

**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)

**JOINT REPLY COMMENTS OF THE
CALIFORNIA CENTER FOR SUSTAINABLE ENERGY,
PACIFIC GAS AND ELECTRIC COMPANY (U39E), AND
SOUTHERN CALIFORNIA GAS COMPANY (U904G) TO
COMMENTS ON THE JOINT IMPLEMENTATION PLAN TO
INCORPORATE SOLAR HEATING POOL SYSTEMS INTO THE
CALIFORNIA SOLAR INITIATIVE-THERMAL PROGRAM**

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I. INTRODUCTION

The California Solar Initiative-Thermal (“CSI-Thermal”) Program Administrators (“PAs”), Southern California Gas Company (“SCG”), Pacific Gas and Electric Company (“PG&E”) and the California Center for Sustainable Energy (“CCSE”),^{1/} hereby reply to comments filed by the Division of Ratepayer Advocates (“DRA”) and the California Solar Energy Industries Association (“CALSEIA”) to address issues related to the implementation of CSI-Thermal Program eligibility for solar heating pool systems in compliance with Assembly Bill (“AB”) 2249 (Stats. 2012, ch. 607). The PAs have carefully reviewed and considered DRA and CALSEIA’s respective comments in forming these reply comments, and sought to incorporate elements of industry proposals into the proposed implementation plan where

^{1/} In accordance with Rule 1.8(d) of the Commission’s Rules of Practice and Procedure, counsel for SCG has been authorized to submit these Joint Reply Comments on behalf of each of the parties comprising the Joint Parties.

feasible. The PAs believe that the implementation plan, as further developed through these reply comments, will meet the needs of the majority of the solar water heating community and will promote and encourage the installation of solar water heating systems.

II. THE PAs RECOMMEND THAT THE SOLAR POOL HEATING INCENTIVE LEVEL BEGIN AT \$7 PER THERM

DRA recommends an initial solar pool heating system incentive of \$4 per annual therm displaced with the option to increase the incentive to \$7 per annual therm after six months if participation does not reflect adequate uptake. The PAs respectfully disagree with DRA's approach and believe that starting with \$7.00 per estimated annual therm displaced is in line with the current multi-family/commercial incentive savings, and is set at the appropriate incentive rate to stimulate market adoption. As noted in the PAs' implementation proposal, solar pool heating systems do not qualify for investment tax credit benefits, creating the need to increase the incentive.

III. THE PAs RECOMMEND THE POOL INCENTIVE CALCULATOR INCLUDE AN ASSUMPTION THAT ALL POOLS HAVE A COVER FOR A SIX-MONTH PERIOD

DRA suggests that the solar pool heating system incentive calculator not include an assumption that the pool will use a cover. CALSEIA recommends that pool covers be assumed when permitted. The PAs have recommended in the implementation plan that the solar pool heating system incentive calculator include an assumption that all pools have a cover. Nevertheless, the PAs acknowledge that some pools cannot install pool covers due to safety and code restrictions. Therefore, pool covers should not be mandated for solar pool heating systems, but rather, strongly encouraged where permitted. As noted in the current CSI-Thermal Program Handbook, making a home or business energy efficient before going solar is an essential first

step. The PAs recommend that the calculator allow for exceptions to the pool cover requirements if the local permitting agency disallows the use of pool covers. To secure an exception, the applicant will be required to provide the necessary local permits issued by the appropriate permitting agency disallowing the use of pool covers. Although not a requirement of the CSI-Thermal Program, the solar pool heating system model should assume a pool cover based on 12 hours per day of coverage for a six-month period, November through April for the given year.

IV. THE PAs RECOMMEND ALLOWING THE POOL TEMPERATURE TO VARY IN THE CALCULATOR MODEL INPUT UP TO A MAXIMUM TEMPERATURE OF 82°F.

The solar pool heating system incentive calculator model under development by the PAs will have a variable field input with a maximum pool temperature of 82°F. This will address DRA's concern regarding the model's accuracy in estimating the annual therms saved and furthermore, supports CALSEIA's industry recommendation of 82°F. Some applications do require higher pool temperatures, and therefore, customers should be allowed to design and operate pools at higher temperatures. However, the model will only allow for a maximum pool temperature of 82°F. If no maximum temperature limit is established, some applicants may game the system by claiming even higher pool temperature settings and earning higher incentives.

V. THE PAs DO NOT SUPPORT CALSEIA'S RECOMMENDATION FOR CAPPING THE INCENTIVES AT 50% OF THE PROJECT COST

The PAs disagree with CALSEIA's recommendation to cap incentives at 50% of project cost. The PAs believe that an incentive cap will create a disincentive for cost declines which is a major objective of the CSI Thermal Program. Capping the incentive amount at 50% of the total

