projects at multifamily properties. This will be based on an aggregated average tenant load and not on a tenant-by-tenant basis. For example, in a 10-unit property the aggregate solar tenant load justification threshold is 50 kW. Proposed solar systems larger than 5 kW per tenant value will need to submit load justification and may submit aggregated tenant load and common-area usage data.

To address the challenge of multifamily project applicants gaining access to aggregated load data we direct the following: For those projects where the SGIP PA is the electric utility provider for the host customer, the SGIP PA should provide the same load information that is provided in the SOMAH program. Additionally, San Diego Gas & Electric (SDG&E) should provide this information without delay when requested by CSE. Specifically, language from the SOMAH Handbook[21], should be modified and added to the SGIP Handbook in the following manner:

[20] SGIP Handbook at 52, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/self-generation-incentive-program/2023-sgip-handbook-v3.pdf.

[21] SOMAH Handbook at 30, https://calsomah.org/sites/default/files/docs/SOMAH-Program-Handbook-EightEdition.pdf

- The applicant, if applying to an SGIP PA that is also the utility electric provider to the host customer, may request from the SGIP PA an estimation of the maximum kWh offset available for existing annual common area electricity consumption and aggregated tenant electricity consumption. The SGIP PA will provide the IOU Data during the Reservation Request Milestone. SDG&E must provide this information without delay to CSE when requested.

5) Virtual Inspections

SGIP has an established field inspection protocol which includes circumstances for when virtual inspections are allowed and when onsite inspections are required. Currently, residential projects can be eligible for virtual post-installation inspections after the completion of six total successful on-site inspections based on the SGIP Field Inspection Sampling Protocol, with PA approval.[22] The PA proposal for the RSSE budget is to reduce this requirement to two successful on-site inspections for solar plus storage. Although the CALSSA proposal to shift to entirely virtual inspections may yield some administrative efficiencies, we do not find it prudent to overrule the PA proposal as they have substantial experience with the program and already propose reducing the required number of onsite inspections.

6) Categorical Eligibility Clarifications

Sunrun protests the omission of eligibility changes meant to align with the MASH tariff and recent changes to SOMAH income requirements. This item was not contemplated in the joint PA AL, or as a compliance requirement established within the Decision for the purposes of this AL. D.24-03-071 did not direct the PAs, via this Tier 2 AL, to alter low-income eligibility thresholds contemplated in D.17-10-004 and D.19-09-027 for Equity and Equity Resiliency budgets. As such, these policy arguments fall outside of the scope of what may be considered in a protest to this AL and are rejected without prejudice.

Notwithstanding, the Decision does require the PAs to maintain a list of SGIP-approved programs for categorical eligibility and update the list over time through a Tier 2 AL. Given that the Sunrun protest was filed on August 26, 2024, the Joint PAs had ample opportunity to further evaluate this issue and include it in a supplemental AL if warranted. Although the PAs declined to do so at this time, we find it reasonable to

[22] Energy Storage Post-Installation Inspection and Discharge Testing Protocol, https://www.selfgenca.com/home/resources/.

authorize the PAs to add the MASH successor tariffs, when those tariffs rely on the same income eligibility criteria as the MASH program, to the categorical eligibility list. Given that multifamily properties may be required to satisfy the same MASH program eligibility criteria in order to utilize the MASH successor tariffs, we find it reasonable for the PAs to add these tariffs via Tier 2 AL filing.[23]

7) The RSSE Implementation Timeline

The Commission requires the PAs to launch the RSSE budget category within 45 days of the approval of this Resolution. We find that opening the RSSE entails significant changes to existing program rules, updates to the SGIP database and program Handbook, and establishment of new requirements, which will take development work by the PAs and stakeholders to the program.

As the RSSE is a new budget category with newly eligible solar, the Commission finds it reasonable to allow the joint PAs to file a future Tier 2 AL to propose changes to the RSSE, including the EPBB, to adjust to market conditions and program experience.

Issues Outside the Scope of this Advice Letter

Protest items a-d in the Protests section are not in the scope of the two Advice Letters. Item a is outside the scope as it asks the PAs to establish or change what has been required in past Commission Decisions regarding TOU rates and on-site solar PV, and as such, is rejected by the Commission. Items b and c may reflect valid concerns with the categorical eligibility and income verification processes, but the Commission rejects that these are grounds for protest of this AL. ED staff encourages the PAs to take this feedback and implement the ESA/CARE/FERA verification protocols in such a way as to ensure the smoothest possible application process for applicants. Item d and the Demand Response requirement in SGIP was made effective with the submission of CSE AL 152-E, and is thus outside of the scope of this AL. CSE AL 152-E was also protested with similar content as the protests here, so there is no new information being presented.

[23] CSI Multifamily Affordable Solar Housing (MASH) Program, https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/california-solar-initiative/csi-multifamily-affordable-solar-housing-program.

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. A 5-day reply to comment period was added. Accordingly, this draft resolution was mailed to parties for comments on December 24, 2024, and will be placed on the Commission's agenda no earlier than 30 days from today.

SDG&E filed a timely comment on the draft resolution on January 13, 2025. CSE, PG&E, and Sunrun filed timely reply comments on January 21, 2025.

We now discuss comments submitted to the Draft Resolution followed by Commission determination of each issue.

1. Administrative costs of providing aggregated tenant load

SDG&E submitted a comment that the Draft Resolution order to provide aggregated load data for multifamily customers would present a new administrative cost. They emphasize that they were not allocated any administrative funding for their role as the fiscal agent for CSE to administer SGIP to their customers. They note that they perform a similar procedure for the SOMAH program, estimating that $50,000 of internal costs were incurred in 2024 to respond to 63 data requests. SDG&E states that they receive an administrative budget for this function in SOMAH and request $150,000 annually to complete this for SGIP in a timely manner.[24]

PG&E submitted a reply comment affirming that this new requirement would entail additional expenditure of limited administrative budget available for the AB 209 program. PG&E supports SDG&E's request for administrative funds and urges the Commission to carefully consider this new directive.[25] CSE submitted a reply comment that requests denial of the SDG&E request. CSE notes that D.24-03-071 already allocated

[24] Comments of San Diego Gas & Electric Company on Draft Resolution E-5362 at 2-3.
[25] Reply Comments of Pacific Gas and Electric Company on Draft Resolution E-5362 at 1.

administrative funds from AB 209 to CSE and that they have already allocated over 20% of those funds for programmatic changes. CSE notes that if the Commission granted SDG&E's request for a minimum expected three more years of the program, it would remove approximately 52% of the remaining administration budget for CSE. CSE states that the 5% cost cap for their administration budget is already limiting and their tasks of reviewing incentive applications, providing customer support, and funding database updates for the expected application load does not provide any flexibility for reallocation of funds to SDG&E.[26]

The Commission acknowledges that providing aggregated tenant load to SGIP multifamily applicants may present an additional administrative cost that the program has not previously incurred. However, given that this Resolution also approves applicants for multifamily properties to use an assumed 5 kW per tenant load when sizing their projects, we do not expect that many applicants would request aggregated tenant load data from their Program Administrator. For projects that have received an incentive approval in the SOMAH program, the average CEC-AC rating kW system size per tenant was 1.9 kW.[27] These systems were sized to serve both tenant and common area load. Therefore, we find the assumed per tenant load threshold established in SGIP to be well above the installed systems observed in SOMAH and expect that any requests for aggregated tenant load may be very limited.

The Commission further concurs with CSE that the administrative budget for AB 209 was already allocated in D.24-03-071 and it would not best serve the program to direct a reallocation in this Resolution.

We therefore deny SDG&E's request for additional administrative funding and maintain the direction for SGIP PAs to provide aggregated tenant load to applicants in the manner described above. For costs associated with serving SDG&E customers the utility has an obligation to serve its customers and has regular cost recover mechanisms available to it should it choose to pursue those avenues.

2. Adding the MASH Tariff to the Categorical Eligibility List for SGIP

[26] Reply Comments of Center for Sustainable Energy regarding Draft Resolution E-5362 at 1-2.
[27] SOMAH Working Data Set, accessed December 16, 2024, https://www.californiadgstats.ca.gov/downloads/.

SDG&E submitted a comment to the Draft Resolution stating opposition to the order to add the MASH tariff to the SGIP's list of categorical eligibility for Equity and Equity Resiliency customers. They note that they do not have a "MASH tariff" per se, but rather two Virtual Net Energy Metering (VNEM) tariffs designed to serve multifamily affordable housing complexes that are deed restricted. They note these tariffs are available to properties with solar that may or may not have been funded by the MASH program. Furthermore, they note that these tariffs are available to buildings that may serve up to 80% non-low-income tenants. The SGIP equity criteria require that multifamily buildings must be located in a disadvantaged community or demonstrate that 80% of households have incomes at or below 60% of the area median income.[28] SDG&E states that since the two VNEM tariffs were not designed to meet the requirements of D.24-03-071, they should not be included in the list of categorical eligibility for SGIP.[29]

Sunrun submitted a reply comment requesting that the Commission approves the Resolution as drafted and reject the arguments put forward by SDG&E. They note that "MASH tariff" was intended as a general term which may apply to specific tariffs at the utility that include provisions for eligibility criteria based on the now-shuttered MASH program. They state that SDG&E's opposition stems from a perceived improper expansion of the SGIP equity budget criteria, but they counter that the existing SGIP Handbook includes the MASH program as an avenue for demonstrating categorical eligibility. They further note that multifamily programs generally assess the income status of the property as a whole to determine program eligibility, not the income status of each individual unit.[30]

Sunrun's initial protest to AL 5347-E indicated that the "MASH Tariff" has the same income criteria as the MASH program. This fact seems to be contested by SDG&E, but it is unclear from their comment whether the income criteria for their two VNEM tariffs differ from the MASH program, or solely that the tariffs are available to non-MASH program participants and that the income criteria for the tariffs differ from the SGIP equity budgets. Language on the Commission VNEM webpage indicates that

[28] SGIP Handbook Table 3.2.1a: Pathways for Eligibility, Multifamily, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/self-generation-incentive-program/2023-sgip-handbook-v3.pdf

[29] Comments of San Diego Gas & Electric Company on Draft Resolution E-5362 at 3-4.

[30] Sunrun Inc.'s Reply Comments on Draft Resolution E-5362 at 1-2.

"multifamily properties in PG&E, SCE, or SDG&E service territories that satisfy the MASH eligibility criteria… may utilize the MASH successor tariff."[31]

Given the ongoing evolution of the various VNEM and/or MASH successor tariffs, SDG&E's comment that non-MASH program participants may also utilize these tariffs, and the potential variability across the utilities, the Commission amends the language in this Resolution. We clarify that the SGIP PAs may add these MASH successor tariffs to the list of categorical eligibility for SGIP, if they verify that they do have the same income criteria as the MASH program, or the current RSSE criteria. This applies even in cases where some properties may be on the MASH successor tariff, yet did not participate in the original MASH program. However, we amend the direction that SGIP PAs must add these successor tariffs to the list of categorical eligibility, and instead we direct the SGIP PAs to add these MASH successor tariffs where appropriate in the manner already established for SGIP, via Tier 2 ALs.

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 incorporate $280 million of AB 209 funding for the purposes of a Residential Solar and Storage Equity (RSSE) incentive.
2. On June 20, 2024, the SGIP PAs filed a proposal for the RSSE through a joint advice letter (AL), SCE AL 5347-E, et al.
3. On July 26, 2024, SCE AL 5347-E, et al. was timely protested by California Solar & Storage Association (CALSSA), Sunrun Inc. (Sunrun), and the Energy Savings Company (Free Energy), and was responded to by the California Choice Energy Authority (CalChoice) and Ava Community Energy, Clean Power Alliance of Southern California (Clean Power Alliance), Marin Clean Energy, Peninsula Clean Energy, San Diego Community Power, San José Clean Energy, and Sonoma Clean Power Authority (collectively the "Joint CCAs").
4. On September 3, 2024, the Joint PAs responded to the protests submitted by CALSSA, Sunrun, Free Energy and the responses submitted by CalChoice and the Joint CCAs.

[31] "Virtual Net Energy Metering", https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/customer-generation/virtual-net-metering.

5. On October 28, 2024, SCE AL 5347-E-A et al. was timely protested by CALSSA.
6. On November 4, 2024, the Joint PAs responded to this protest by CALSSA.
7. It is reasonable to accept the Handbook changes submitted by the Joint PAs for the adoption of the $280 million statewide budget and the RSSE budget category.
8. It is reasonable to maintain the use of a Geographic Correction Factor and to adjust the Minimum Design Factor to 75 percent for the solar incentive calculation.
9. It is reasonable to set a load justification threshold for solar at 5 kW and require applicants to justify projects larger than that with load justification.
10. It is reasonable to limit the RSSE to supporting only new solar systems and not the expansion of existing solar.
11. It is reasonable to adopt an updated Field Inspection Sampling protocol as proposed by the SGIP PAs and to expand access to virtual inspections.
12. It is reasonable to add the MASH successor tariffs to the list of options for applicants to demonstrate categorical eligibility for the RSSE in those cases where the income eligibility criteria for the tariff are the same as that of the MASH program or the RSSE.
13. It is reasonable to assume the needs of the RSSE may change and to allow changes to the program to be made following a Tier 2 Advice Letter from the Joint SGIP PAs.
14. It is reasonable to provide the SGIP PAs a 45-day implementation window for the RSSE to open for applications and make necessary updates to the program Handbook and application.

THEREFORE IT IS ORDERED THAT:

1. The request of the Southern California Edison Company, Pacific Gas and Electric Company, Center for Sustainable Energy®, and Southern California Gas Company (SGIP PAs) to establish a Residential Solar and Storage Equity Budget (RSSE) and other program modifications as requested in Advice Letters 5347-E et al. and 5347-E-A et al. is approved with modifications set forth below and otherwise specified herein.
2. SGIP PAs must update the EPBB that is integrated with the SGIP application to maintain a Geographic Correction Factor and to adjust the minimum Design Factor to 75 percent.

3. SGIP PAs must update the SGIP Handbook to reflect that the load justification threshold for single family solar projects is set at 5 kW. Proposed projects that are 5 kW or less will not need to submit substantiating load justification to SGIP and projects that are larger than 5 kW will need to submit load justification no later than the time of incentive request.
4. SGIP PAs must update the SGIP Handbook to state that multifamily projects may assume up to 5 kW load per tenant when sizing solar projects on an aggregate basis. Projects sized above the 5 kW per tenant load justification threshold on average basis are required to provide load justification. For those projects where the SGIP PA is the electric utility provider for the host customer, the applicant may request and the SGIP PA must provide an estimation of the maximum kWh offset available for existing annual common area electricity consumption and aggregated tenant electricity consumption. SDG&E must provide this information without delay to CSE when requested. This data must be provided during the Reservation Request milestone.
5. SGIP PAs may add the MASH successor tariffs to the categorical eligibility list for SGIP in those cases where the income eligibility criteria for the tariff are the same as that of the MASH program or the RSSE.
6. SGIP PAs must launch the Residential Solar and Storage Equity budget for customer applications within 45 days of the adoption of this Resolution and are encouraged to do so sooner.
7. 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 RSSE 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 January 30, 2025; 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