
FOR IMMEDIATE RELEASE

Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

PRESS RELEASE

Docket #: R.08-03-008

CPUC ESTABLISHES INCENTIVES FOR INSTALLATION OF SOLAR WATER HEATING SYSTEMS

SAN FRANCISCO, January 21, 2010 – The California Public Utilities Commission (CPUC) today established a California Solar Initiative (CSI) Thermal Program to provide incentives to promote the installation of solar water heating systems in new and existing homes and businesses in the territories of Pacific Gas and Electric Company (PG&E), Southern California Edison, San Diego Gas and Electric Company (SDG&E), and Southern California Gas Company (SoCalGas).

The goals of the CSI Thermal Program are to:

- Significantly increase the size of the solar water heating market in California by increasing the adoption rate of solar water heating technologies, including achieving:
 - Installation of natural gas-displacing systems that displace 585 million therms, equivalent to placing a solar water heater on 200,000 single-family homes;
 - Installation of electric-displacing solar water heating systems that displace 275.7 million kilowatt-hours per year of electricity by the end of 2017; and
 - Expansion of the market for other solar thermal technologies that displace natural gas and electricity use, in addition to solar water heating.
- Support reductions in the cost of solar water heating systems of at least 16 percent through a program that increases market size and encourages cost reductions through market efficiency and innovation.
- Engage in market facilitation activities to reduce market barriers to solar water heating adoption, such as high permitting costs, lack of access to information, and lack of trained installers.

“Today’s decision will increase consumer confidence and understanding of solar water heating technology and its benefits,” said CPUC President Michael R. Peevey. “We’ve structured the incentives so they are based on the performance of solar water heating systems in order to promote the adoption of high-performing systems.”

Incentives are as follows:

Natural Gas Displacing Incentives:

Step	Incentive for Average Residential Solar Water Heating System	Incentive per Therm Displaced
1	\$1,500	\$12.82
2	\$1,200	\$10.26
3	\$900	\$7.69
4	\$550	\$4.70

- Incentives are paid up-front based on estimated first year therms displaced.
- Incentives decline in four steps based on program participation.
- Forty percent of the incentive budget is reserved for single-family residential systems; 60 percent for commercial and multifamily systems.

Electric Displacing Incentives:

Step Level	Electric Displacing Incentive (\$/kWh)	Incentive for Average Residential System
1	0.37	\$1,010
2	0.30	\$820
3	0.22	\$600
4	0.14	\$380

- Incentives paid up-front based on estimated first year kWh displacement.
- Incentives are slightly lower than the natural gas-displacing incentives due to different system economics, but the incentives reduce in four steps to match the natural gas-displacing incentive reductions.

The program will run for 8 years, until December 31, 2017, or until the program funds are exhausted, whichever occurs first.

“The dispersion of solar heating systems can play an important role as we strive to achieve the goal of zero net energy in residential and commercial buildings by 2020 and 2030 respectively, as outlined in the California Energy Efficiency Strategic Plan,” said Commissioner Dian M. Grueneich.

“These systems can be cost-effective for ratepayers, while helping to displace both electricity and

natural gas usage in new and existing homes and businesses. Thus a focused, cost-effective program to improve the market for this technology can serve as a key step in our path to zero net energy.”

Added Commissioner John A. Bohn, “Solar water heating is an important part of California’s solar initiative. The people of California consider this an important policy goal, and this program should move forward.”

The CSI Thermal Program will be funded by \$250 million in collections from natural gas ratepayers, pursuant to Assembly Bill (AB) 1470, as well as up to \$100.8 million in funds already authorized and currently being collected through the general market CSI photovoltaic program and earmarked in Senate Bill 1 for solar thermal projects such as solar water heating. Monies collected under AB 1470 from natural gas ratepayers will fund incentives to solar water heating systems that displace natural gas usage, while funds collected through CSI from electric ratepayers will fund electric displacing solar water heating systems.

Per AB 1470, 10 percent of the natural gas-displacing program budget, or \$25 million, is set aside for incentives to low income customers. There is no set-aside for a low income program for electric-displacing solar water heating as only 10 percent of California homes use electricity to heat water.

The CSI Thermal Program will be administered by PG&E, Edison, SoCalGas, and by the California Center for Sustainable Energy (CCSE) in the SDG&E territory. PG&E and SDG&E, in coordination with CCSE, will disburse incentives to both electric and natural gas ratepayers who install eligible solar water heating systems in their territories. Edison will disburse incentives through the CSI Thermal Program to customers who install electric displacing solar water heating systems. SoCalGas will disburse incentives to customers in its territory who install natural gas displacing solar water heating systems.

For more information on the CPUC, please visit www.cpuc.ca.gov.

###