

**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)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) PETITION TO MODIFY
DECISIONS 10-09-046, 07-11-045 AND 08-10-036 TO ADDRESS THE CALIFORNIA
SOLAR INITIATIVE PROGRAM SUNSET**

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Dated: April 10, 2013

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I. INTRODUCTION

In accordance with Rule 16.4 of the California Public Utilities Commission (CPUC or Commission) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) respectfully submits this Petition for Modification (Petition) of Decisions 10-09-046, 07-11-045, and 08-10-036 to address the incentive budget for PG&E's California Solar Initiative (CSI) general market (GM) program as it sunsets within PG&E's program territory. PG&E expects to fully meet the megawatt (MW) goals adopted by the CPUC for the CSI GM program. PG&E also expects to reserve enough funds to meet the budget goals adopted by the CPUC for residential GM projects. However, even after meeting those goals, there are likely to be some dollars left over due to projects that drop out and are not completed. In addition, there may be some incentive money remaining for non-residential projects even after the MW goals are met. Rather than maintaining a queue for many years for what may be a relatively small amount of

money from residential projects that intermittently drop out, and a somewhat bigger amount for non-residential projects, PG&E requests to transfer those dollars to the low-income CSI programs. This appears to require amending three prior CSI decisions. As discussed in greater detail below, PG&E seeks modification of Decision (D.)10-09-046, D.07-11-045 and D. 08-10-036 to make the following changes to the administration of the CSI program in PG&E's service area only:

- Close the CSI GM Residential (Residential) program once the remaining incentive budget has been reserved.¹
- Close the CSI GM Non-Residential (Non-Residential) program once adequate reservations anticipated to meet the megawatt (MW) goal have been issued, as described in more detail below.
- Continue to support the low-income solar programs, specifically the Multifamily Affordable Solar Housing (MASH) program and the Single-Family Affordable Homes (SASH) program by moving GM incentive dollars that may become available through future Residential program attrition, and incentive dollars in excess of what is expected to be needed to meet the Non-Residential MW goal.²

II. DISCUSSION

A. Background on the CSI GM Program Budgets and MW Goals

California investor-owned utilities (IOUs) have been providing incentives to customers who install solar power for over a decade now, originally through the CEC's Emerging Renewables Program and the IOU's Self Generation Incentive Program, and later through the

¹ PG&E has already reserved enough projects to meet the approved CSI Residential MW goal. PG&E is managing the Residential program with the additional dollars, which have become available through program attrition.

² Program dropouts from previous Steps have provided PG&E additional funds for incentives beyond the total Non-Residential MW target.

California Solar Initiative (CSI), as adopted first by the CPUC, and later the legislature. However, the current structure for CSI incentives is rapidly moving toward the end of the GM program in PG&E's service area. As mandated by Senate Bill (SB) 1 (Stats.2006, Ch. 132) California will spend \$3.3 billion to support customer installations of 3,000 MW of new solar capacity. The CPUC supervised that portion of the state-wide effort is funded by the customers of California investor-owned utilities (IOUs): PG&E, Southern California Edison (SCE), San Diego Gas & Electric (SDG&E). This is the country's largest solar incentive program, with a \$2.4 billion budget and a goal to reach 1,940 MW of solar capacity by the end of 2016.

To implement SB 1, the Commission adopted an incentive budget of \$1,707.41 million for the three IOUs.³ The CSI program consists of several components including the CSI GM solar program, which provides incentives for residential and non-residential solar systems, and the SASH and MASH programs which provide solar incentives to qualifying single-family housing owners or multifamily low-income housing facilities, respectively. The CPUC has allocated ten (10) percent of the overall CSI Program budget, or \$216 million, to incentives for affordable housing or low-income residents,⁴ divided equally between the SASH and MASH low-income programs. The CPUC adopted the general framework for the SASH program in D.07-11-045, and for the MASH program in D.08-10-036.

In D.06-12-033, the CPUC adopted MW goals for the CSI program consistent with SB 1. For PG&E, its goals are to provide incentives to 764.8 MW of solar projects through the GM program.⁵ This decision also adopted CSI budgets for each program administrator. Since then, the CPUC has twice updated those budgets.⁶ The current CSI budget for PG&E for GM

³ D.06-12-033 , Table 1, page 28. This was later modified to \$1,947.8 million in D.11-12-019, Table 2, Appendix page 2, primarily in response to SB 585 (2011).

⁴ D.06-12-033, page 28.

⁵ See D.06-12-033, Appendix B, Table 2 (page 2) and Table 10 (page 6).

⁶ In D.10-09-046, at pages 23-24, Tables 6 and 7, the CPUC adopted program budgets for PG&E. In D.11-12-019, the CPUC revised the budget further after the legislature increased the CSI budget to implement SB 585.

incentives is \$211.6 million for residential projects, and \$666.1 million for non-residential projects, for a total of \$877.8 million.⁷ The MW goals remain the same: 252.4 MW for residential installations and 512.4 MW for non-residential installations.⁸ The CPUC had directed the program administrators to manage the program to both the MW goals and the CSI budgets.⁹ However, the CPUC did not address what should happen if the MW caps were expected to be met with budget remaining.

B. CSI GM Program Progress In PG&E's Service Area

In 2006, the Commission assumed that under the GM CSI program, it could take up to ten years for PG&E to provide incentives to 764.8 MW of solar projects. However, this program has been very successful, and PG&E will meet these goals long before the ten years have passed. As shown on the statewide Trigger Tracker web site,¹⁰ excerpted in the boxes below, the program is progressing well in PG&E's service area. Therefore, no further projects are expected to be needed to meet the CSI MW goals for the residential program. In the first quarter of 2013, PG&E issued confirmed reservations that would exceed its Residential MW goal. PG&E anticipates that the current number of projects currently in the queue to be installed and the remaining dollars available to reserve projects will yield a total of 264 MW of installed residential capacity. This MW total already takes into account anticipated future residential project attrition and will allow PG&E to potentially exceed its residential MW goal by 12 MW.¹¹

Additionally, PG&E anticipates that enough reservations will be issued within the next year for PG&E to meet their non-residential MW goal. PG&E has CSI non-residential projects

⁷ D.11-12-019, Table 3, page 9.

⁸ D. 06-12-033, Appendix B, page 2, Table 2.

⁹ See, in particular, Ordering Paragraph 3 of D.10-09-046, page 32, stating that the CSI Program Administrators "shall effectively manage their program budgets" as set forth in the decisions to stay within the budget caps established for the CSI program.

¹⁰ The web site is at <http://www.csi-trigger.com/>, and the table summarizing Step 10 is as of April 3, 2013.

¹¹ PG&E's historical residential attrition rate is eight (8) percent.

already installed meeting seventy (70) percent of its non-residential MW goal. It currently has projects totaling twenty-four (24) percent of this MW goal pending in queue. That leaves only 6% of its MW goal remaining to be filled in order to reach PG&E’s non-residential goal of 512.4 MW.¹²

Customer Class	Total MW in Step 10	Issued Conditional Reservation Letters (MW)	MW Remaining	MW Under Review
Residential	52.26	61.85	0	1.43
Non-residential	122.60	69.15	53.45	15.59

The current CSI status in PG&E’s service area is as follows:¹³

	Program Goals		Confirmed		Under Review		Remaining		Total forecasted
	Capacity (MW)	Budget (million \$)	Capacity (MW)	Budget (million \$)	Capacity (MW)	Budget (million \$)	Capacity (MW)	Budget (million \$)	Capacity (MW)
Residential	252	211.6	258	210	2	0.4	6	1.3	266
Non-Residential	512	666.2	458	629	8	4.4	76	33	543
Total	764	877.8	716	839	10	4.8	82.5	34	809

As shown above, PG&E’s CSI GM program is making significant progress towards meeting its combined residential and non-residential goal of 764.8 MW of installed capacity. PG&E is filing this Petition to provide for an efficient close to the CSI GM program.

¹² Data as of April 3, 2013 via www.californiasolarstatistics.org .

¹³ This data comes from http://www.californiasolarstatistics.ca.gov/reports/budget_forecast/, Table 6, figures for PG&E, as of April 3, 2013.

C. PG&E's Specific Proposal

PG&E respectfully requests that the Commission allow PG&E to:

1. Close PG&E's CSI residential program once the current incentive budget has been encumbered through the issuance of reservations;
2. Move PG&E's CSI residential incentive dollars that may become available through future attrition to the low-income solar programs (MASH and SASH);
3. Close PG&E's CSI non-residential program once PG&E reserves sufficient projects to meet the approved MW goal of 512.4 MW and create a waitlist for non-residential projects that will also be closed once there are sufficient projects on the waitlist to anticipate meeting this goal, taking into account PG&E's historical dropout rate; and¹⁴
4. Move excess non-residential incentive dollars, beyond what is expected to be needed to meet the installed MW goal as described in #3 above, to the low-income solar programs, MASH and SASH.¹⁵

With this proposal PG&E intends to fully meet the existing MW goals for the CSI GM program, taking into account anticipated dropouts, for both the residential and non-residential programs. As described above, PG&E will maintain a limited waiting list for the non-residential program as needed for that purpose. However, since it can take a long time for projects that have confirmed reservation letters to come on line and receive their incentives, it is possible that there may be a few more than anticipated reserved projects that drop out. Rather than keeping an ongoing waiting list of GM projects seeking dollars not expected to be needed to meet set MW goals, PG&E proposes that once the residential program is closed and once the waitlist for the non-residential program is reserved, PG&E will automatically move any additional incentive dollars that become available to the low-income programs.

¹⁴ PG&E has a historical non-residential attrition rate of twenty-nine (29) percent.

¹⁵ As of April 8, 2013 PG&E had approximately \$10 million more than enough non-residential incentive budget, far beyond what is needed to meet the non-residential predetermined MW goal as shown on www.californiasolarstatistics.org, CSI Incentives Budget Report, Table 2.

With all the success of solar in the past several years, PG&E is confident that the solar industry will continue to grow without the need for CSI rebates. After projects anticipated to be sufficient to meet the CSI MW goals are reserved, continuing to maintain a waitlist could create unnecessary project delays, as solar developers may need to consider waiting for an incentive that may or may not materialize. Also, the cost of administering an ongoing waitlist may create future program administrative issues for PG&E.

Therefore, PG&E respectfully requests modification of D.10-09-046, to allow the PAs to change the process of reallocation of funds from applications that drop out as described in this Petition. Ordering Paragraph Seven directs the CSI PAs to “submit an Advice Letter no later than January 15, 2011, containing proposed CSI Handbook revisions regarding administrative details including but not limited to mechanisms to forecast remaining budget funds, cease processing reservations when funds are no longer available, reallocate funds from applications that drop out, and create a waiting list of applicants should additional funds become available,”¹⁶ However, it is not at all clear that the CPUC contemplated using an advice letter process to approve transferring dollars from the CSI general market program to the low-income programs. Accordingly, PG&E requests that the Commission add a new sentence at the end of Ordering Paragraph Three of D.10-09-046 stating:

“PG&E shall be permitted to reallocate funds from applications that drop out of the General Market CSI program to the SASH and MASH programs instead of creating a waiting list beyond what is reasonably expected to be needed to manage attrition, once the MW goal for each of the residential and non-residential programs is projected to be met through reservations, including a reasonable additional amount of MW to account for projects that may drop out.”

¹⁶ D.10-09-046, Ordering Paragraph Seven.

Similarly, PG&E requests modification of Appendix A of D.07-11-45, by adding the underscored language below regarding the budget for the SASH program:

“The program budget is a minimum of \$108.34 million, unless modified by the Commission following review of multi-family low-income solar program proposals.”¹⁷

Finally, PG&E requests similar modification of D.08-10-036, by adding the underscored language below:

“The MASH budget is a minimum of \$108.34 million. . .”¹⁸

These changes will allow the future incentive dollars available through residential attrition and incentive dollars in excess of what is expected to be needed to meet the non-residential MW goal to be distributed to the low-income solar programs, MASH and SASH. Under this proposal, PG&E will reserve enough projects to cover expected dropouts so that the MW goals are likely to be met. This request is particularly timely given that the current low-income solar programs, SASH and MASH, have nearly exhausted their current funding in PG&E’s program territory. For this reason PG&E seeks the authority described in this Petition to move excess CSI incentive dollars to the low-income solar programs, which will allow PG&E to get one step closer to meeting the MASH and SASH MW goals.

While the upfront cost of solar has decreased in recent years¹⁹, barriers remain for low-income families and incentives are still needed to ensure continued adoption of solar in low-income communities. The SASH and MASH programs are proven, successful low-income solar models that bring the many benefits of solar energy to the most disadvantaged communities, including household energy savings, job training and employment opportunities, local economic

¹⁷ D.07-11-45, Appendix A, page 3.

¹⁸ D.08-10-036, Appendix A, page 3. Also Conclusion of Law 12 should likewise be modified to provide “a minimum of” \$108.34 million.

¹⁹ Since the inception of the CSI program in 2007, residential solar cost has dropped nearly 31% according to data as of April 3, 2013 via www.californiasolarstatistics.org.1%.

development, and environmental improvement. The programs have been successful in helping provide for solar in 2,704 low-income single-family homes and 284 low-income multifamily complexes statewide.²⁰ PG&E suggests the Commission continue to support these programs by reallocating GM incentive dollars that may become available beyond what is anticipated to be needed to meet the GM MW goals.

With the approval of this Petition, PG&E will proceed with the GM program closure process and incentive fund transfer to the low-income solar programs once projects expected to be sufficient to meet the CSI GM MW goals are reserved.

D. The Timing of this Petition Exceeds One Year for Good Reason

Rule 16.4(d) of the CPUC rules of Practice and Procedure provides that if more than a year has elapsed since the effective date of the decision proposed to be modified, the petition must explain why the petition could not have been presented within one year of the effective date of the decision. PG&E respectfully submits that during the years following the issuance of the decisions above, it was impossible to predict the early success of the CSI GM programs, or that PG&E would have incentive dollars in excess of what is needed to meet the GM residential and non-residential MW goals.²¹

III. CONCLUSION

For the reasons stated herein, PG&E respectfully requests that the Commission grant this petition to modify D.10-09-046, D.07-11-045, and D.08-10-036, as expeditiously as possible. By granting the requested modifications, the Commission will ensure that PG&E can carry out and complete the CSI program by meeting the MW goals, help alleviate any potential CSI program administration budget issues that may arise with administering a wait list until 2016,

²⁰ Data as of March 29, 2013 via www.californiasolarstatistics.org.

²¹ This request also meets the requirements of Rule 16.4(b), which says that all new facts should be supported either by a declaration or affidavit or by facts that may be officially noticed. All the new facts needed to adopt this Petition may either be found in prior CPUC decisions, in the California Solar Statistics web site figures, or in the Trigger Tracker web site figures.

while also providing additional incentives to the low-income solar programs, where it is still needed.

Respectfully submitted,

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