

**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
SAN DIEGO GAS & ELECTRIC COMPANY (U902E)**

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Pursuant to the March 6, 2013 Administrative Law Judge's Ruling Setting Prehearing Conference issued by Administrative Judge MacDonald, San Diego Gas & Electric Company ("SDG&E") hereby files its prehearing conference statement to address the prioritization of certain proposed program modifications to the California Solar Initiative ("CSI") and general scoping matters.

I. CSI PROGRAM MODIFICATIONS

SDG&E has reviewed the list of priorities identified by the staff of the Commission's Energy Division regarding program modifications to the CSI and suggests that the Commission reprioritize two of the program issues.

A. Coordination of CSI and Utility Interconnection Applications is a Low Priority

First, SDG&E requests that the issue of coordinating the CSI application process with the utilities' interconnection application be assigned a low priority or removed from the issue list altogether. The value of streamlining the CSI application and interconnection process would be short lived, given that CSI program incentive funding has reached its final stages and few program years remain for additional CSI applications to be filed. SDG&E believes that program administrative resources would be better directed at issues that provide lasting program value, such as measurement and evaluation, and the other high priority issues listed by the Commission.

B. Assessing CSI Administrative Budgets is a High Priority

Second, SDG&E requests that the issue of program administrative budgets be designated as a high priority item to be addressed in the proceeding. As the CSI program approaches its

sunset and program administrative budgets decline, it is imperative that remaining budgets are expended in a targeted and efficient manner, thereby ensuring adequate program management and ongoing measurement in outlying years. SDG&E is especially concerned with the issue of administrative budgets given that the California Center for Sustainable Energy (“CCSE”) is currently projecting a general market budget shortfall for administration of the CSI program in SDG&E’s service territory.¹ SDG&E is supportive of revisiting program administrative budgets in the second quarter of 2013, to identify and adjust areas of existing spending based on the current and future needs of the CSI program. Efficiencies can be achieved by avoiding spending on projects that, at this point, may be untimely – such as the application coordination exercise described above. Analyzing administrative budgets in early in 2013 will allow more opportunities to realize these efficiencies. SDG&E does not support increasing ratepayer funding as an alternative means to address CSI administrative budget concerns.

II. GENERAL SCOPE

SDG&E has reviewed the preliminary scoping memo provided in the Order Instituting Rulemaking in this proceeding and agrees, generally, with the scope provided therein.² However, SDG&E has one question pertaining to the scope that we hope can be clarified. Distributed Generation (“DG”) policy issues are identified as part of the preliminary scope of the proceeding and include, but are not limited to Net Energy Metering (“NEM”) policies and issues, continued implementation of the NEM cap calculation, as directed in decision (D.) 12-05-036, and consideration of the Solar Energy Industries Alliance (SEIA) petition to modify D.12-05-036.³ To the extent that the scope of this proceeding includes these issues SDG&E assumes that it also includes the issue of NEM subsidies and policies that would make allow NEM to grow beyond the existing NEM cap, without adverse impacts to non-NEM customers.

However, in D.12-05-036, the Commission ordered an updated NEM cost / benefit study to be completed no later than October 1, 2013. The Decision also suspends NEM at the end of 2014, pending the outcome of further commission proceedings to be undertaken in the wake of the study. The Decision goes on to identify a future rulemaking:

¹ CCSE Petition for Modification of Decisions D.10-09-046, D.08-10-036, D.11-07-031 and D.06-08-028 to Address California Solar Initiative General Market Program Administration Budget Issues within CCSE’s Program Territory, P.4.

² Order Instituting Rulemaking Regarding Policies, Procedures, and Rules for the California Solar Initiative, The Self-Generation Incentive Program and Other Distributed Generation Issues, P.4.

³ Id. at 4.

*We anticipate this temporary suspension in the NEM program, effective January 1, 2015, will remain in place pending the issuance of new rules at the conclusion of a rulemaking proceeding we will commence once the study described above is completed.*⁴

It is not clear if the Commission intends the issues outlined above to be addressed in this proceeding, the ongoing Residential Rate Reform OIR, or in the rulemaking proceeding that will address the results of the CPUC's NEM cost benefit study. Given that this issue could potentially fall within the scope of any or all of these proceedings, SDG&E requests that the Commission specifically identify where the issue of NEM cross-subsidies and changes necessary to allow NEM to grow in the long-term without adverse impacts to non-NEM customers will be addressed. SDG&E considers this matter to be a high priority and essential to creating a sustainable market structure for future NEM and achieving California's net zero energy goals.

III. CONCLUSION

SDG&E appreciates the opportunity to comment on the proceeding scope and potential CSI program modifications being contemplated by the Commission. For the reasons set forth above, SDG&E asks that the Commission accept this prehearing conference statement and adopt the alterations and clarifications requested herein.

DATED at Los Angeles, California, this 11th day of March, 2013.

Respectfully submitted,

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⁴ D.12-05-036, P.15.