

**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)

**PREHEARING CONFERENCE STATEMENT OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

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I. INTRODUCTION

Pacific Gas and Electric Company (PG&E) provides this prehearing conference (PHC) statement in response to the Administrative Law Judge's Ruling Setting Prehearing Conference issued on March 6, 2013.

The Ruling requests that the parties comment on the proposed prioritization and timing of the many issues to be considered in this proceeding and identify additional issue areas that should be covered. The Ruling provides that the PHC statements should not contain substantive evaluation of the issues identified. Instead the PHC statements should focus on providing the parties' view on the level of priority of various issues and on identifying additional issues. Keeping within the guidelines provided in the Ruling, PG&E believes that overall, the Ruling does a good job of establishing priorities for many of the issues to be addressed in this proceeding, although PG&E believes that there are several priorities that should be adjusted. PG&E also believes that there are additional issues that the California Public Utilities Commission (CPUC or Commission) should consider due to their importance.

In particular, PG&E proposes the following changes:

Issue	CPUC Proposed Priority	PG&E's Proposed Priority
Post CSI data collection	High	High
Maintaining consumer protection post-CSI	High	Proposal needs to be clarified to assess priority
Incentives for solar pool heating systems within CSI-Thermal program	High	High
Program Application Database and Confidentiality	High	Medium or low
Coordination of CSI Program Application Process with Utility Interconnection Application	High	Remove from scope
MW Goals of MASH and SASH Solar Programs	High	Low
Public Reporting via California Solar Statistics	High	Low
SASH Workforce Development Benefit	Medium	Medium
SASH Design Factor Requirement	Medium	Medium
SASH Inspections	Medium	Medium
SASH participation for third-party owned systems	Medium	Medium
Administrative budgets	Low	Low
Reassessment of the NEM Program		High
Applications for Rehearing of the NEM Cap Decision		High
Benefit-Cost Analysis of the NEM Program		High
SB 594 Implementation		High
CSI General Market Performance-Based Incentive (PBI) Modifications		High
CSI General Market Program Closure		High
Residential SWH Electric and Propane Budget		High
SGIP Modifications		Medium
SGIP M&E Requirements		Medium

II. DISCUSSION

A. The Priority of Several Issues Should be Adjusted

While most issues in the Ruling are well prioritized, PG&E has several suggestions and comments for the issues discussed below.

1. Maintaining Consumer Protection post-CSI

PG&E believes that consumer protection post-CSI could be very valuable. However, since this is a new issue and no details were provided on what is being proposed, PG&E cannot rank this issue without understanding the scope, i.e. issues to be included, timeline, budget, legal authority, who is to administer, etc. Since this topic is new, PG&E recommends that the Commission elaborate on this proposal so parties can take a position on its priority.

2. Program Application Database Confidentiality

PG&E suggests that the priority of the “Program Application Database and Confidentiality” issue be reduced to “Medium” or “Low” in this proceeding for two reasons. First, there are existing CPUC privacy rules under the Customer Privacy Decision (D.11-07-056) and prior decisions that already govern the availability to third-parties of customer-specific data, including energy usage data. Second, the CPUC is reviewing these data access issues actively and in a comprehensive fashion in Phase III of R.08-12-009 (see ALJ Ruling, February 27, 2013, R.08-12-009, setting a schedule to establish “data use cases,” timelines for provision of data, and model non-disclosure agreements). For these reasons, this is not an appropriate or efficient forum to determine these data access and confidentiality issues. This proceeding should instead apply findings from the other proceedings in R.08-12-009 as they relate to the DG program application databases.

3. Coordination of CSI Program Application Process with Utility Interconnection Application

PG&E requests the Commission remove the Coordination of CSI Program Application with Utility Interconnection Application issue from the list of issues to be considered in this proceeding. The original intent was to increase efficiencies in the interconnection and CSI

program application submittal process for customers and their contractors. However, given that the CSI Residential program is expected to run out of available funds in PG&E's service area in 2013, there may be little or no value to integrate the two application processes. Therefore, this issue should be eliminated from the Staff Proposal. PG&E will continue its effort this year in developing an online Standard NEM application to streamline the application submittal process by offering features such as dynamically auto-populated fields, dropdown lists, and uploading of documents. In addition, PG&E will use an online application for expanded NEM applications in the future, while also making our interconnection forms easier to understand and complete.

4. MW Goals of MASH and SASH Solar Programs

PG&E recommends adjusting the priority of MW Goals of MASH and SASH Solar Programs from high to low. All three MASH Program Administrators have either reserved all the incentive funds or are close to it. In addition, Assembly Bill (AB) 217 is pending, which proposes to add an additional \$108 million to the low income CSI budget, and the CPUC recently voted to support this bill if amended. If AB 217 is enacted into law, the MW goals will need to be reassessed at that juncture.

5. Public Reporting via California Solar Statistics (CSS)

PG&E recommends adjusting the priority ranking for Public Reporting via CSS from high to low. The CSI Program Administrators (PAs)¹ and Energy Division staff participate in a weekly Public Reporting/Data Integrity call which focuses on developing the CSS website for improved public reporting. PAs along with Energy Division staff have spent a significant amount of time prioritizing future CSS features that help provide transparency into the program, reduce administrative burden, barriers to participation, and address regulatory mandates. If there are additional issues that cannot be addressed by the PAs during the Public Reporting/Data Integrity calls, due to administrative, policy or regulatory constraints, these issues could be addressed in this proceeding as a low priority item to be dealt with after the high and medium issues are resolved.

¹ The CSI PAs include PG&E, Southern California Edison (SCE), and the California Center for Sustainable Energy (CCSE), which administers the CSI Program for SDG&E customers.

6. SASH Workforce Development Benefit, SASH Inspections, and SASH Participation for Third-Party Owned Systems

PG&E has no comment on the medium priority given to the four SASH issues. However, PG&E does recommend that the CPUC combine the four SASH issues and address them all at once instead of making them separate issues, as this will simplify the process.

B. Additional Issues That Should be Considered by the Commission

As provided in the Ruling, parties are encouraged to suggest additional issue areas not listed that merit review in this proceeding, along with a recommended priority level. In response to this, PG&E would like to raise the following issues related to all customer generation programs including the CSI, CSI Thermal, Self-Generation Incentive Program (SGIP), and NEM programs:

1. Reassessment of the NEM Program

The Order Instituting This Rulemaking stated that in this proceeding, the Commission would continue its work to implement net metering (NEM) issues as they arise.² One such decision from the last proceeding was the NEM Cap Decision (D.12-05-036), which ordered an updated, comprehensive study of the NEM program, which would be used by the Commission to set future policy for the NEM program. That decision stated that the Commission would consider these issues in “future proceedings.” It is not clear if this is the proceeding to which that Decision referred. However, assessment of the NEM program is a high priority, and PG&E suggests that the Commission include this issue in its list of issues to ensure that they stay in scope.

2. Applications for Rehearing of NEM Cap Decision

The Order Instituting this Rulemaking stated that all outstanding matters from the old CSI/Self Generation Rulemaking 10-05-004 would be transferred to this Rulemaking, with one exception, which it described as a *single* request for rehearing of D.12-05-036, the Net Metering Cap decision.³ However, ten different parties filed four separate requests for rehearing.⁴ PG&E

² Order Instituting this Rulemaking, page 10.

³ Order Instituting this Rulemaking, page 1.

recognizes that the resolution of all these Applications may be within the scope of the prior proceeding, rather than this docket. However, should the resolution of the Applications lead to any need for implementation on the part of the CPUC in this CSI/DG OIR, there should be a placeholder to deal with those issues. PG&E suggests that the issue receive “High” priority, even though the Commission’s timing is uncertain.

3. Benefit-Cost Analysis of the NEM Program

PG&E suggests adding an issue to address the outcome of the current Benefit Cost analysis of NEM qualifying systems being conducted by the Energy Division and E3 pursuant to AB 2514.⁵ PG&E expects the draft of the expected report from the consultant will be released for comments and reply comments; there may be the need for workshops where the consultant can expand on the contents; and the CPUC will need to adopt the report for submittal to the Legislature. All of this activity should be included in this proceeding and it should have a High priority.

4. SB 594 Implementation

Senate Bill (SB) 594 (Chapter 610, Statutes of 2012) requires a Commission determination of whether the cost shift will be increased if customers can aggregate accounts at the same site.⁶ PG&E suggest this issue be assigned a High priority, in recognition that the CPUC must make a determination of this question by September 30, 2013.

⁴ Applications for rehearing were filed by the following parties (1) jointly by PG&E, Southern California Edison, The Energy Producers & Users Coalition (EPUC), and The California Large Energy Consumers Association (CLECA), (2) TURN, (3) SDG&E, and (4) jointly by the Solar Energy Industries Association, the California Solar Energy Industries Association, the Sierra Club and Vote Solar Initiative.

⁵ This ongoing work is discussed on the CPUC’s solar web page at http://www.cpuc.ca.gov/PUC/energy/Solar/nem_cost_benefit_evaluation.htm.

⁶ PU Code section 2827(h)(4)(D) provides that this part “shall not become operative for an electrical corporation unless the commission determines that allowing eligible customer-generators to aggregate their load from multiple meters will not result in an increase in the expected revenue obligations of customers who are not eligible customer-generators. The commission shall make this determination by September 30, 2013.”

5. CSI General Market Performance-Based Incentive (PBI) Modifications

PG&E strongly recommends consideration of PBI payment modifications as an additional issue with high priority. Based on the 2010 CSI Impact Evaluation conducted by Itron, PBI systems have performed very well and have delivered 7.8% more energy than expected. While we still want to maintain long-term monitoring of system performance to ensure these PV systems are performing as expected and believe that it is very important to gather data for measurement and evaluation purposes, we believe that PBI payment modifications are needed in order to close out the CSI PBI program shortly after it sunsets at the end of 2016.

PBI program modifications are needed to prevent administrative burden to PAs and Participants and administration over-runs. Currently, PBI projects are issued payments on a monthly basis over a five-year period. Since public schools, community colleges, and state college projects have up to three years to complete an installation, a reservation issued to such an entity in 2016 with five years of PBI payments would not be complete until 2024. Therefore, if the current PBI payment structure were to continue, it is expected that the CSI program may not be fully completed until 2024. PG&E does not believe that the original intent of the CSI program was to keep the CSI program open for such an extended time. The CPUC should consider modifications to the PBI payment stream such as reducing payment period to support an earlier program close date.

6. CSI General Market Program Closure

As the CSI program progresses through the final steps of the program there will be many issues that will need to be identified and addressed that may need a Commission decision mainly pertaining to handling any future program attrition and management of the budget. To ensure that there is transparency for program participants during the final steps of the CSI program, these issues should be treated as high priority.

7. Allow Residential CSI Thermal Electric and Propane Budget to pull from CSI GM Non-Residential Step 10 Budget

PG&E seeks Commission approval to allow residential CSI-Thermal electric and propane-displacing solar water heating systems (SWH) to continue to receive incentives after the CSI PV residential incentive budget is exhausted by allowing these systems to be funded from the CSI PV non-residential incentive budget.

Due to a high volume of residential PV installations, PG&E is close to exhausting the Step 10 incentive budget for the general market CSI program, which would presumably end the CSI-Thermal Program for residential electric and propane displacing SWH systems after only three years of program existence. CSI Thermal electric and propane displacing SWH projects share the CSI General Market's Step 10 budget. This portion of the CSI-Thermal program has seen significant participation relative to the amount of customers who heat their water using electricity or propane in PG&E service territory. Single-family homes are an important part of efforts to transform the SWH market. By allowing residential electric and propane-displacing systems to use non-residential incentive budget, the CSI-Thermal program and SWH industry will benefit from more installations.

8. SGIP Program Modification

Additional consideration should be given to the Self-Generation Incentive Program (SGIP) as it continues to develop and refine those recent changes implemented by the California Senate Bill (SB) 412 and D. 11-09-015. Examples of the changes instituted with the adoption of SB 412 include items related to Greenhouse Gas Emission reduction standards along with the method for effectively calculating those reductions for the purposes of program eligibility. Also, new to the SGIP is the evaluation process surrounding approved California Suppliers for the purposes of increased incentives for the installation of equipment manufactured in-state. In addition, Advanced Energy Storage has been added as an approved stand-alone technology eligible for SGIP incentive. The continued development of these and other SGIP related issues should be included with Medium priority.

9. SGIP Measurement and Evaluation Requirements

PG&E requests that the Commission remove the requirement for the SGIP Program Administrators to issue semi-annual renewable fuel use reports and instead require them to be submitted annually. Submitting the renewable fuel use report semi-annually has provided very limited benefit for the program as not many systems change that often. Preparing this report annually will not only reduce cost, it will achieve the same results. PG&E would make this a medium priority.

III. CONCLUSION

PG&E appreciates the opportunity to provide this prehearing conference statement and looks forward to working with the Commission, Energy Division staff, the solar community, and the other Program Administrators on these issues.

Respectfully submitted,

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