

ALJ/lk/bg

Decision 83 09 076 SEP 30 1983**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's)
 own motion into the feasibility of)
 establishing various methods of)
 providing low-interest, long term)
 financing of solar energy systems)
 for utility customers.)

OII 42
 (Filed April 23, 1979)

ORDER MODIFYING DECISION 92251 AND EXTENDING
 MULTI-FAMILY COMPONENT OF PROGRAM FOR ONE YEAR

On September 28, 1983, Pacific Gas and Electric Company filed a petition for modification requesting the Commission to extend the multi-family portion of the OII 42 demonstration solar financing program for an additional year.

In Decision (D.) 92251 (4 CPUC 2d 258, 262, 1980), we stated that the OII 42 demonstration solar financing program "is a demonstration program limited to three years and there is no commitment or intention to continue with any part of the demonstration beyond three years." In accordance with this policy, on March 11, 1983, the Energy Conservation Branch of the Commission staff notified the participating utilities by letter that they should stop accepting applications for rebates postmarked after September 15, 1983, and that to be eligible for rebates a building owner had to have its solar system installed and inspected on or before December 14, 1983. The utilities were directed to inform solar contractors in their service area of these dates.

On September 15, 1983, Governor Deukmejian signed into law AB 1942. Section 4 of this bill states:

"(a) The Legislature finds that the solar water heater financing demonstration project ordered by the Public Utilities Commission is consistent with previous policy adopted by the Legislature to encourage the use of solar energy systems and is consistent with subdivision (a) of Section 2851 of the Public Utilities Code, which directs the Public Utilities Commission to investigate long-term financing of solar energy systems for utilities customers. Furthermore, policies developed by the Public Utilities Commission to stimulate the use of this demonstration program in multifamily dwellings were implemented 18 months after the start of the pilot program, leaving insufficient time to meet the projects target goals and insufficient time to provide for the proper installation of the solar units in these dwellings.

"Therefore, the Legislature declares that it is in the best interest of the state's ratepayers to continue the existing solar water heater demonstration project for multifamily dwellings.

"(b) The Public Utilities Commission shall extend the project for multifamily dwellings until September 15, 1984, for contracts and until December 15, 1984, for construction in order to assure optimum opportunity to attain the goals as originally set by the commission."

The act does not directly order the participating utilities to pay rebates, but rather directs the Commission to continue the multi-family portion of the OII 42 program. Until the Commission extends the multi-family portion of the program, the participating utilities are bound by D.92251 and the Energy Conservation Branch's March 11, 1983 letter to reject applications for solar rebates filed after September 15, 1983.

Although AB 1942 is not effective until January 1, 1984, we find that it is the Legislature's clear intent that the Commission continue the multi-family portion of the demonstration solar financing program without interruption until September 15, 1984. Any interruption in the program between now and January would be highly disruptive to the solar industry, would be contrary to the Legislature's clear policy, and would also reduce the value of the OII 42 program as a market test of incentives. We note that an interruption now would be particularly harmful because the last quarter of the calendar year is the peak period for solar installations, because many owners seek to maximize the tax advantages associated with installing solar water heating equipment. For these reasons, we have determined to issue an order today continuing the multi-family portion of OII 42 program.

For the same reasons stated above, we find that this order should be effective immediately to avoid a harmful interruption in the program.

The following procedure to terminate the multi-family portion of the OII 42 program in a timely fashion should be followed:

1. All contracts must be signed and/or applications submitted to the utilities by September 15, 1984, as evidenced by the date stamp or postmark. (Underlined words added for clarification.)
2. All installations and inspections by local jurisdictions must be completed by December 15, 1984. Utility inspections must be requested by that date.
3. Initial utility inspections and contractors' corrections must be completed by January 13, 1985.
4. Only those installations meeting all of the above deadlines would receive rebates.

The above guidelines nullify guidelines previously set in the March 11, 1983 letter from the Energy Conservation Branch and affect all customers applying for multi-family rebates regardless of the date of filing. The utilities should accept the multi-family rebate applications filed after September 15, 1983 but before September 15, 1984 provided that their established multi-family quotas are not filled. This extension should resolve any issues of potential hardship raised by the various contractors and participants in the multi-family program.

The single family rebate and loan programs are not extended by AB 1942 and therefore should be concluded in accordance with the current Commission policy discussed before and set forth in the letter dated March 11, 1983 from the Energy Conservation Branch.

Findings of Fact

1. Any interruption in the multi-family portion of the OII 42 program will be disruptive to the solar industry and will limit the usefulness of the program as an accurate test of market incentives.

2. The last quarter of the calendar year is the peak period for the solar water heating industry.

3. It is the clear intent of the Legislature that the Commission should continue the multi-family portion of the OII 42 program with minimum interruption.

Conclusions of Law

1. AB 1942 directs the Commission to continue the multi-family portion of the OII 42 program until September 15, 1984.

2. AB 1942 does not become effective until January 1, 1984.

3. Until such time as the Commission modifies D.92251, the participating utilities are bound by that decision and are not authorized to accept the applications postmarked after September 15, 1983.

4. The Commission should authorize the utilities to continue accepting applications until the quotas are filled, and to issue rebates for the multi-family portion of the OII 42 program to qualified applicants.

5. Although this order did not appear on the public agenda, it should be signed today since it involves an unforeseen emergency condition. Unless we immediately extend the multi-family program until the end of 1983, the ensuing hiatus will disrupt the solar industry and deprive many property owners of their solar water heaters and the economic and tax advantages associated with them.

O R D E R

IT IS ORDERED that D.92251 is modified as set forth in the following paragraphs:

- a. Participating utilities are authorized to continue accepting applications for rebates under the multi-family portion of the OII 42 program so long as the established quotas are not filled. However, no utility shall accept any application delivered or postmarked after September 15, 1984. No utility shall issue rebates to an applicant who has not demonstrated that its solar system has passed local jurisdiction inspection on or before December 15, 1984.

- b. All other requirements of the OII 42 program in effect on September 15, 1983 shall remain in effect until such time as they are modified by the Commission.

This order is effective today.

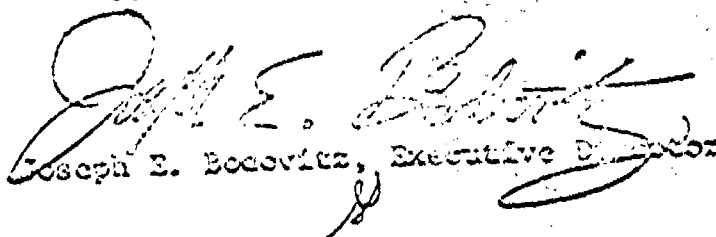
Dated SEP 30 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
DONALD VIAL
Commissioners

Commissioner Priscilla C. Grew,
being necessarily absent, did
not participate

Commissioner William T. Bagley
being necessarily absent, did
not participate.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director