

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)

**THE DIVISION OF RATEPAYER ADVOCATES' RESPONSE TO PACIFIC GAS AND
ELECTRIC COMPANY'S 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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I. INTRODUCTION

Pursuant to Rule 16.4 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) submits the following response to Pacific Gas and Electric Company's (PG&E) Petition to Modify Decisions (D.) 10-09-046, 07-11-045 and 08-10-036 to address the California Solar Initiative (CSI) Program Sunset ("Petition"). The Petition proposes to shift funds from the CSI-General Market (CSI-GM) program, once the program achieves its megawatt (MW) goals, to the Single Family Affordable Solar Housing (SASH) and Multi-family Affordable Solar Housing (MASH) programs. DRA finds that the Petition lacks sufficient detail to determine whether the requested relief is reasonable. Specifically:

- The Petition lacks detail regarding the amount of funds that PG&E anticipates would be available for transfer and the expected remaining budgets for SASH and MASH. PG&E should provide that information.
- The Petition does not specify how PG&E proposes to allocate transferred CSI-GM funds between SASH and MASH.
- It is unclear whether PG&E seeks the requested modification solely for its program territory, or if this modification is requested to be implemented for all CSI Program Administrators (PAs).
- The Petition does not provide any compelling support for terminating the CSI-GM programs.

II. DISCUSSION

A. **The Petition lacks detail regarding the amount of funds that PG&E anticipates would be available to transfer, and the expected remaining budgets for SASH and MASH.**

The Petition provides no details about how much funding PG&E anticipates could be shifted to SASH and MASH, either currently or at the time when PG&E anticipates it would transfer those funds. Additionally, PG&E filed a separate petition that would, if approved, make funds available for CSI-Thermal residential electric-displacing systems through funding from the CSI-GM non-residential budget once the CSI-GM residential MW goal is reached, which would impact the amount of funds available to transfer to SASH and MASH.¹ Without details regarding the amount of available funds and the amount PG&E expects to transfer, parties have insufficient information with which to consider whether the proposed transfer is reasonable. DRA staff inquired informally and PG&E staff provided an

¹ R.12-11-005 PG&E's Petition for Modification of D.10-01-022, filed April 8, 2013. DRA communicated by email with PG&E staff to request clarification regarding the timing / interaction of the two petitions, i.e., to confirm that incentives for CSI-Thermal electric-displacing systems would terminate once the CSI-GM non-residential MW goal is reached.

estimate of \$200,000 from the residential sector and \$0 - \$6.5 million from non-residential, though PG&E staff highlighted that these are simply estimates based on (1) current residential participation in the CSI-Thermal program and (2) not accounting for potential attrition in the CSI-GM program.² While updated information on the amount of remaining MASH funds is available online,³ updated SASH budget information is not available online but may be obtained directly from the program administrator (GRID).⁴

DRA recommends that the Commission consider whether to grant the requested relief, once PG&E provides the necessary information. Considerations that should guide the determination include the Commission's observation in determining the CSI budget, that "[i]f we achieve 2,600 MW of solar installations before 2016, we can happily close the program early as a success."⁵ When a utility has collected excess funds in its Energy Resource Recovery Account (ERRA) account, the Commission has directed the return of those funds to ratepayers.⁶ DRA also notes that a legislative proposal to authorize additional funding for the SASH and MASH programs, and to extend their current deadline, is currently pending.⁷

If the Commission approves this Petition, DRA recommends that PG&E update both the amount of funds it proposes to transfer from the CSI-GM program, and the estimated funds remaining from the original SASH and MASH program budgets, at the time of CSI-GM program close-out for the

² As of May 8, 2013, PG&E's online daily budget reports for the CSI-GM program showed "remaining funds" of approximately \$15.1 million. http://www.californiasolarstatistics.ca.gov/reports/pge_res_daily and http://www.californiasolarstatistics.ca.gov/reports/pge_nonres_daily.

³ PG&E's amount of remaining MASH funds was \$1,534,604 as of May 8, 2013. http://www.californiasolarstatistics.ca.gov/reports/mash_budget/.

⁴ DRA communicated with Stan Greschner (GRID, Director of SASH Program) by email and learned that the amount of SASH funds remaining, for PG&E's portion of the budget, is approximately \$8.5 million. Mr. Greschner also conveyed that PG&E SASH incentives totaled over \$14 million in 2012, and that GRID anticipates that all PG&E SASH incentives will be spent/encumbered by the end of 2013 or Q1 2014, at the latest.

⁵ D.06-08-028, p. 88.

⁶ For example, the Commission directed San Diego Gas & Electric (SDG&E) to return \$120 million of over collected funds accumulated in SDG&E's ERRA as a result of an over collection. D.10-08-020, at p. 1 and Finding of Fact (FoF) 2 at p. 6. PG&E requested and the Commission ordered the return of PG&E's over collection of \$424.4 million in its ERRA account to ratepayers as a one-time bill credit. D.09-10-021, at p. 3. Similarly, SDG&E requested and was ordered to return an over collection of \$124 million as a one-time bill credit. D.09-09-042, p. 4. Also, see D.12-11-015 footnote 162 (p. 107), which addresses Southern California Edison's Research, Development and Demonstration (RD&D) one-way balancing account and specifies that any remaining balance in a one-way balancing account is returned to ratepayers.

⁷ Assembly Bill 217 (Bradford) would authorize up to \$108 million in additional funds and extend the SASH and MASH programs through 2021 or until those funds are exhausted.

residential and non-residential sectors. At the time of the funds transfer, PG&E should file a Tier 2 advice letter that includes the specific amount of funds it would transfer from the CSI-GM program to SASH and MASH.

B. The Petition does not specify how PG&E proposes to allocate transferred funds between the SASH and MASH programs.

The Petition does not include a proposed allocation of funds to be transferred to the SASH and MASH programs. For transparency purposes, PG&E should specify the allocation of funds that would be shifted from the CSI-GM budgets to SASH and MASH.

If the Commission approves this Petition, DRA points out that one benefit of directing a greater proportion of funds to the SASH program is the ability of the program administrator, GRID, to fill the financing gap that many low-income homeowners face by leveraging its own non-profit and other funding resources.⁸ While (multi-family) affordable housing property owners may also face certain financing challenges, the MASH program has greater flexibility with which to address them, given the ability of third-party providers to participate and offer projects at little or no upfront cost; third-party providers are also able to take advantage of federal tax incentives (30% investment tax credit and Modified Accelerated Cost Recovery System (MACRS)), which could reduce the total cost to host customers.

C. It is unclear whether the Petition applies to PG&E alone or to all CSI PAs.

The Petition lacks clarity on whether PG&E seeks the requested modification solely for its program territory, or if this modification is requested to be implemented for all CSI PAs. On one hand, the Petition requests modifications specific to PG&E,⁹ but then the Petition also requests modifications for all PAs.¹⁰ To determine the reasonableness of the Petition, it is critical to understand the scope of the requested modifications and whether the changes are specific to PG&E only or a much broader scope that covers all CSI PAs. As PG&E is the only CSI PA that is a signatory to the Petition it is unclear if there is unanimous CSI PA support for the modifications requested. Finally, in general, DRA supports consistency across the implementation plans for all CSI PAs as it reduces complexity and

⁸ See the SASH Q3 2012 Program Status Report, http://www.cpuc.ca.gov/NR/rdonlyres/6F405977-E4E5-4FD7-A9E0-1EB0B98D005B/0/Q3_2012_SASH_Program_Status_Report_Final_11112.pdf, p. 6.

⁹ Petition at p. 6.

¹⁰ Petition at p. 7. “Therefore, PG&E respectfully requests modification of D.10-09-046, to allow the PAs change the process of reallocation of funds from applications that drop out as described in this Petition.”

enhances administrative efficiency. If the Petition is meant to affect only PG&E's CSI program, the implementation of the CSI programs across all PAs will diverge.

D. The Petition lacks compelling support for the termination of the CSI-GM programs.

The Petition proposes to shift funds from the CSI-GM program, once that program achieves its megawatt (MW) goals, to the SASH and MASH programs and close out the CSI-GM Residential and Non-Residential programs. PG&E states in support of the termination of the CSI-GM programs, "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."¹¹ Nowhere in the Petition is any data provided to support this claim. Also concerning is PG&E's unsupported claim, "Also, the cost of administering an ongoing waitlist may create future program administrative issues for PG&E."¹² PG&E provides no support for the estimated costs for administering a waitlist or details on the "specific future program administrative issues" that the Petition hopes to avoid. Also missing from the Petition is any cost-benefit analysis that demonstrates potential ratepayer savings associated with the proposed modifications.

III. CONCLUSION

DRA reserves judgment on the general proposal by PG&E to make additional funding available for low-income solar incentives through the SASH and MASH programs, but recommends that the Commission require PG&E to provide additional support for the proposed modifications before granting the Petition.

Respectfully submitted,

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¹¹ Petition at p. 7.

¹² Petition at p. 7. DRA requested and received from Energy Division staff a copy of PG&E's January 31, 2013 CSI semi-annual expense report (as required by D.07-05-047), which shows balances for each of PG&E's CSI program components (CSI-GM, SASH, MASH, CSI-Thermal, and RD&D) administrative budgets as of December 2012.