

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding Policies,
Procedures and Rules for the California Solar Initiative,
the Self-Generation Incentive Program and Other
Distributed Generation Issues.

Rulemaking 12-11-005
(Filed November 8, 2012)

**COMMENTS OF THE CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION
ON COMMISSIONER PEEVEY'S PROPOSED DECISION MODIFYING DECISION
10-01-022 TO EXPAND TECHNOLOGIES INCENTIVIZED UNDER THE
CALIFORNIA SOLAR INITIATIVE THERMAL PROGRAM**

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I. Introduction

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the California Solar Energy Industries Association (CALSEIA)¹ respectfully submits these comments on the Proposed Decision Modifying Decision 10-01-022 To Expand Technologies Incentivized Under the California Solar Initiative Thermal Program ("PD"), issued by Commissioner Peevey on January 13, 2013. CALSEIA supports the conclusion reached in the PD that the objectives of the CSI Thermal Program (Program) would be well-served by its expansion to include additional end-use categories authorized in the enabling legislation, but not yet accepted as eligible for participation. We agree that opening the program to additional technologies will foster competition expand

¹ The comments contained in this filing represent the position of the California Solar Energy Industries Association as an organization, but not necessarily the views of any particular member with respect to any issue.

the marketplace and drive increased participation. However, we believe that other elements of the PD should be modified as explained herein.

II. Capping the Incentive Amount at 100% of the Estimated Energy Displacement Would Unnecessarily Penalize High-Performing Systems

As acknowledged in the PD, it is impossible to precisely predict the energy output of solar thermal systems.² While CALSEIA supports the establishment of a PBI incentive structure, we believe that some allowance for systems which produce heat at levels above engineering predictions should be adopted.

We note that the most accurate estimate of system energy production will necessarily be based on an “average” year’s climatic conditions, and the result will be an “average” year’s energy production. If this prediction turns out to be precisely on the mark for any given year, the following year’s production is virtually certain to be different. If climatic conditions are such that system performance is reduced compared to the engineering prediction in a given year, no negative repercussions arise, since the full amount of the PBI would be available. However, if the system’s energy production exceeds engineering predictions due to better than average climatic conditions, incentive funds which would otherwise be due will be unavailable.

This situation is further complicated by the proposed adoption of a two-year PBI payment period,³ which CALSEIA otherwise supports. The compression of all PBI incentive payments into a two-year period would magnify the value of the incentives “left on the table.” One might be tempted to say that the proposing contractor or developer should strive for the highest possible system output prediction during the design phase, however significant customer

² PD at page 16

³ PD at page 18

relations issues arise when an overly optimistic performance estimate is used. Customers prefer to see their systems over-perform, not under-perform, predicted energy output.

Further, in many likely financing scenarios, system purchase economics are based on all available heat being utilized, and all available incentives being available.

In order to address the concern raised by the Program Administrators (PAs) and in the PD itself about unnecessarily tying up incentive dollars for a two-year period, CALSEIA recommends that the incentive be capped at 110% of the estimated annual energy production, rather than the 120% value contained in the Staff Proposal, reducing by 50% the amount of funds required to be set aside for the two year period.

III. Space Heating and Combination Systems

The PD devotes considerable attention to space heating and combination space/water heating systems. As noted in our earlier comments and in the PD, we believe the market for these systems in California is minimal, in large part due to California's temperate climate and the corresponding reduced space heating load as compared with colder climates.⁴ We acknowledge that there may exist some limited market for these system types, particularly in mountain areas where propane or electric heat is common. However, we question the wisdom of allowing for over-sized combination systems which can lead to excessive heat production in summer months when heat loads are low or non-existent. Nevertheless, CALSEIA does not object to the inclusion of a space heat/combination system program component at this time.

IV. Existing Law Makes No Provision for the Solar Rating and Certification Corporation (SRCC) to Develop Additional Standards Applicable to the CSI-Thermal Program

⁴ PD at page 27

Existing law specifies that residential solar water heating systems shall have “an SRCC OG-300 certification,” and that “solar collectors used in systems for multifamily residential, commercial, government, nonprofit, educational, or industrial water heating shall, at a minimum, have an SRCC OG-100 Solar Water Heating System Certification.”⁵ Nowhere in the relevant code section is there restrictive language allowing only SRCC to develop a new standard for the CSI-Thermal Program, as stated in the PD.⁶ Further, no language exists in Code Section 2864 which authorizes any entity to develop a new standard applicable to the CSI-Thermal Program. The language of the PD should be amended to reflect this fact.

V. Collector Certification Nomenclature

Although existing code specifies OG-100 (Operating Guidelines 100) and OG-300 (Operating Guidelines 300) certification, recent actions by SRCC have significantly amended the scope of these “documents.” Specifically, in 2012 SRCC has bifurcated the former OG-100 into SRCC Standard 100, which contains the technical requirements for testing a solar collector, and SRCC OG-100, which contains the procedural and administrative requirements for certification of a solar collector. Similarly, SRCC has split OG-300 into SRCC Standard 300, which contains the technical requirements for solar system design and installation, and SRCC OG-300, which contains the procedural and administrative requirements for certification.

While SRCC apparently intends that Standards 100 and 300 are available to any certification body for certification purposes, SRCC also apparently intends that SRCC OG-100 and OG-300 are proprietary procedural documents. It should be noted that one element of OG-300 before it was separated in 2012 were basic guidelines for the system performance rating

⁵ Public Utilities Code Sec. 2864 (a) (1)

⁶ PD at page 28, Sec. 7.2.4 “However, we also note the distinction between developing a standard, which SRCC alone is authorized to do for the CSI-Thermal Program, and rating and certifying in accordance with that standard, which other approved listing agencies are now authorized to do.”

scheme, meaning that SRCC apparently considers its rating scheme to be proprietary, and therefore not part of Standard 300. Such a “sole source” outcome is antithetical to the intent and purpose of open, consensus standards.

This evolution of the SRCC documents from quasi-standards into stand-alone standards paired with proprietary companion documents creates issues for other certification bodies as provided for in D.11-11-004 and referenced in the PD.⁷ If SRCC intends that no other entity besides itself is eligible to certify solar water heating system performance in accordance with OG-300, then the plain intent of D.11-11-004 to allow for qualified competitive certification services is circumvented. CALSEIA supported the intent and findings of D.11-11-004; the Commission should ensure that a competitive market for certification services is maintained. This can be achieved by specifying that the 2011 “pre-bifurcation” version of OG-300 is the basis for system certification.

VI. Implementation Schedule

CALSEIA suggests that the Commission reconsider the need for Tier 3 Advice Filings by the PA’s following a 120 day development effort to accommodate the expanded CSI-Thermal Program scope. CALSEIA suggests that Tier 2 Advice Filings would be less cumbersome and time-consuming.

Further, CALSEIA strongly recommends that the PAs be allowed to implement the program changes retroactive to the end of the 120 day period following the issuance of a Final Decision. We note that this long-overdue action by the Commission, while welcome, has nevertheless led customers to refrain from making purchase decisions until the program elements are finalized. Further, since the program elements will not be established for months, developers

⁷ Ibid.

and contractors will need to wait at least until the end of the 120 day period following the Final Decision to begin making firm project development plans. Allowing the implementation of the program changes retroactive to the end of the 120-day period would significantly mitigate these issues.

VII. Conclusion

CALSEIA appreciates the opportunity to file these comments on the PD, and applauds the Commission's leadership in recognizing the value for California's ratepayers and its solar industry in moving this important Program augmentation forward.

DATED at Sacramento, California, this 4th day of February, 2013

Respectfully submitted,
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