Decision **PROPOSED DECISION COMMISSIONER K. DOUGLAS**
(Mailed 8/29/2025)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the Self-Generation Incentive Program and Related Issues.	Rulemaking 20-05-012

DECISION RETURNING SELF-GENERATION INCENTIVE PROGRAM FUNDS TO RATEPAYERS AND IMPLEMENTING THE GREENHOUSE GAS REDUCTION FUND SELF-GENERATION INCENTIVE PROGRAM AND OTHER PROGRAM MODIFICATIONS

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Summary

This decision establishes the conditions for returning ratepayer funds and closing out all activities related to the ratepayer-funded portion of the Self-Generation Incentive Program (SGIP). The decision also implements the Greenhouse Gas Reduction Fund portion of SGIP as well as conditions for its closure in 2028. Also included in this decision are modifications to existing rules for extending SGIP projects and participation in a qualifying demand response program for SGIP's Residential Solar and Storage Equity budget.

This proceeding remains open.

1. Background

The California Public Utilities Commission (Commission or CPUC) established the Self-Generation Incentive Program (SGIP) in Decision (D.) 01-03-073 in response to Assembly Bill (AB) 970 (Ducheny, Stats. 2000, Ch. 329). AB 970 directed the Commission to provide incentives for distributed generation resources to reduce peak energy demand. Since 2001, the Legislature has refined and extended the SGIP several times. Over the intervening years, the SGIP's focus has transitioned from peak-load reduction to greenhouse gas (GHG) reductions.

In 2020, pursuant to Senate Bill (SB) 700 (Wiener, Stats. 2018, Ch. 839), the Commission issued D.20-01-021, which authorized the collection of ratepayer funds totaling $166 million per year from 2020 to 2024 across the four large investor-owned utilities for SGIP. SB 700 also extended the administration of the program from January 1, 2021, to January 1, 2026.

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

AB 102, Stats. 2023, Ch. 38, allocated $280 million to the Commission in Fiscal Year (FY) 2023-24 from the Greenhouse Gas Reduction Fund (GGRF). SB 123, Stats. 2023 amended Section 379.10 to clarify that the AB 209, referred to hereafter as 'GGRF SGIP,' incentives are exclusively for eligible low-income residential customers, including those receiving service from a local POU, who install behind-the-meter energy storage systems or solar photovoltaic systems paired with energy storage systems. The new funds allocated to the Commission were made available starting in FY 2023-2024, which began on July 1st, 2023. The funds are available for encumbrance or expenditure until June 30, 2026, and are available for liquidation until June 30, 2028.[1]

[1] AB 102.

1.1 Procedural Background

On April 28, 2025, the assigned ALJ issued a ruling that included a proposal describing a close out process for the ratepayer-funded portion of SGIP and addressing the GGRF SGIP program administration and close-out. The ruling also directed parties to file responses to questions posed by that ruling.[2] On May 12, 2025, opening comments were filed by the following parties: Southern California Gas Company (SoCalGas), California Solar & Storage Association (CALSSA), SCTCA, Center for Sustainable Energy (CSE), Small Business Utility Advocates (SBUA), San Diego Gas & Electric Company (SDG&E), Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (SCE).

On May 15, 2025, D.25-05-010 was issued extending the proceeding's statutory deadline to June 1, 2026.

On May 16, 2025, GRID Alternatives (GRID) filed reply comments to the Ruling. On May 19, 2025, additional reply comments were filed by the following parties: SBUA, SDG&E, CSE, CALSSA, and Free Energy Company LLC, DBA Quality Conservation Services (Free Energy).

On July 7, 2025, the assigned Commissioner issued a ruling asking if the demand response requirement in SGIP should be removed from the Residential Solar and Storage Equity budget.

On July 15, 2025, PG&E, SCE, CSE, Leapfrog Power and California Efficiency + Demand Management Council, CALSSA, SDG&E, GRID, Vote Solar,

[2] Unless otherwise specified in this decision, party comments referenced in this decision were filed in response to this ALJ ruling issued on April 28, 2025.

SCG, and the Joint Community Choice Aggregators (CCAs) filed reply comments.

On August 22, 2025 an Assigned Commissioner's ruling was issued staying SGIP non-residential equity project terminations effective February 1, 2025.

2. Issues Before the Commission

The issues before the Commission that are addressed by this decision are as follows:

a. What conditions and procedures should the Commission establish to close the ratepayer-funded portion of SGIP and return funds to ratepayers;

b. What guidance should the Commission provide for implementing the new GGRF supported SGIP projects and its eventual closeout;

c. Whether to modify existing rules for SGIP project extensions; and,

d. Whether to modify existing rules for required participation in a qualifying demand response program for SGIP projects in the Residential Solar and Storage Equity (RSSE) budget.

3. Closeout Process for Return of Ratepayer Funds

As the Commission considers how best to close the ratepayer-funded SGIP activities, we paid careful attention to creating clear administrative processes that build on existing program tasks. For example, adding closeout tasks to regular SGIP advice letter filings. Aligning the closeout steps with already existing practices provides participants with straightforward expectations for what will happen when and sets the stage for prudent administrative activities.

Ratepayer funds support both residential and non-residential projects. SGIP participants include utility residential, commercial and industrial customers, technology developers, utility and non-utility program administrators (PAs) among others. The current PAs for ratepayer SGIP are PG&E, CSE on behalf of SDG&E, SCE, and SoCalGas. SDG&E acts as the fiscal agent for the CSE SGIP funds.

The existing ratepayer-funded SGIP budget categories are as follows:

Table 1: Ratepayer Budgets in SGIP

Ratepayer Budget	**Host Customer Sector**
Generation	Residential and Non-Residential
Large-Scale Storage	Non-Residential
Non-Residential Storage Equity	Non-Residential
San Joaquin Valley Non-Residential	Non-Residential (No funds available)
Equity Resiliency	Residential and Non-Residential
Small Residential Storage	Residential
Residential Solar and Storage Equity - Ratepayer	Residential
San Joaquin Valley Residential	Residential (Only available in PG&E territory)

SGIP currently has 7 ratepayer budgets with available funds. D.20-01-021 OP 34 authorized SGIP PAs to submit a Tier 2 advice letter to transfer funds between technology incentive budgets after December 31, 2022, if the SGIP PA believes that there are likely to be unreserved funds in that budget as of December 31, 2025. Tier 2 advice letters take a minimum of 30 days to be reviewed and disposed of by Energy Division (ED) staff.

SGIP projects start with an application which is linked to a Request for Reservation Form (RRF). The RRF allocates or reserves funds from the budget category to the project. Once the project is completed the developer or applicant will file an Incentive Claim Form (ICF)[3] to start payment(s) for the project. Larger non-residential projects are paid the final 50 percent of the incentive through a five-year Performance Based Incentive (PBI) period.

On April 28, 2025, the assigned ALJ issued a ruling (April 28th Ruling) that described the ratepayer-funded SGIP close out process and asked specific questions, such as what deadline should be set for new applications, how to handle allocated and non-allocated funds, what measurement and evaluation should be conducted, how to use accumulated interest etc. Parties' comments on the Ruling topics and questions are described in the following sections below.

3.1 Deadline for New Ratepayer Applications and Waitlist

Two key questions included in the April 28th Ruling was what deadline should be set to stop new applications and close the waitlists; also, when project funds should be considered allocated.

[3] SGIP applicants have at least a year after submitting a RRF to submit the ICF with access to timeline extensions.

3.1.1 Party Comments

Parties' comments did not support the statement in the April 28th Ruling that applications will be considered to have their funds allocated to them once a project reaches RRF confirmed or reserved status. Party comments instead supported defining ratepayer funds as allocated once a project reaches RRF submitted status.[4] The ratepayer SGIP PAs all commented that under current program rules "RRF submitted" status is the point at which the SGIP database assigns funds to a project and current practice should be maintained.[5] We agree that for consistency, the current practice should be maintained and a project should be defined as "allocated" once the RRF is submitted.

Based on this definition, the parties' comments recommended that the last date for applications be as late in December 2025 as possible, with most recommending December 31, 2025. SCE's comments mentioned that a deadline of December 31, 2025, has been communicated to stakeholders through the SGIP Handbook.[6] SoCalGas comments indicated that the SGIP database processes applications and assigns funds overnight before the project reaches the "RRF submitted" status. SoCalGas supported a December 30, 2025 deadline to ensure

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[4] Opening Comments of CALSSA at 1-2, Opening Comments of CSE at 2, SBUA Opening Comments at 3, Opening Comments of SCE at 3-4, Opening Comments of SoCalGas at 1, Opening Comments of PG&E at 1, Reply Comments of GRID at 3, Reply Comments of Free Energy/QCS at 2.

[5] Opening Comments of CSE at 1, Opening Comments of PG&E at 1, Opening Comments of SCE at 3, Opening Comments of SoCalGas at 1.

[6] Opening Comments of SCE at 3, "Program Administrators will issue incentive reservations for any budget with available funds through December 31, 2025, SGIP Handbook at 10".

that projects are considered RRF submitted by December 31, 2025.[7] SBUA's reply comments supported SoCalGas's proposed December 30, 2025, deadline for new ratepayer-funded SGIP applications.[8]

Most party comments supported closing project waitlists on December 31, 2025.[9] SoCalGas's comments recommend that all ratepayer-funded incentive budget waitlists be closed by December 30, 2025.[10] Some parties had additional comments about how the ratepayer-funded SGIP project waitlists should be handled. For example, Free Energy's comments describe a two-step process where half of the remaining funds in each budget category is immediately opened to all and a second step, on or about December 15, 2025, to release all remaining funds to clear out any potential waitlist.[11]

CALSSA's comments recommended that the Commission consolidate all remaining ratepayer-funded SGIP funds, across budget categories, into a single pool within each PA service area as soon as possible.[12] CALSSA's comments asserted that if such a pooling of SGIP funds were created, the Commission would eliminate current administrative caps and carve outs and allow market

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[7] Opening Comments of SoCalGas at 1.

[8] Reply Comments of SBUA at 1.

[9] Opening Comments of CALSSA at 2, Opening Comments of SCE at 4, Opening Comments of CSE at 3, Opening Comments of PG&E at 2, Reply Comments of GRID at 3.

[10] Opening Comments of SoCalGas at 2.

[11] *Ibid*.

[12] Opening Comments of CALSSA at 5.

demand to drive the allocation of funding in the limited time left before unallocated funds need to be returned to ratepayers.[13]

3.1.2 Discussion and Analysis

After examining the record in this proceeding and reviewing party comments, the Commission finds it reasonable to adopt the following requirements for closing the ratepayer-funded portion of SGIP:

1. A ratepayer-funded SGIP project is deemed "allocated" once the RRF is submitted.
2. PAs have 15 days to file a Tier 1 advice letter to cover reinstating projects as directed by section 3.5.2. Otherwise, the PAs must no longer transfer funds between incentive budgets through advice letters as of the effective date of this decision.
3. The deadline for new applications for ratepayer-funded SGIP projects is December 30, 2025.
4. The ratepayer-funded SGIP waitlists will close on December 30, 2025.
5. Each SGIP PA is required to review all of its RRF submitted forms by March 31, 2026 and include funds from canceled projects in its estimates of funds that will be returned to ratepayers in the 2026 Tier 1 budget advice letter.
6. The date for submitting the 2026 Tier 1 budget advice letter is March 31, 2026.

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[13] *Ibid*.

3.2 Process and Frequency of Returning Ratepayer Funds

The April 28, 2025, Ruling proposed a process starting on January 1, 2026, where the SGIP (PAs) would begin providing repayment of all unallocated funds. Projects supported by ratepayer-funded SGIP applications will be considered to have their funds "allocated" to them once their reservation requests forms (RRFs) are submitted.

SGIP projects would be allowed construction periods of 12 months for residential projects and 18 months for non-residential projects with potential access to three six-month extensions after the project is confirmed/reserved at RRF.

3.2.1 Party Comments

Many parties' comments suggested that the return of ratepayer funds take place as a bill credit. SDG&E's comments proposed returning unallocated funds to ratepayers through an advice letter using the same mechanism in which they were collected.[14] PG&E's comments stated that, "the unallocated (SGIP) funds identified in each annual budget advice letter should then be returned to ratepayers via the subsequent Annual Electric True-Up advice letter."[15] SCG's comments state that, "… all unallocated SGIP funds (should) be accounted for and recorded in SoCalGas's Annual Regulatory Account Balance Update for Rate Tier 2 advice letter."[16] SCG's comments explained further that, "…the repayment

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[14] Opening Comments of SDG&E at 1.

[15] Opening Comments of PG&E at 2 -3.

[16] Opening Comments of SoCalGas at 3.

to ratepayers would be reflected on their gas bill as an amortization on a SoCalGas customer's transportation cost component the first of the following year, based on the approved cost allocation methodology."[17] In its reply comments SBUA recommended that the reimbursement process be uniform for all customers across the State and that funds be returned to customers annually via Public Purpose Programs (PPP) charge reduction or credit [18] SBUA's comments support comments by SCE that mentioned either an annual repayment schedule or a two-stage repayment with initial bill credit after January 1, 2026 and then a second payment after all unallocated funds are identified.[19]

3.2.2 Discussion and Analysis

The funding mechanism for the ratepayer-funded portion of SGIP was set up to come from electric rates through the Public Purpose Program and from the relevant gas rates account for each PA. The Commission agrees with SDG&E's comments stating that funds should be returned to ratepayers using the same mechanism in which they were collected. Each year the PAs file a Tier 1 annual budget advice letter with the Commission to account for any adjustments to the accounts in each SGIP budget category. It seems reasonable to use this same Tier 1 annual budget advice letter to identify funds for return to ratepayers. The Commission finds that the PAs should return funds annually when the funds from canceled projects and interest are in excess of $1 million using the existing

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[17] *Ibid*.

[18] SBUA Reply Comments at 2.

[19] SBUA Reply Comments at 2; *See also* Opening Comments of SCE at 5.

rate true-up process advice letters and aligning the return of funds following the same ratios used in the most recent SGIP collections. SDG&E is unique in that its PA is a third-party, the Center for Sustainable Energy (CSE). As of May 20, 2025, CSE/SDG&E's balance of unallocated and waitlist funds make it likely that there may not be any funds to return to ratepayers in the first year. Final ratepayer repayment from all IOUs should occur in 2033 after the final Impact Report in 2032. PAs must stop all SGIP related administrative activities as of February 1, 2033.

One of the purposes for deploying SGIP projects was to contribute to the statewide electric grid improvement and stability overall. Program requirements were added to SGIP such as time-of-use (TOU) and demand response (DR) to support grid stability. Currently, SGIP requires all projects to be enrolled in a DR program and TOU rate for 10 years. Once SGIP closes it will be important for the electric IOUs (PG&E, SCE and SDG&E) associated with SGIP projects and customers to monitor ongoing compliance with TOU and DR requirements to ensure that the state is achieving the full ongoing benefits of these systems. This approach will allow SGIP to close before all projects get through the 10-year permanency period while maintaining program and grid benefits. To this end, the PAs must send a list of all SGIP applicants and associated projects and the end of the respective project's permanency period to the relevant IOU (PG&E, SCE or SDG&E) DR and Rates teams to ensure compliance and tracking of TOU and DR rules into the future. If another load serving entity (LSE) requests a list of SGIP applicants to track compliance in their territory before February 1, 2033, the relevant SGIP PA must send a list to the LSE. The SGIP PA may require the LSE to sign a Non-Disclosure Agreement to gain access to the list. SGIP PAs should coordinate with the IOU and LSE teams to determine the appropriate amount of applicant information needed to track compliance.

3.3 Ratepayer Administrative Budget

SGIP currently has approximately $535 million allocated to project applications. Allocated funds will continue to accumulate interest while they remain in bank accounts held by PAs during the period that future projects are under construction. A portion of these allocated funds may become unallocated if confirmed/reserved projects are canceled.

The PAs will need to ensure that sufficient funding remains in their respective administrative budgets to pay for SGIP administration, program evaluations, reports or other tasks required by the Commission.

The ratepayer-funded SGIP budget is maintained by the PAs using a database to track project funds, communicate with project implementers and their customers, submit regulatory filings and prepare reports among other activities. Many of these activities must continue even after the program is closed to new applications.

3.3.1 Party Comments

Parties provided comments about how to manage administrative budgets once SGIP closes. CSE's comments suggested that the SGIP PAs should be permitted to submit a Tier 2 advice letter to request utilizing a portion of the accumulated interest and canceled project funds when additional funding to supplement administrative budgets becomes necessary.[20] Free Energy's

[20] Comments of CSE at 3.

comments supported the ability of the PAs to get additional administrative costs covered if justified.[21] SCE's comments indicated that PAs should use the current process of filing a Tier 2 advice letter to formalize any transfer of funds from an incentive budget category to the administrative budget.[22] PG&E's comments stated that as long as a PA does not exceed the 10 percent cap for administrative funds, it can request additional administrative budget through the annual Tier 1 advice letter process; any excess administrative funds would go back to ratepayers.[23]

3.3.2 Discussion and Analysis

The Commission agrees with PG&E's comments that a reasonable approach to addressing the need for additional administrative budgets for the SGIP close-out is to use the existing Tier 1 annual budget advice letter process. If a PA needs additional administrative budget above the authorized 10 percent cap, using a Tier 2 advice letter is appropriate to justify the need for additional funds. It is reasonable for all funds from canceled projects and interest not transferred to administrative budgets to be returned to ratepayers annually.

3.4 Performance Based Incentives

Non-residential SGIP projects have a five-year Performance Based Incentive (PBI) period. The applicant for these projects gets 50 percent of the SGIP incentive based on continued good performance. These projects provide ongoing benefit to the statewide grid after they are installed. Prior to reaching

[21] Reply Comments of Free Energy/QCS at 3-4.

[22] Opening Comments of SCE at 6.

[23] Opening Comments of PG&E at 3.

PBI, non-residential projects have access to three six-month extensions on top of the initial 18-month project timeline to complete ICF. Therefore, ratepayer-funded SGIP non-residential projects may need up to eight years of administrative support to formally complete projects and payments after SGIP stops accepting new applications.

3.4.1 Party Comments

SCE's comments recommended that the Commission consider authorizing a PBI buyout option for all projects.[24] According to SCE if the Commission adopts this approach as it did for another statewide program, instead of making incentive payments over the entire PBI period, system performance can be evaluated over a shorter period and a final lump sum payment can be offered to the project developer.[25] SCE claims this approach preserved the intent of the PBI structure while significantly reducing administrative burden and accelerating program closure.[26] SDG&E's comments acknowledged that the Commission needs to provide guidance on how the PAs should handle PBI payments but does not offer any solutions.[27]

3.4.2 Discussion and Analysis

The Commission considered the parties' suggestions regarding a lump sum payment or a buy-out for SGIP PBI projects to reduce administrative

[24] Opening Comments of SCE at 8.

[25] *Id*. at 8-9.

[26] *Id*. at 9.

[27] Opening Comments of SDG&E at 6.

timelines. However, the Commission adopts a reduction in the PBI period from 5 years to 2 years for projects that enter the PBI period after December 30, 2025.

This will change the PBI incentive calculation by:

***$/kWh** = remaining 50% of incentive / (energy capacity (kWh) * 104 full discharges * 2 years)*

SGIP projects already in PBI before December 30, 2025 would retain their full five-year PBI evaluation period. As part of the SGIP close-out, all PBI extensions will be removed. Any PBI projects performing poorly will result in PBI funds being forfeited and returned to ratepayers. These changes to the current PBI structure will allow PBI to end in 2030 for general market projects and 2032 for equity projects.

SGIP PBI projects should be handled as follows during closeout:

1. PAs that have projects that are currently in the PBI period must fulfill their five-year term, with the associated administration lasting till 2030.
2. PAs must deny all PBI extension or pause requests and make this explicit in the SGIP Handbook.
3. After December 30, 2025, any SGIP projects entering PBI must complete PBI in two years.

These changes shorten ratepayer project administration to 2032[28] instead of 2035.

3.5 SGIP Project Extension Modifications

Parties to the SGIP proceeding have requested modifications for project extensions for special and unusual circumstances that impacted the initial project timeline. The Southern California Tribal Chairmen's Association (SCTCA) filed

[28] The additional two years come from the SGIP Project Extension Modifications discussed in Section 3.5.

comments pointing out that tribes, local governments and entities serving disadvantaged communities have invested in SGIP projects to safeguard public health, local economies and the environment.[29] SCTCA's comments further request that the current SGIP Handbook be modified to provide four additional six-month extensions beyond the three presently authorized for non-residential equity projects, after which no further extensions would be permitted.[30] All non-residential equity projects would be eligible for this relief retroactive to March 1, 2025.[31] According to SCTCA, these changes are needed to prevent SGIP project cancellations due to delays and stalls caused by conditions outside of the host customer's control.[32] SCTCA claims that cancellation of these non-residential equity projects solely due to the inability to meet existing deadlines would result in significant setbacks and losses for tribes and local governments.[33] Continued supply chain delays for project equipment, long interconnection timelines, the bankruptcy of the host customer's developer, and economic uncertainty caused by new federal government policies are among the circumstances that are negatively impacting certain SGIP projects according to SCTCA.[34]

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[29] Opening Comments SCTCA at 3.

[30] *Ibid*.

[31] *Ibid*. (SCTCA's Motion for Immediate Relief filed on July 14, 2025 requested a retroactive date of February 1, 2025.)

[32] *Ibid*.

[33] *Id*. at 4, 9.

[34] *Id*. at 8.

3.5.1 Party Comments

SBUA was supportive of SCTCA's proposal.[35] CALSSA's comments recommended that the Commission rethink its SGIP project extension policy for both ratepayer and GGRF funded projects.[36] According to CALSSA, it makes no sense for the Commission to disqualify projects due to factors entirely outside the control of developers or customers.[37] CSE's reply comments supported SCTCA's recommendation to update the SGIP Handbook to allow additional project extensions.[38] CSE's reply comments mentioned the challenges faced by non-residential equity projects in meeting present SGIP timelines for project completion, the elimination of administrative time to cancel projects and the Commission's need to demonstrate its commitment to environmental social justice principles in its implementation of the SGIP statute, as reasons for its support of SCTCA's proposal.[39] Free Energy was supportive of SCTCA's proposal and requested that the additional extensions be made available to residential equity projects as well.[40]

CALSSA notes that the Ruling did not include the one-year COVID stay on cancellation and asks for clarification that the Ruling does not seek to preclude or revise the Handbook language around the COVID stay on cancellation.[41]

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[35] Reply Comments of SBUA at 3.

[36] Opening Comments of CALSSA at 6.

[37] *Ibid*.

[38] Reply Comments of CSE at 6.

[39] *Id*. 6-7.

[40] Reply Comments of Free Energy at 3.

[41] Opening Comments of CALSSA at 6-7.

3.5.2 Discussion and Analysis

The Commission finds it reasonable to grant SCTCA's request for non - residential equity projects, in both the Non-Residential Equity and Equity Resiliency budgets, to have access to up to four additional six-month extensions if the following conditions are met:

a. The host customer has passed the Proof of Project Milestone submitted stage.
b. The project will be completed before all extensions expire.
c. The host customer agrees to participate in a SGIP-approved Demand Response program for ten years by Incentive Claim Form submission.

SGIP has a total of 236 active non-residential equity projects that have reserved $177 million that could benefit from these extensions.[42] The current process for projects that have exhausted all extensions is to cancel and reapply to the same SGIP budget. Reapplication would result in the project complying with recent program rules that are intended to improve ratepayer benefits from the program such as participation in a Demand Response program.[43] At the time of this decision, SCG, SCE, and PG&E have incentive funds available to non-residential equity projects while CSE's budgets are waitlisted. However, all ratepayer budgets are set to close to new applications on December 30, 2025.

To ensure that non-residential equity projects are able to successfully be completed, receive the expected SGIP incentive, benefit the host customer, and

[42] SGIP project data analyzed by ED staff on July 8,2025.

[43] D.24-03-071 at 69 and 75.

benefit all ratepayers; the Commission finds it reasonable to grant up to four additional six-month extensions only to non-residential equity projects that conform to the existing extension request process detailed in the SGIP Handbook and meet three new criteria set forth in this decision. First, the project must have submitted the Proof of Project Milestone forms. This will ensure projects are progressing in a timely manner past the planning stage. Second, the project must demonstrate the project will be completed by the final allowable extension. This will ensure projects are fully aware of the program deadlines and will not reach the end of the final extension only to be canceled, delaying return of funds to ratepayers and further harming the host customer. Third, the host customer must agree to participate in a SGIP-approved Demand Response program for ten-years. This will ensure the project is bringing sufficient benefit to the grid and non-participant ratepayers and aligns these extensions with the current practice in SGIP. This relief will be granted retroactively from February 1, 2025.

The Commission only grants up to four additional extensions to non-residential equity projects due to the higher cancellation rate, utilization of the existing third extension, and the longer average time to payment than any other project customer sector, see Table 2.

Table 2: Ratepayer SGIP Project Success by Customer Sector[44]

Project Sectors	Active Projects	Percent of Active Projects	Average Time to Payment	% to Payment after 3 extensions	% Canceled	Total Projects since 2020

[44] SGIP Database project data analyzed by ED Staff on July, 8 2025.

		in 3rd extension				
Non-Residential Equity	236	64%	25 months (2 extensions)	50%	60%	1131
Non-Residential General Market	435	23%	20 months (1 extension)	40%	38%	1251
Residential Equity	2869	5%	15 months (1 extension)	8%	30%	21426
Residential General Market	2957	3%	9.6 months (0 extensions)	1%	27%	40195

During the COVID-19 pandemic, SGIP projects were granted a 'Stay on Cancellation.' The Commission finds that the COVID-19 Stay on Cancellation was only intended for a project that "was progressing in a timely manner prior to the COVID-19 pandemic."[45] Therefore, the SGIP PAs are directed to remove all references to the COVID-19 Stay on Cancellation from the current SGIP Handbook to prevent applicant confusion.

4. Other SGIP Program Modifications

4.1 Demand Response Requirement in the Residential Solar and Storage Equity

The current SGIP program, pursuant to Decision (D.) 24-03-071 requires that all Self-Generation Incentive Program (SGIP)-funded devices enroll in a Qualified Demand Response (DR) program. On July 7, 2025, the assigned Commissioner issued a ruling asking parties to comment on whether the

[45] D.21-03-009.

Commission should remove the DR requirement for all residential low-income customers applying to the RSSE budget.[46]

4.1.1 Party Comments

PG&E's comments of the Assigned Commissioner's Ruling (ACR) recommended that the Commission should not remove the DR participation requirement for low-income RSSE participants, or for any SGIP battery incentive recipient, but that the Commission make the requirement easier to meet.[47] PG&E's commented that it has recently expanded DR offerings through the Automated Response Technology program that is accessible to both bundled and unbundled PG&E customers and was approved as a qualified DR program for SGIP on July 8, 2025.[48] Moreover, PG&E's comments asserted that if the Commission decides to ease the DR requirement in any way, it is more fairly eased for low-income participants of the current ratepayer-funded budgets rather than for RSSE participants, or it should be eased for all low-income participants but only while the challenge with access to a qualified DR program is unresolved.[49]

In contrast, SCE's comments recommended that the Commission remove the DR enrollment requirement for RSSE participants and instead encourage

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[46] All references to the Assigned Commissioner's Ruling hereafter refer to the Assigned Commissioner's Ruling on July 7, 2025.

[47] Opening Comments of PG&E July 15, 2025 at 2.

[48] *Id*. at 7.

[49] *Id*. at 6.

participation only for customers with access to qualifying programs.[50] CSE's comments encouraged the Commission to determine that DR program participation should be optional in SGIP, rather than required, to allow SGIP participants to decide for themselves how best to operate their system.[51] The California Efficiency + Demand Management Council and Leap Frog Power Inc.'s comments recommended that the Commission retain the DR participation requirement for all SGIP participants but only if all CCA load modifying and supply side DR programs, third-party RA contracts, and all CEC DR programs are approved to be qualified DR programs.[52] In their comments the California Solar & Storage Association argued that the Commission should remove this requirement for all SGIP projects, not just for low-income customers.[53] The Joint CCAs' comments recommended removing the requirement for all low-income customers and supported removing the requirement for all residential customers until all residential customers have access to a qualified DR program.[54] Vote Solar, SDG&E's and GRID's comments supported removing the DR requirement

[50] Response of SCE to the Assigned Commissioner's Ruling, at 1 and 5.

[51] Comments of CSE to the Assigned Commissioner's Ruling at 3.

[52] Opening Comments of The California Efficiency + Demand Management Council and Leap Frog Power, Inc. on Assigned Commissioner's Ruling at 6 and 7.

[53] Comments of the CALSSA July 15, 2025 at 7.

[54] Joint Comments of Ava Community Energy, California Choice Energy Authority, Clean Energy Alliance, Clean Power Alliance of Southern California, Marin Clean Energy, Peninsula Clean Energy Authority, Sonoma Clean Power Authority, San Diego Community Power and The City of San Jose on the Assigned Commissioner's Ruling at ii.

for the residential low-income customers applying to the RSSE.[55] SoCalGas's comments recommended modifying the DR requirement to expand the requirement exemption to include all residential low-income customers applying to the RSSE and other low-income host customers when a DR program is unavailable.[56]

4.1.2 Discussion and Analysis

The Commission, after reviewing party comments, supports granting an exemption to the requirement to participate in a qualifying DR program for all residential low-income customers applying to the RSSE budget. The exemption applies to all RSSE applications that have already been submitted as well as to all new RSSE applications. This includes applications submitted when the budget category was formerly called Residential Storage Equity.

The ACR included mention of several advice letters that proposed CCA and IOU DR programs to be considered for qualified DR programs in SGIP.[57] PG&E advice letter (AL) 7577-E, which proposed the PG&E Automated Response Technology (ART) program that is open to PG&E bundled and unbundled, was approved on July 7, 2025. PG&E AL 7486-E, SCE AL 5491-E, SCE AL 5500-E, and PCE AL 41-E; which proposed CCA DR programs; were rejected for not meeting the D.23-12-005 criteria for qualified DR programs. PG&E AL 7458-E, which proposed that PG&E act as an aggregator in CBP for both

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[55] Comments of SDG&E on Assigned Commissioner's Ruling at 1, Comments of GRID Alternatives at 2, Opening Comments of Vote Solar on Assigned Commissioner's Ruling at 1.

[56] Opening Comments of SoCalGas on Assigned Commissioner's Ruling at 1.

[57] Assigned Commissioner's Ruling on July 7, 2025 at 3.

residential bundled and unbundled customers; SDG&E AL 4569-E, which proposed to expand the CBP to all bundled and unbundled residential customers through an aggregator; and CSE AL 165-E and CEA AL 12-E, which proposed CCA DR programs are still suspended. Due to these recent developments, the Commission finds that PG&E bundled and unbundled residential customers can access the ART directly or the Capacity Bidding Program (CBP) through an aggregator; all SCE bundled and unbundled residential customers can access the CBP through an aggregator; and all SDG&E bundled residential customers can access the TOU Plus Pricing Plan rate. The Commission finds that SDG&E unbundled residential customers do not have access to a qualified DR program at this time.

As the RSSE is meant to be accessible to all low-income customers across the state, the Commission finds it unreasonable to expect these low-income customers to not be able to progress from SGIP RRF to incentive payment due to the current lack of qualified DR in some territories. In supporting this exemption, the Commission agrees with SCE's comments that it reduces participation barriers for the RSSE low-income SGIP customers and maintains several of the grid and climate benefits already built into SGIP. In addition, as SCG's comments mentioned, removing the DR requirement for RSSE low-income customers where there is no qualified DR program may help increase low-income participation in SGIP, which is in alignment with the intent of AB 209.[58]

[58] Opening Comments of SoCalGas on Ruling Requesting Comments on Assigned Commissioner's Ruling at 3.

Lastly, the existing SGIP requirements for all customers to enroll in high differential time-of-use rates, or charge the storage from on-site solar or set the storage to solar self-consumption mode, and to fully discharge the battery a minimum amount of times per year will still ensure that load shifting is occurring and that these systems contribute to grid benefits.

As some RSSE customers can enroll in qualified DR programs today, such as PG&E's ART program, the Commission finds it prudent for a PA to inform RSSE customers at ICF of any SGIP-approved qualified DR program that is available to them. This communication should be regularly updated to include any newly approved qualified DR programs. The PA may also include general marketing materials on what a DR program does and the benefits participation can provide to both the customer and the grid.

For all non-RSSE ratepayer budgets, these funds are intended to provide more benefit to non-participating ratepayers. Therefore, the Commission finds it reasonable to expect applicants to non-RSSE ratepayer budgets to still comply with the DR participation requirements.

4.2 SGIP Handbook Modifications

The current SGIP Handbook directs participants and PAs to use a petition for modification (PFM) to make any changes to existing rules or processes set forth in a Commission Decision. As SGIP market conditions have changed parties have been challenged to request changes to existing rules.

4.2.1 Party Comments

PG&E's comments stated that,"…the (SGIP) program is too complicated for stakeholders to participate."[59] PG&E's comments mentioned that efforts to streamline SGIP would require Petitions for Modifications to change many of the existing inefficient requirements and processes.[60] Many existing SGIP rules and processes were established by Commission decision and therefore a new decision is needed to update a prior document. PG&E's comments recommended that the Commission use advice letters or ALs instead of Petitions for Modifications to streamline and simplify SGIP.[61]

4.2.2 Discussion and Analysis

As the ratepayer-funded SGIP begins its sunset phase and the GGRF portion of SGIP has opened for applications, it is important to make adjustments that will increase customer satisfaction and reduce costs for customers and PAs. SGIP PAs are already able to use a Tier 2 advice letter to make edits to the SGIP Handbook if the language does not directly conflict with direction provided in the ordering paragraphs of Commission decisions. The SGIP Handbook at over 152 pages contains directives that span over twenty years. The Commission agrees with PG&E's comments that an additional path to make changes to the SGIP Handbook should be examined.

Depending on the changes needed, the Commission supports the following activities to be approved:

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[59] Opening Comments of PG&E at 4.

[60] *Ibid*.

[61] *Ibid*.

1. SGIP PAs can propose to modify the SGIP Handbook and application process to implement recommended changes from the PA and Program Performance Reports and other M&E reports to improve program performance using a Tier 2 advice letter if the language was required by Decision.
2. PAs can continue to propose modifications to the SGIP Handbook language using a Tier 2 advice letter if the proposed language was initially required by a Resolution or added by PA advice letters.

This pathway represents a practical alternative to PFMs. Using a Tier 2 advice letter process to make changes to the SGIP Handbook would allow the Commission to review and approve proposed changes to ensure that they are in line is statutory requirements and aligned with Commission goals. The Commission clarifies that any number of SGIP PAs can file the Tier 2 advice letter as dissenting PAs can file protests in response. To ensure the program is consistent across PAs, even if a particular PA did not join an advice letter filing, the non-filing PA may still be required to follow the direction provided by the Commission.

4.3 Ratepayer and GGRF SGIP Measurement and Evaluation

All existing SGIP projects have a permanency period of 10 years. Measurement and evaluation (M&E) activities for SGIP projects have been developed and conducted on a regular basis over the past program years. The April 28th Commission Ruling included a proposal to efficiently use the remaining ratepayer administrative budgets to manage existing SGIP M&E tasks. The Ruling mentioned that the M&E plan should streamline any outstanding reporting tasks and set a schedule for final reports. The existing M&E activities currently required in SGIP include the following:

- Renewable Fuel Use: Completed annually[62] to evaluate whether generation projects comply with minimum renewable fuel use requirements. A Performance Based Incentive (PBI) project using biogas needs 10 years of compliance after being installed.[63]
- Fiscal Audit: Completed every two years[64] to ensure program funds are accounted for and are being spent appropriately.
- Program Administrator Performance: Completed annually,[65] to evaluate if PAs were timely, clear, accessible, and helpful to program participants.
- Impact Evaluation: Completed annually to evaluate impacts of all SGIP projects that year.

The Ruling also included, as an attachment, a proposed joint ED staff and PA "Final M&E Plan."

4.3.1 Party Comments

PG&E's comments supported adoption of the M&E plan included in the April 28th Ruling and suggested that the Biannual Fiscal Audit be removed as a requirement and that the PAs be allowed to make programmatic changes based on the PA and Program Performance Report.[66] SCE's comments about M&E

[62] Assigned Commissioner's Ruling in R.12-11-005, on November 8, 20212, pursuant to Decision 02-09-051 Reducing the Frequency of the Renewable Fuel Use Reports for the Self-Generation Incentive Program.

[63] SGIP Handbook 2024 at 63.

[64] D.16-06-055 at 47.

[65] *Ibid*.

[66] *Ibid*.

recommended that the Commission consolidate the two proposed audits into a single, final audit to reduce administrative burden and maximize funds to customers.[67] In its comments SCG supported the adoption of the Final M&E Plan in the April 28th Ruling and recommended that the Final Program Summary report be kept as part of the final M&E plan. According to SCG, retaining the report will provide valuable insight and key takeaways.[68] CSE's comments similarly supported the adoption of the Final M&E Plan in Attachment A of the April 28th Ruling for the ratepayer-funded portion of SGIP.[69]

4.3.2 Discussion and Analysis

Information from M&E activities provides useful information about potential improvements for SGIP and possible successor efforts. The PAs and ED staff worked collaboratively to create the Final M&E Plan included in the April 28th Ruling.

The Commission adopts the combined ratepayer and GGRF SGIP M&E plan as included in Attachment A of this decision, for ratepayer and GGRF funded SGIP M&E.

The Commission agrees with SoCalGas's comments that a final M&E SGIP summary report may be useful. However, instead of a stand-alone report as SCG suggested, the final SGIP Impact Report can include an executive style summary that SCG is requesting. The Commission modifies the frequency of the PA Performance Reports from what was included in the April 18th Ruling to ensure

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[67] Opening Comments of SCE at 7.

[68] Opening Comments of SoCalGas at 5.

[69] Opening Comments of CSE at 4.

the reports can better inform program changes. The Commission considered SCE's and PG&E's suggestions to either eliminate or consolidate SGIP fiscal audits. However, as funds start being returned to ratepayers and as GGRF funds launch, it will be important to track the movement of funds on both sides of SGIP. Therefore, the existing SGIP audit reports will be retained with the existing frequency and should report on both ratepayer and GGRF funds.

Finally, the Commission finds it reasonable for the Commission's ED staff to modify the M&E tasks and reporting in Attachment A as needed to improve M&E efforts, including removing reports.

5. GGRF SGIP Implementation and Closeout Process

The GGRF funded SGIP budget was opened for incentive reservation on June 2, 2025 in the Residential Solar and Storage Equity budget (RSSE) for all but Los Angeles Department of Water and Power (LADWP). The PAs are expected to process applications and administer the program in a similar manner to the ratepayer-funded SGIP. The Commission uses this decision to determine the deadline for applications to the RSSE, treatment of accumulated interest, and addresses several other administrative needs.

The GGRF SGIP PAs include PG&E, SoCalGas, CSE for SDG&E, SCE, and LADWP. SDG&E is the fiscal agent for the CSE GGRF SGIP funds.

5.1 GGRF SGIP Timeline and Closeout

The April 28th Ruling referenced a Finding of Fact in D.24-03-071 that mentioned a timeline for the GGRF budget, "the [GGRF] funds are available for encumbrance or expenditure by the Commission until June 30, 2026, and must be liquidated by June 30, 2028." No final application deadline for the RSSE was set in D.24-03-071 and the decision was silent on transferring funds between PAs. The SGIP PAs have informed the Commission that the GGRF administrative funds have been mapped out based on applications no longer being accepted after June 30, 2028, with additional administrative work through 2030 to get the last projects to SGIP payment. When a final Impact Evaluation report is done, it could take place up to one year after the last project received a SGIP payment.

5.1.1 Party Comments

Parties offered a wide range of closeout timelines. As a process to transfer accumulated interest to administrative budgets is outlined in a later section, the timelines offered by PG&E and SCG based on limited administrative budgets are not discussed further.[70] SCE's comments suggested closing the GGRF SGIP budget category to new applications on May 20, 2027.[71] CSE and SCG recommend that the closeout date be June 30, 2028.[72] CALSSA and GRID recommend that the close date be December 31, 2032 to align with the Solar on Multifamily Affordable Housing (SOMAH) program.[73] In reply comments, CALSSA noted that the complexity of new rules and long delay in opening the GGRF SGIP budgets make a later program close necessary.[74] CSE replied that SOMAH and GGRF SGIP have entirely different statutory and regulatory

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[70] Opening Comments of PG&E at 5; Opening Comments of SDG&E at 5.

[71] Opening Comments of SCE at 7.

[72] Opening Comments of CSE at 7; Opening Comments of SoCalGas at 6.

[73] Opening Comments of CALSSA at 3; Reply Comments of GRID at 3.

[74] Reply Comments of CALSSA at 2.

regimes, making it unreasonable to tie SGIP's closeout to SOMAH.[75] SDG&E noted that CSE is contracted to run the GGRF SGIP through June 30, 2028 and highlights the GGRF Advanced Payment Program closeout be timely handled before funds must be returned to the Commission.[76] PG&E noted that D.24-03-071 at 20 required "The PAs must return to the Commission any unspent AB 209 funds by June 30, 2028, in line with the statutory requirement for the Commission to liquidate these funds."[77]

Parties were split on if GGRF funds should be transferred between PAs. SCE and CSE were against transferring unallocated incentive funds to another PAs waitlist.[78] CALSSA was supportive of using unallocated funds in any PA territory in the final three months of the program.[79] CSE was supportive of transferring unallocated administrative funds only if the PA has no further administrative duties and has run out of incentive funds.[80] PG&E was supportive of PAs transferring unallocated incentive funds to another PA that has a waitlist if the PAs have a sufficient administrative budget.[81] GRID, Free Energy and SBUA were supportive of PAs transferring unallocated incentive funds.[82]

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75 Reply Comments of CSE at 4.

76 Opening Comments of SDG&E at 7.

77 Opening Comments of PG&E at 6.

78 Opening Comments of SCE at 8; Opening Comments of CSE at 7-8.

79 Opening Comments of CALSSA at 4.

80 Opening Comments of CSE at 7-8.

81 Opening Comments of PG&E at 5.

82 Reply Comments of GRID at 4; Reply Comments of Free Energy/QCS at 2; Small Business Utility Advocates Reply Comments at 2.

SoCalGas was supportive of transferring unallocated incentive funds using a joint Tier 2 AL after the final application deadline and once the PAs had reviewed the final applications and waitlisted projects for project downsizing.[83]

5.1.2 Discussion and Analysis

GGRF SGIP opened to applications on June 2, 2025. Residential applications have 12 months to complete the Incentive Claim Form and access to three six-month extensions pending PA approval.[84] Therefore, the first wave of applications could reserve funds until December 2, 2027, if they use all three extensions, only to be canceled.

The Commission determines that the GGRF SGIP will close to new applications on June 30, 2028, to ensure funds from the initial rush of applications can be efficiently utilized. The Commission further requires the PAs, and SDG&E via CSE, with unallocated incentive funds to transfer those funds to other PAs with waitlists after the final applications are reviewed, for optimal use of the funds. The PAs can use a Tier 1 advice letter to transfer funds between each other. The Tier 1 advice letter should disclose each PAs' unallocated funds, waitlist counts, and methodology used to transfer funds. The PA should consult with Energy Division staff on the methodology before filing the advice letter. If the PAs need additional administrative funds to carry out this process, the PA can follow the process laid out in the following section.

PG&E, SCE, LADWP, and SoCalGas must return all GGRF administrative, incentive, and interest funds to the Commission, by January 2033 following the

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[83] Opening Comments of SoCalGas at 7.

[84] SGIP Handbook 2025 at 21.

last SGIP Impact Evaluation Report in 2032. CSE must return all GGRF administrative, incentive, and interest funds to SDG&E by January 2033. SDG&E shall have until February 28, 2033 to return funds to the Commission. These returns shall be documented in the January 30, 2033 Tier 1 SGIP Budget advice letter. Because the Advanced Payment Program has access to a shorter project timeline and less project extensions, all advanced payment projects will have been either completed or canceled and the funds returned by this deadline.

Similar to ratepayer-funded SGIP, once GGRF-funded SGIP closes it will be important for the load serving entities associated with SGIP projects and customers to monitor ongoing compliance with TOU requirements to ensure that the state is achieving the full ongoing benefits of these systems. To this end, the PAs must send a list of all GGRF SGIP applicants and associated projects and the end of the respective project's permanency period to the relevant IOU (PG&E, SCE, or SDG&E) Rates teams to ensure compliance and tracking of TOU rules into the future. If another load serving entity (LSE) requests a list of SGIP applicants to track compliance in their territory before February 1, 2033, the relevant SGIP PA must send a list to the LSE. The SGIP PA may require the LSE to sign a Non-Disclosure Agreement to gain access to the list. SGIP PAs should coordinate with the IOU and LSE teams to determine the appropriate amount of applicant information needed to track compliance.

5.2 GGRF Administrative Budget and Accumulated Interest

Under its authority to regulate utility programs, the Commission can direct the PAs on how to utilize the funds coming into SGIP from accumulating interest and canceled project incentives.

The April 28th Ruling also asked parties to comment on what process the Commission should adopt for a PA to manage accumulated interest in the GGRF budget.

5.2.1 Comments

Parties were divided on how the accumulated interest should be treated. PG&E and SDG&E recommended that 10 percent of the interest be transferred to the administrative budgets and the rest go to incentives to ensure the GGRF SGIP does not close prematurely due to lack of administrative funds.[85] In reply comments, CALSSA agreed with PG&E's proposal that 10 percent of interest go to administrative budgets as long as the administration of the program was extended past June 30th, 2026 through 2032.[86] SCE's comments suggested that more than 5 percent of the interest will be needed to supplement the administrative budget and recommends the exact percentage be determined at a later date once the administrative needs of the GGRF SGIP are better understood.[87] GRID and Free Energy suggested that the Commission set reasonable limits on the percentage of interest that can be transferred to the administrative budget through advice letter.[88] CSE's comments recommended that PAs use a Tier 2 advice letter to transfer any percentage of the accumulated interest to administrative budgets as CSE expects a high cancellation rate of projects and administrative churn in line with what was seen in the Equity

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[85] Opening Comments of PG&E at 4; Opening Comments of SDG&E at 5.

[86] Reply Comments of CALSSA at 2.

[87] Opening Comments of SCE at 7.

[88] Reply Comments of Free Energy/QCS at 3-4; Reply Comments of GRID at 3.

Resiliency Budget.[89] SoCalGas recommended that the Tier 1 SGIP Budget advice letter be used to transfer up to 50 percent of the accumulated interest to the administrative budgets and the remaining accumulated interest to the incentive budget. Once GGRF SGIP closes, SoCalGas's comments recommended that the PA be able to transfer any amount of the interest to the administrative or M&E budgets.[90]

5.2.2 Discussion and Analysis

The 2025 Tier 1 SGIP Budget ALs, showing funds as of January 1, 2025, indicates that LADWP had 38 percent,[91] CSE had 2 percent,[92] PG&E had 7 percent,[93] SCE had 7 percent,[94] and SCG had 22 percent[95] of their administrative budgets expended or reserved. PG&E claims 25 percent of their administrative budget will be used for database updates.[96] As the GGRF SGIP budget opened for incentive reservation on June 2, 2025, the exact administrative burden is unknown. Because the GGRF funds had a lower administrative budget allocation of 5 percent while the ratepayer side had an administrative budget allocation of 7-10 percent,[97] it is reasonable to assume that the PAs will need more

[89] Opening Comments of CSE at 5.

[90] Opening Comments of SoCalGas at 5-6.

[91] LADWP AL 02-E-A, March 13, 2025 at Attachment A.

[92] CSE AL 162-E, January 30, 2025 at 6.

[93] PG&E AL 5030-G/7495-E, January 30, 2025 at Attachment B.

[94] SCE AL 5467-E, January 30, 2025 at Appendix B.

[95] SCG AL 6436-G, January 30, 2025 at 4.

[96] Opening Comments of PG&E at 5.

[97] D.24-03-071 at 77.

administrative funds to successfully carry out the GGRF SGIP. Therefore, the Commission finds that the SGIP PAs be able to transfer up to 10 percent of the accumulated interest annually to the administrative budget in the existing Tier 1 SGIP Budget AL and any additional transfer to the administrative budget to require a Tier 2 AL. Any interest not transferred to the administrative budget should be transferred to the incentive budget while the program is still accepting applications.

6. Summary of Public Comment

Public comments on the proposed decision included support for granting time extensions for SGIP projects as described in the decision, concerns that the SGIP demand response requirement undermines the core intent of the Equity Resiliency program, a request for exemption from the demand response requirement so that a project can proceed, concern about the demand response participation requirement for low-income customers, and concern that SGIP generation funds not be pooled so that funds remain available for clean energy wind projects.

7. Comments on Proposed Decision

The proposed decision of Commissioner Karen Douglas 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 of the Commission's Rules of Practice and Procedure. Opening comments were filed on September 18, 2025, by SCE, CSE, SoCalGas, CALSSA, PG&E, the Joint CCAs, Peninsula Clean Energy (PCE), the Southern California Tribal Chairmen's Association (SCTCA), CA Efficiency + Demand Management with Leapfrog Power (Leapfrog) and reply comments were filed on September 23, 2025 by Cal Advocates, PG&E, CSE, the Joint CCAs, and Rural County Representatives of CA (RCRC).

Parties' comments touched on many topics in the proposed decision, ranging from major items like modifications to criteria for SGIP project extensions, to other items like clarifying COVID-19 Stays on Cancellation that are already granted will be honored. The text below reviews the major topics and other topics and clarifications that were included in party comments.

Major Topics Addressed in Party Comments:

Criteria for SGIP Project Extensions

The proposed decision grants all SGIP non-residential equity projects four additional six-month extensions retroactively from February 1, 2025, if:

i. The host customer has begun installing the project and has passed the Proof of Project Milestone submitted stage.
ii. The project will be completed before all extensions expire.
iii. The host customer agrees to transition to the Net Billing Tariff and participate in an SGIP qualifying demand response program for ten years from Incentive Claim Form submission.

SCTCA's comments to the PD stated that the three criteria or conditions above lack record support and they expressed specific issues or requested clarifications related to each criteria. According to SCTCA's comments, the PD does not define the phrase "begun installing the project" in criterion (i).[98] Therefore, they argue that how "begun installing" is interpreted could derail

[98] *Id.* at 4.

SGIP equity projects and create risk and uncertainty for SGIP equity rebate reservation holders.[99] CSE's comments supported SCTCA's recommendations to retain the project extensions and reject additional requirements for host customers, and should include both equity and equity resilience projects.[100] PG&E's reply comments recommended granting extensions for non-residential projects that are built.[101]

The Commission agrees that the "begun installing" criterion may negatively impact non-residential equity and equity resiliency SGIP projects. Therefore, this criterion (i) is modified to read 'The host customer has passed the Proof of Project Milestone submitted stage.' The Commission clarifies that these extensions apply to SGIP non-residential equity projects in both the Non-Residential Equity and Equity Resiliency budget and makes this explicit in the PD.

Regarding the second criterion (ii), SCTCA's comments agreed with the intent of the criterion but recommended that the PA considering an extension request should refer to the SGIP Handbook and should include an estimate of whether interconnection of the project will fall within the requested final six-

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[99] Id, at 4-5.

[100] Comments of Center for Sustainable Energy regarding Proposed Decision Returning Self-Generation Incentive Program Funds to Ratepayers and Implementing the Greenhouse Gas Reduction Fund Self-Generation Incentive Program and Other Program Modifications, September 18, 2025, at 3.

[101] Reply Comments of Pacific Gas and Electric Company to Proposed Decision Returning Self-Generation Incentive Program Funds to Ratepayers and Implementing the Greenhouse Gas Reduction Fund Self-Generation Incentive Program and Other Program Modifications, September 23, 2025, at 1.

month extension of the project's reservation expiration date instead of adding this new requirement.[102] CSE's reply comments supported SCTCA's proposal for criterion (ii).[103]

After reviewing party comments about criterion (ii), the Commission has determined that no change is needed to the language in the PD. Therefore, the PD text for criterion (ii) is retained, "The project will be completed before all extensions expire."

Regarding the third criterion (iii), SCTCA's comments argue that this represents a significant change to program requirements under substantially different circumstances a long time after most of the at risk Equity and Equity Resilience projects, now needing relief, were initiated.[104] SCTCA's comments further assert that they nor other parties had any opportunity to assess the new requirements prior to their appearance in the PD.[105]

CALSSA's comments recommended that the Commission remove criterion (iii) from the decision because, "many non-residential equity projects, e.g. school districts, tribal governments, state and local agencies, must follow stringent capital-project procedures to document approvals and ensure transparency for public audits.[106] RCRC's reply comments reinforced CALSSA's position by

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[102] Opening Comments of SCTCA on Proposed Decision, September 18, 2025, at 8-9.

[103] CSE's Reply Comments to the Proposed Decision, September 23, 2025, at 3.

[104] Id. at 10.

[105] *Ibid*.

[106] Comments of California Solar & Storage Association on Proposed Decision Returning Self-Generation Incentive Program Funds to Ratepayers and Implementing the Greenhouse Gas

Footnote continued on next page.

arguing that applying criteria (i, ii, and iii) retroactively to non-residential equity projects would unreasonably and financially undermine projects already under construction. SoCal Gas's comments supported removing the NBT requirement and retaining demand response. According to their comments, including the NBT requirement will impact a project's financials that were not considered when financial investment decisions were made.[107] SoCalGas's comments also mentioned that historically the program does not retroactively apply new program rules, "projects follow the SGIP Handbook version in effect at the time of project submission."[108]

PG&E's reply comments supported retaining demand response participation for non-residential SGIP projects. According to PG&E's comments, "application of the demand response requirement is appropriate because had the applicant elected to cancel and reapply to secure additional time for their project they would be subject to the new program rules. Therefore, projects that receive additional extensions should at least participate in demand response. This ensures that these projects provide additional benefits in exchange for additional extensions when the alternative would be to not receive a SGIP incentive."[109] In

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Reduction Fund Self-Generation Incentive Program and Other Program Modifications, September 18, 2025, at 4 – 5.

[107] Opening Comments of Southern California Gas Company on Proposed Decision Returning Self-Generation Incentive Program Funds to Ratepayers and Implementing the Greenhouse Gas Reduction Fund Self-Generation Incentive Program and Other Program Modifications, September 18, 2025, at 3.

[108] *Ibid.*

[109] PG&E Reply Comments on the Proposed Decision, September 23, 2025, at 1.

their reply comments to the PD Cal Advocates recommended that the Commission reject requests to remove the requirement for non-residential equity projects to be on NBT.[110] Cal Advocates' comments assert that "projects are required to comply with recent program rules that are intended to improve ratepayer benefits, such as transitioning to the NBT and enrolling in a qualified demand response program."[111] Cal Advocates asserts that this NBT requirement also aligns with SGIP requiring other tariff alignment (e.g. Time-of-Use (TOU), Demand Response enrollment) as a condition of SGIP participation.[112]

Regarding criterion (iii), the Commission has examined the arguments that parties have introduced in their comments in support of rejecting or retaining the NBT and demand response requirements as a condition of project extensions. When the Commission initially responded to the SCTCA's motion by granting four six-month extensions for the SGIP projects that were already expired or soon to expire, the Commission applied the existing program rules to those projects. These rules were established in March of 2024 by D.24-03-071 requiring NBT and DR enrollment for new SGIP applications.

Granting extensions are a significant change in SGIP program rules conferring a new benefit (i.e. up to four additional six-month extensions not allowed under the program) for projects that might otherwise be subject to cancellation and reapplication. Reapplication would, since D.24-03-071, trigger

[110] Cal Advocates Reply Comments to the Proposed Decision, September 23, 2025, at 2.

[111] *Ibid.*

[112] Id. at 2-3.

the requirement that all non-residential equity projects submitting applications to SGIP to be on NBT and participate in a demand response program.

D. 24-03-071 affirmed that a key goal of the NBT is to reduce the large cost shift created by stand-alone solar NEM customers by encouraging pairing of solar with storage. The decision also confirmed that SGIP should be aligned and consistent with the policy goals of NBT. Among other things, D.24-03-071 required NEM 1.0 and 2.0 customers that apply for SGIP, after the effective date of the decision, and all new SGIP applicants that install solar to transition to the NBT and to enroll in an approved, qualified DR program.

Thus, the Commission initially determined that projects receiving potential extensions would be subject to the D. 24-03-071, and in effect be treated as new projects. This approach reduces the cost shift due to these projects and confers new benefit compared to other projects applying any time within the past year and a half. However, upon further reviewing party comments, including those from CALSSA[113], SCTCA[114] and RCRC[115], the Commission recognizes that many of the tribal, local government, and school district projects are at or near completion and were approved by governing bodies based on reasonable financial assumptions and expectations made at the time that the SGIP applications were submitted.

The financial impacts of transitioning to NBT was highlighted in SCTCA's Opening Comments to the PD as follows, "lifetime financial consequences for

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[113] Opening Comments of CALSSA at 5.

[114] Comments of SCTCA on the Proposed Decision, September 18, 2025, at 9.

[115] Reply Comments of RCRC at 2.

host customers may be substantial, in some cases undermining the economic basis upon which investment decisions were made. Furthermore, this requirement could impose new, significant project delays as Tribes and DACs re-evaluate project economics, and if projects are still economically viable, take steps to modify interconnection applications and agreements."[116]

The party comments support a determination that requiring a transition to NBT has potential to create financial harm and exert an adverse impact on these projects that are at a state very near to completion. Therefore, we deem it appropriate under the narrow circumstances presented for these projects to remove the requirement to transition to NBT from criterion (iii). The projects must still meet the deadlines and requirements set out in D.22-12-056 and the approved and governing NEM 2.0 tariffs in order to take service on NEM 2.0 and NEM 2A (load aggregation customers).

D. 24-03-071 also established a requirement that all new SGIP participants in all energy storage program budget must enroll in one of the SGIP approved DR programs. The decision explains that based on impact evaluations of SGIP-incentivized systems, grid value remains unrealized and underutilized due to the way these systems operate, particularly in regard to discharge during the system net peak period. It further explains that the SGIP incentive funds target advanced solar and storage systems that are capable of dynamic charge and discharge schedules, and the Commission is mandated to ensure that they operate for the maximum grid, GHG, and other customer benefits. In addition, AB 209

[116] Comments of SCTCA on the Proposed Decision, September 18, 2025, at 9.

specifically requires the CPUC to "consider requiring customers installing solar photovoltaic systems paired with energy storage systems, to participate in a demand response or peak load reduction program offered through the customer's load-serving entity."[117]

PG&E and SoCalGas' comments supported retaining the requirement for SGIP non-residential projects to participate in demand response programs and remove the requirement to transition to NBT. The Commission did not find other party comments opposing the DR requirement for these projects because of the added uncertainty or risk to be persuasive. Therefore, the Commission finds it reasonable to retain a requirement for SGIP projects receiving extensions to participate in SGIP qualifying DR programs.

LSEs[118] and TOU/DR 10-year Tracking Requirement

The proposed decision at ordering paragraph (OP) 10, directs the PAs to send a list of all SGIP projects and the respective project's permanency period to the relevant Demand Response and Rates teams to ensure compliance and tracking of Time-of-Use and Demand Response rules for both ratepayer and Greenhouse Gas Reduction Fund projects by January 2033. SCE comments recommended that the Commission remove OP 10 and Conclusion of Law (COL) 2 from the PD. According to SCE, OP 10 and COL 2 shift oversight authority to

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[117] AB 209 (2022) at Section 26, https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB209

[118] LSE means Load Service Entities

various LSE demand response and rate staff without accounting for who will monitor program permanency obligations.[119]

Comments by SoCal Gas, PG&E, SDG&E and the Joint CCAs also raise concerns about the administrative funding needed to implement this directive and the Commission's lack of jurisdiction over some LSEs.[120]

The Commission after reviewing party comments will revise OP 10 to only apply to the major electric IOUs and encourage other LSEs to comply with this OP on a voluntary basis to support the overall goal of improving electric grid efficiency.

Other Topics and Clarifications in Party Comments:

Demand Response Requirements Removed for RSSE

The proposed decision allows all residential low-income customers applying to the RSSE budget to be exempted from the requirement to participate in a qualifying demand response program. SoCalGas's comments recommended that the Commission should clarify that this exemption applies to applications submitted before this decision is adopted.[121] CALSSA and CSE comments support broadening the demand response exemption for all low-income customers.[122]

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[119] Opening Comments of Southern California Edison Company on the Proposed Decision Returning Self-Generation Incentive Program Funds to Ratepayers and Implementing the Greenhouse Gas Reduction Fund Self-Generation Incentive Program and Other Program Modifications, September 18, 2025, at 6.

[120] LSE means Load Serving Entity

[121] Opening Comments of SoCalGas on the Proposed Decision, September 18, 2025, at 4.

[122] CALSSA Opening Comments on the Proposed Decision, September 18, 2025, at 8; CSE Opening Comments to the Proposed Decision, September 23, 2025, at 1.

PG&E's comments argued for requiring PAs to inform RSSE customers of any SGIP approved DR programs that are available at the time the customer submits the incentive claim form (ICF).[123] The Joint CCAs were supportive of this communication as long as the list of available programs was regularly updated.[124] California Efficiency + Demand Management Council and Leapfrog Power, Inc.'s comments recommended establish a process to improve the SGIP DR requirement.

The Commission clarifies that the RSSE DR exemption applies to all customers that have applied to the RSSE budget, regardless of application submission date. The Commission agrees with PG&E's proposal to inform all RSSE customers of SGIP-approved DR programs that are currently available to them and makes the relevant edits to the PD.

<u>Disallowing Transfer of Funds Between Ratepayer Budgets</u>

The proposed decision directs the PAs to no longer transfer funds between incentive budgets through advice letters as of the effective date of this decision. In their comments CALSSA recommended that the Commission remove this proposal and instead require the PAs to transfer funds from unused budgets to those that have waitlists or are out of funding.[125] According to CALSSA's comments, because some budgets have seen stronger participation than others, eliminating transfers risks stranding funds.[126]

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[123] PG&E Opening Comments to Proposed Decision, September 18, 2025, at 5.

[124] Joint CCA Reply Comments on the Proposed Decision, September 23, 2025, at 3.

[125] CALSSA Opening Comments on the Proposed Decision, September 18, 20225, at 1.

[126] *Ibid.*

PG&E's comments identified that the stay on non-residential equity project terminations, retroactive to February 1, 2025, has resulted in the reinstatement of two applications under PG&E's SGIP administration resulting in a funding deficit in the non-residential storage equity budget category.[127] PG&E's comments request that the PD be modified to allow PG&E 15 days after issuance of the final decision to transfer funds to its non-residential storage equity budget via a Tier 1 Advice Letter to fill the deficit.[128] The Commission agrees with PG&E's comments and updates the PD to allow all PAs 15 days after the issuance of this decision to file a Tier 1 Advice Letter to address any budget transfers needed to reinstate non-residential equity projects.

<u>Review of RRF Forms and Tier 1 2026 Budget Advice Letter</u>

The proposed decision sets December 30, 2025 as the final deadline for new SGIP applications and waitlists. It also requires PAs to review all RRF-submitted forms and prepare the 2026 Tier 1 Budget Advice Letter by February 28, 2026. SCE's comments state that "the February 28 deadline is unworkable."[129] SCE's comments recommend that the Commission, "revise the COL 2 (d) and OP 2 to extend the February 28, 2026 deadline to March 31, 2026."[130]

The Commission agrees with SCE's comments that, "providing a sufficient amount of time after the availability of (needed accounting) reports would

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[127] PG&E Opening Comments on the Proposed Decision, September 18, 2025, at 2.

[128] Id. at 3.

[129] SCE Opening Comments on the Proposed Decision, September 18, 2025, at 2.

[130] Id. at 3.

provide a more accurate accounting reconciliation and reporting of the remaining unallocated incentive dollars."[131] The Commission changes the date for the 2026 Tier 1 Budget Advice Letter from February 28, 2026 to March 31, 2026.

Shortened PBI from 5 years to 2 years

The proposed decision adopts a reduction in the PBI period from 5 years to 2 years for projects that enter the PBI period after December 30, 2025. SoCal Gas's comments argue that shortening the PBI period from 5 years to 2 years may introduce greater risk that the systems will not operate in a way that will meet program goals.[132] If the shortened PBI period is adopted SoCalGas's comments request that the Commission clarify that 'any' project entering PBI after December 30, 2025, must complete PBI in two years. PG&E's comments supported shortening the PBI period to 2 years, "shortening the PBI period makes sense: (a) it will reduce administrative spend, meaning more administrative funds can be returned to ratepayers; and (b) measurement and evaluation reports have already provided useful information about PBI projects and continuing the 5 year PBI structure for the sake of new findings is unlikely."[133] The Commission agrees with PG&E's reply comments about PBI and retains the reduction in the PBI period from 5 years to 2 years in the PD.

Administrative Funds

[131] Id. at 2.

[132] SoCalGas Opening Comments on the Proposed Decision, September 18, 2025, at 2.

[133] PG&E Reply Comments to the Proposed Decision, September 23, 2025, at 4.

The proposed decision allows PAs to cover administrative costs in two ways. Under COL 2(k) and OP 4, PAs may transfer up to 10 percent of accumulated interest each year to the administrative budget through a Tier 1 Advice Letter.10 Under COL 2(l), PAs may request additional funds through a Tier 2 Advice Letter submission.11 COL 2(j) and OP 5 require that all interest and canceled-project funds not transferred to administration be returned to customers annually.

SCE's comments stated that the PD risks leaving PAs underfunded to finish closeout work.[134] SCE's comments requested that the Commission revise COL 2(l) and OP 4 to keep Tier 1 Advice Letter transfers capped at 10 percent of interest, and permit Tier 2 Advice Letter requests, with justification, from either accumulated interest or canceled-project funds.[135]

CSE's comments indicated that in later years of SGIP closeout, 10 percent of the accumulated interest will leave little money available for transfer to the administrative budgets, especially in the smaller SGIP PA territories.[136] CSE's comments recommended that the Commission revise Ordering Paragraph (OP) 4 to allow, for both ratepayer and Greenhouse Gas Reduction Fund SGIP, in years 2027 and beyond the SGIP PAs be authorized to transfer any amount of accumulated interest to the administrative budget using the existing Tier 1 budget advice letter, provided the PAs justify the need for additional funds.[137]

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[134] *Ibid.*

[135] Id. at 4.

[136] CSE Opening Comments on the Proposed Decision, September 18, 2025, at 1.

[137] Id. at 2.

The Commission reviewed and examined party comments about administrative budget treatment and will retain the existing PD language.

GGRF Transfer of Unallocated Funds to PAs

The proposed decision directs that after June 30, 2028, unallocated GGRF SGIP funds be shifted between PAs to clear waitlists, through a joint Tier 1 advice letter. SCE's comments stated that, "without transparency into available balances, waitlist counts, and the methodology used, stakeholders cannot assess whether transfers are fair and consistent."[138] CALSSA comments recommended that once the AB 209 funded RSSE program is closed to new applications, any remaining funding should be combined into a single statewide pool from which waitlisted projects would draw, based on the order those project applications were submitted, regardless of service territory.[139]

The Commission agrees additional transparency is prudent and revises the PD to direct the PAs to include the allocation methodology in their advice letter filings and consult with ED staff before filing their advice letters.

Advice Letter for Return of Ratepayer Funds

SDG&E's comments identified what it believes to a technical error in the PD regarding referencing the "existing October rate true-up process" as the appropriate mechanism to return these funds.[140] SDG&E's comments clarified that with the adoption of Resolution E-5217, SDG&E is required to file its electric regulatory account update advice letter in November instead of October.

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[138] SCE Opening Comments on the Proposed Decision, September 18, 2025, at 4.

[139] CALSSA Opening Comments to the Proposed Decision, September 18, 2025, at 4.

[140] SDG&E Opening Comments to the Proposed Decision, September 18, 2025, at 1.

However, the gas regulatory account update advice letter is still filed in October. Therefore, SDG&E recommends, to account for variations in Investor-Owned Utilities (IOU) scheduled filings, the PD should be modified to replace "October rate true-up" to "year-end rate advice letter filing." Moreover, SDG&E comments mentioned that the PD directs the IOUs to return the funds using the same ratios used in SGIP collections. For electric rates, the SGIP allocations were updated annually to reflect the actual benefits resulting from the disbursement of program incentives over the previous three years. Therefore, SDG&E's comments recommend that the PD be modified to require use of the most recent collection ratios.

The Commission agrees with SDG&E's comments and the PD is revised to remove reference of the October filing and to align return of ratepayer funds with the most recent collection ratios.

COVID-19 Stay on Cancellation Removal

The proposed decision directs the SGIP PAs to remove all references to the COVID-19 Stay of Cancellation from the current SGIP Handbook to prevent applicant confusion. CALSSA's comments mentioned two projects that have been granted or should be granted a COVID-19 Stay of Cancellation.[141] According to CALSSA's comments, the current PD language could be misconstrued by the PAs to mean that all projects that have received COVID-19 Stays are treated as if they never should have received one.[142]

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[141] CALSSA Opening Comments on the Proposed Decision, September 18, 2025, at 8.

[142] Id. at 9.

The Commission clarifies that any project with an existing COVID-19 Stay of Cancellation retains that designation after this decision is adopted and maintains that no further COVID-19 Stay on Cancellations should be granted.

Final GGRF Funds Return

The proposed decision direct PAs, and SDG&E for CSE, to return all GGRF administrative, incentive, and interest funds to the Commission. SDG&E requested that the Commission clarify that SDG&E is the fiscal agent for all SGIP funds where CSE is the PA.

The Commission has revised the PD text to confirm that SDG&E is the fiscal agent for GGRF funds and SDG&E will coordinate with CSE to return SGIP GGRF funds to the Commission.

SGIP Handbook Modifications

The proposed decision introduced a proposal to allow changes to SGIP Handbook using joint PA advice letters. SoCalGas's comments to the proposed decision state that, "it may be legal error to adopt a process that allows modifications to a decision to occur by a Tier 3 Advice Letter process." SoCalGas proposes to strike COL 3(b) in its entirety from the PD.[143] PG&E and CSE reply comments disagree with SoCalGas and find there is both precedent and legal grounds to allow this process.

PG&E's and CSE's advocate for allowing individual PAs to file advice letter for SGIP Handbook changes as joint PA consensus may be a barrier to SGIP Handbook updates.

[143] SoCalGas Opening Comments to the Proposed Decision, September 18, 2025, at 4.

The Commission finds it reasonable for individual PAs to suggest Handbook updates. The PD is revised to allow individual PAs to file a Tier 2 AL with suggested program-wide handbook updates.

The PD text above and the ordering paragraphs have been updated to reflect these modifications and clarifications that have been made to this decision based on party comments.

8. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Hazlyn Fortune is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. D.20-01-021 authorized the collection of ratepayer funds totaling $166 million per year from 2020 to 2024 across the four IOUs to fund SGIP.

2. AB 209 allocated $280 million to the Commission in Fiscal Year (FY) 2023-2024 to fund the SGIP RSSE budget.

Conclusions of Law

1. The Commission should close the ratepayer-funded portion of SGIP pursuant to California statute.

2. The Commission finds it reasonable to adopt the following requirements for closing the ratepayer-funded portion of SGIP:

    a. PAs have 15 days to file a Tier 1 advice letter to cover reinstating projects as directed by section 3.5.2. Otherwise, the PAs must no longer transfer funds between incentive budgets through advice letters as of the effective date of this decision.

    b. The deadline for new applications for ratepayer-funded SGIP projects is December 30, 2025.

c. The ratepayer funded SGIP waitlists be closed on December 30, 2025.

d. The date for submitting the 2026 Tier 1 budget advice letter is March 31, 2026. All subsequent Tier 1 budget advice letters must be submitted by January 30th of that year.

e. A ratepayer-funded SGIP project is deemed "allocated" funds once the RRF is submitted.

f. Each SGIP PA is required to review all of its RRF submitted forms by March 31, 2026 and include funds from canceled projects in its estimates of funds that will be returned to ratepayers in the 2026 Tier 1 budget advice letter.

g. Each PA on an annual basis should use a Tier 1 budget advice letter to designate funds that will be returned to ratepayers.

h. It is reasonable to set a $1 million threshold for the annual return of ratepayer funds using the existing rate true-up process and aligning the return of funds applying the same ratios used in the most recent SGIP collections.

i. PAs must send a list of all SGIP projects and the timing for the end of the respective project's permanency period to the relevant IOUs (PG&E, SCE or SDG&E) DR and Rate teams/staff to ensure compliance and tracking of TOU and DR rules compliance. If another load serving entity (LSE) requests a list to track compliance in the LSE territory, the PA must send the LSE a list of all projects still in the permanency period.

j. It is also reasonable for all funds from canceled projects and interest, not transferred to administrative budgets, to be returned to ratepayers annually.

k. PAs may use the Tier 1 budget advice letter to request additional administrative budget up of to 10 percent of the year's accumulated interest.

l. PAs needing additional administrative budget above the authorized 10 percent cap may use a Tier 2 advice letter to justify the need for additional funds.

m. SGIP projects already in PBI before December 30, 2025 will retain their full five-year PBI evaluation period.

n. After December 30, 2025, all SGIP PBI extensions will be removed, this requirement will be entered into the SGIP Handbook after the effective date of this decision.

o. After December 30, 2025, any SGIP projects entering PBI must complete PBI in two years.

p. All SGIP non-residential equity projects, in both the Non-Residential Equity and Equity Resiliency budgets, are granted access to up to four additional six-month extensions retroactively from February 1, 2025 if:

   i. The host customer has passed the Proof of Project Milestone submitted stage.

   ii. The project will be completed before all extensions expire.

   iii. The host customer agrees to participate in an SGIP qualifying Demand Response program for ten years from Incentive Claim Form submission.

q. SGIP PAs are directed to remove all references to the COVID-19 Stay of Cancellation from the current SGIP Handbook as of the effective date of this decision.

3. The Commission finds it reasonable to adopt the following modifications to SGIP:

a. All residential low-income customers applying to the RSSE budget (formerly the Residential Storage Equity) are exempted from the requirement to participate in a qualifying demand response program. SGIP PAs are directed to inform RSSE customers at ICF of any SGIP approved qualified demand response program they can enroll in.

b. SGIP PAs can propose to modify the SGIP Handbook and application process to implement changes from the existing PA and Program Performance Reports and other M&E reports to improve program performance using a Tier 2 advice letter if the language was required by a Commission decision.

c. PAs can continue to propose modifications to the SGIP Handbook language using a Tier 2 advice letter if the proposed language was required by a Resolution or added by advice letters.

4. The Commission finds it reasonable to adopt the following measurement and evaluation requirements to the ratepayer funded and GGRF funded portions of SGIP:

a. The M&E Plan attached to this decision as Attachment A should be adopted.

b. The final M&E SGIP summary report should include an executive style summary to capture overall lessons from SGIP.

c. ED staff may modify the M&E tasks and reporting in Attachment A as needed to improve M&E efforts, including removing reports.

5. The Commission finds it reasonable to adopt the following requirements for implementing and closing the GGRF funded portion of SGIP:

a. GGRF SGIP will close to new applications on June 30, 2028.

b. PAs with unallocated incentive funds should transfer those funds to other PAs with waitlists after the final applications are reviewed.

c. PAs can use a Tier 1 advice letter to transfer funds between each other.

d. PG&E, SCE, LADWP, and SoCalGas must return all GGRF administrative, incentive, and interest funds to the CPUC, by January 2033, following the last SGIP Impact Evaluation Report in 2032.

e. CSE should return all GGRF administrative, incentive, and interest funds to SDG&E by January 2033.

f. SDG&E should have until February 28, 2033 to return all GGRF funds to the CPUC.

g. The details for the return of GGRF funds to the CPUC should be outlined in the Tier 1 SGIP budget advice letter due January 30, 2033.

h. PAs should send a list of all GGRF SGIP applicants and associated projects and the end of the respective project's permanency period to the relevant IOU (PG&E, SCE or SDG&E) Rates teams. If another LSE requests a list to track compliance in the LSE territory, the PA must send the LSE a list of all projects still in the permanency period.

i. SGIP PAs may transfer up to 10 percent of the accumulated interest annually to the administrative budget, as needed, using the existing January 30 Tier 1 budget advice letter.

j. Additional transfers to the administrative budget require a Tier 2 advice letter.

k. Any interest not transferred to the administrative budget should be transferred to the incentive budget while the program is still accepting applications in the Tier 1 budget advice letter.

l. When GGRF RSSE closes and after administrative and incentive needs are met, any remaining interest accumulated should be returned to the CPUC.

O R D E R

IT IS ORDERED that:

1. Within 30 days of the issuance of this decision, Southern California Gas Company, the Center for Sustainable Energy, Pacific Gas and Electric Company, Los Angeles Department of Water and Power, and Southern California Edison Company shall file a joint Tier 1 advice letter to confirm the implementation of the Self-Generation Incentive Program (SGIP) modifications required by the conclusions of law of this decision, including all required modifications to the SGIP Handbook.

2. Southern California Gas Company, the Center for Sustainable Energy, Pacific Gas and Electric Company, and Southern California Edison Company shall submit their 2026 Tier 1 budget advice letter by March 31, 2026. Los Angeles Department of Water and Power's 2026 Tier 1 budget advice letter and all subsequent Tier 1 budget advice letters shall be submitted by January 30th of that year with the final budget advice letter occurring in 2033.

3. Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company on behalf of the Center for Sustainable Energy, shall return all unallocated ratepayer funds from the Self-Generation Incentive Program (SGIP) to ratepayers in the relevant rate true-up advice letter filings on an annual basis, starting in

2026, when funds to return to ratepayers are larger than $1 million. Final ratepayer repayment for SGIP should occur by 2033.

4. Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company, Los Angeles Department of Water and Power, and the Center for Sustainable Energy shall, for both ratepayer and Greenhouse Gas Reduction Fund SGIP, transfer up to 10 percent of the accumulated interest annually to the administrative budget using the existing Tier 1 budget advice letter process as necessary. Any additional transfers to the administrative budget shall use a Tier 2 advice letter.

5. Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company, and the Center for Sustainable Energy, shall, on an annual basis, include ratepayer accumulated interest not transferred to the administrative budget and funds from canceled projects as to be returned to ratepayers in the Tier 1 budget advice letter.

6. Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company, Los Angeles Department of Water and Power, and the Center for Sustainable Energy shall, on an annual basis, transfer GGRF accumulated interest not transferred to the administrative budget to the incentive budget in the Tier 1 budget advice letter while the program is still accepting applications.

7. After June 30, 2028 but before August 30, 2028, Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company, Los Angeles Department of Water and Power, and San Diego Gas & Electric Company via the Center for Sustainable Energy shall transfer

unallocated incentives funds for the Greenhouse Gas Reduction Funded SGIP to Program Administrators with waitlists after the final applications Request for Reservation Forms are reviewed using a joint Program Administrator Tier 1 advice letter.

8. Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company, and Los Angeles Department of Water and Power shall return all Greenhouse Gas Reduction Funds in SGIP administrative, incentive, and accumulated interest accounts to the Commission by January 31, 2033.

9. The Center for Sustainable Energy shall return all Greenhouse Gas Reduction Funds (GGRF) in Self-Generation Incentive Program (SGIP) administrative, incentive, and accumulated interest accounts to San Diego Gas & Electric Company by January 31, 2033; San Diego Gas & Electric Company shall return all GGRF funds in SGIP accounts to the Commission by February 28, 2033.

10. Southern California Gas Company, the Center for Sustainable Energy, Pacific Gas and Electric Company (PG&E), Los Angeles Department of Water and Power, and Southern California Edison Company (SCE) (SGIP PAs) shall send a list of all SGIP projects and the respective project's permanency period to the relevant IOU (PG&E, SCE or San Diego Gas & Electric Company) Demand Response and Rates teams to ensure compliance and tracking of Time-of-Use and Demand Response rules for both ratepayer and Greenhouse Gas Reduction Fund projects by January 2033. If another load serving entity (LSE) requests to track compliance for SGIP customers in the LSE territory, the SGIP PA must send the

LSE a list of all projects still in the permanency period. The SGIP PAs shall submit a Tier 1 advice letter to indicate this has occurred by January 30, 2033.

11. This Rulemaking 20-05-012 remains open.

This order is effective today.

Dated __________, 2025 at San Francisco, California.

Attachment A: Final SGIP M&E Plan

All reports are for both ratepayer and GGRF SGIP unless noted otherwise.

Report	*Due Date*
Biannual Fiscal Audit (Ratepayer only)	June 30, 2025
Renewable Fuel Use Report No 34. for Q3 + Q4 PY 2024 and Q1 + Q2 PY 2025 (Ratepayer only)	August 31, 2025
PY 2024 SGIP Impact Report (Ratepayer only)	November 30, 2025
Renewable Fuel Use Report No. 35 for Q3 + Q4 PY 2025 (Ratepayer only)	March 31, 2026
PY 2025 PA and Program Performance Evaluation	June 1, 2026
PY 2025 SGIP Impact Report	November 30, 2026
Biannual Fiscal Audit	June 30, 2027
PY 2026 SGIP Impact Report	November 30, 2027
PY 2027 PA and Program Performance Evaluation	June 1, 2028
PY 2027 SGIP Impact Report	November 30, 2028
Biannual Fiscal Audit	June 30, 2029
PY 2028 SGIP Impact Report	November 30, 2029
PY 2029-2031 SGIP Impact Report*	November 30, 2032

*PY 2029-2031 SGIP Impact Report only to be completed if either the GGRF or Ratepayer components of the program have more than 10% of remaining incentive funds as of 12/31/2028.

Commission staff may modify the M&E Plan as needed, including removing or adding reports.

Summary of the M&E Plan

<u>Biannual PA and Program Performance Evaluation</u>

- Reports are to include, at a minimum, a survey of program participants regarding the participants experience with the program and the PAs. Potential survey topics include: clarity and timeliness of oral and written communications, accessibility, applicants experience of the submission and review process, and the clarity and helpfulness of SGIP websites.
- Separate sections for ratepayer and GGRF incented systems.

<u>Annual SGIP Impact Reports</u>

- These reports should follow the scope of previous SGIP Impact Reports with guidance from Commission staff.
- Separate sections for ratepayer and GGRF incented systems.
- Ratepayer incented generation systems will only be evaluated through each project's permanency period of ten years.
- A one-time evaluation of energy storage system longevity will be included in the final SGIP Impact Report.

<u>Biannual Fiscal Audit Reports</u>

- These audits should ensure that SGIP funds are accounted for, are being spent appropriately, and that safeguards are the place to ensure this.
- Separate sections for ratepayer and GGRF incented systems.

(END OF ATTACHMENT A)