

**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)

**Reply Comments of the Center for Sustainable Energy regarding the  
Administrative Law Judge's Ruling (1) Incorporating Staff Proposal into the  
Record (2) Requesting Comments from Parties and (3) Setting Comment Dates**

**Center for Sustainable Energy**

**August 1, 2014**

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## I. INTRODUCTION

The Center for Sustainable Energy (CSE), formerly known as the California Center for Sustainable Energy (CCSE), appreciates the opportunity to provide these reply comments in response to Parties' opening comments regarding the Commission's Energy Division's Staff Proposal (Staff Proposal) to implement Assembly Bill (AB) 217, as issued via the *Administrative Law Judge's Ruling (1) Incorporating Staff Proposal into the Record (2) Requesting Comments from Parties and (3) Setting Comment Dates* (ALJ Ruling). CSE appreciates the thoughtful comments provided by Parties regarding the recommendations expressed in the Staff Proposal as well as the informed responses to the questions posed in Attachment B to the ALJ Ruling. Rather than responding to Parties' comments regarding each recommendation, CSE provides reply comments limited to the following select recommendations expressed in the Staff Proposal.

## II. INTERPLAY BETWEEN RECOMMENDATIONS 2, 7, AND 9: SETTING SOLAR PV CAPACITY GOAL OF 37.5 MW FOR MASH, ADJUSTING PROGRAM AND INCENTIVE BUDGET ALLOCATIONS TO SHIFT MONEY TOWARDS INCENTIVES, AND IMPLEMENTING PROGRAM DESIGN AND INCENTIVE LEVEL CHANGES DUE TO AB 217'S CAPACITY AND NEW PROGRAM GOALS, RESULTING IN TRACK 1A AND TRACK 1B INCENTIVE LEVELS OF \$0.90/WATT AND \$1.40/WATT, RESPECTIVELY

All three MASH Program Administrators (PAs) note that basing the MASH program capacity goal of 37.5 MW on the true incentive budget of \$49.69 million, i.e., the \$58 million MASH program budget reduced by an 8% allocation for administrative activities, creates discord with the proposed incentive rates of \$0.90/Watt for Track 1A and \$1.40/Watt for Track 1B that could potentially result in an incentive budget shortfall should a high number of MASH projects seek the higher Track 1B incentive.<sup>1</sup> We reiterate that the simplest way to

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<sup>1</sup> *Comments of Pacific Gas and Electric Company (U 39 E) to the Administrative Law Judge's Ruling (1) Incorporating Staff Proposal into the Record (2) Requesting Comments from Parties and (3) Setting Comment Dates*, July 22, 2014, pages 6-7; *Comments of Southern California Edison Company (U 338 E) on the Administrative Law Judge's Ruling (1) Incorporating Staff Proposal into the Record (2) Requesting Comments from Parties and (3) Setting Comment Dates*, July 22, 2014, page 3; *Comments of the Center for Sustainable*

remedy this conceivable situation is CSE's initial proposal, described in our opening comments, to set aside the full \$54 million in new funding for MASH incentives and allow the MASH Program Administrator(s) to roll over any remaining MASH administrative funds to the extended program. This remedy would in effect perform double duty: (1) increase funding for incentives that foster solar development on low-income properties, in keeping with staff's Recommendation 7 to shift funds toward incentives; and (2) prevent any potential incentive funding shortfall that may result should a large number of MASH projects seek the higher Track 1B incentive. This approach will provide the MASH program its greatest chance to meet the capacity goal of 37.5 MW. We therefore urge the Commission to adopt this proposal and set aside the full \$54 million in new funding for MASH incentives and allow the MASH Program Administrator(s) to roll over any remaining MASH administrative funds to the extended program.

### **III. RECOMMENDATION 8: FOR THE MASH PROGRAM, CONSOLIDATING ADMINISTRATION INTO A STATEWIDE PROGRAM ADMINISTRATOR**

CSE is supportive of consolidating administration for the MASH program into a single statewide third-party program administrator and would support selection of a statewide program administrator through a competitive bidding process. In support of direct designation of a statewide program administrator, CALSEIA notes, "[t]here are a limited number of qualified entities with the experience and resources to handle this program, and the commission already has experience with most if not all of these organizations."<sup>2</sup> Additionally, we appreciate Everyday Energy's recommendation to appoint CCSE, now CSE, as the

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*Energy regarding the Administrative Law Judge's Ruling (1) Incorporating Staff Proposal into the Record (2) Requesting Comments from Parties and (3) Setting Comment Dates, July 22, 2014, pages 2, 5, and 9.*

<sup>2</sup> *Comments of the California Solar Energy Industries Association on the Administrative Law Judge's Ruling (1) Incorporating Staff Proposal into the Record (2) Requesting Comments from Parties and (3) Setting Comment Dates (CALSEIA), July 22, 2014, page 5.*

statewide program administrator and not require an RFP process.<sup>3</sup> While we appreciate the support of Parties and believe that that our organization is uniquely positioned to administer the MASH program statewide, we support the selection of a statewide program administrator through a transparent, competitive bidding process managed by the Commission. In addition, CSE recommends that all current MASH PAs be permitted to be involved in the competitive bidding process managed by the Commission, but any current MASH PA should also be eligible to opt out of its participation in order to submit a proposal.

We understand that several Parties would favor consolidating administration for the MASH program into a single statewide third-party program administrator if it were not for potential delays in re-launching the MASH program that may result from holding a competitive bidding process.<sup>4</sup> We recognize these concerns and reiterate the need for a quick and efficient RFP process managed by the Commission, rather than the utilities, to meet a timely re-launch date for the MASH program. With an already long waitlist of MASH projects and anticipated increase in project installations due to the pending funding, a timely re-launch of the MASH program is crucial. Nevertheless, CSE believes the efficiencies and effectiveness that could be gained by consolidating administration into a statewide program administrator are worth any potential slight delay to hold a competitive bidding process.

Moreover, CSE proposes a solution to address any concerns over potential delays in re-launching the MASH program that may result from holding a competitive bidding process. Rather than delay the re-launch of the MASH program until the competitive bidding process has been completed, CSE proposes that the MASH program maintain an anticipated re-launch date of January 1, 2015, and that an interim governance structure utilizing the current MASH

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<sup>3</sup> *Comments of Everyday Energy regarding AB 217 Implementation Staff Proposal and Energy Division Questions* (Everyday Energy), July 22, 2014, page 10.

<sup>4</sup> *See, for example: CALSEIA at 4-5; Everyday Energy at 10; Opening Comments of Renewable Energy Partners, LLC on ALJ Ruling (REP), July 22, 2014, pages 2-3; Opening Comments of Shorebreak Energy Developers, LLC on ALJ Ruling, July 22, 2014, page 2.*

Program Administrators (PAs) and current program administration structure be put in place for the length of the competitive bidding process. The competitive bidding process should be required to be completed no later than Q2 2015; thus, the interim governance structure would be in place no longer than 2-4 months, allowing the MASH program to re-launch and begin processing applications while the competitive bidding process is quickly completed. During this interim period, the MASH PAs should be directed to not exceed 1/7 of their individual administrative budgets. CSE's proposed solution is similar to one proposed by Renewable Energy Partners, LLC, (REP) in its opening comments<sup>5</sup>; however, we believe that REP's recommendation to postpone consideration of consolidating administration for the MASH program into a statewide program administrator until the first 24 months of the program have been completed would render moot many of the operational efficiencies and effectiveness that could be gained by consolidating administration into a statewide program administrator.

**IV. RECOMMENDATION 9: FOR THE MASH PROGRAM, IMPLEMENTING PROGRAM DESIGN AND INCENTIVE LEVEL CHANGES DUE TO AB 217'S CAPACITY AND NEW PROGRAM GOALS, RESULTING IN TRACK 1A AND TRACK 1B INCENTIVE LEVELS OF \$0.90/WATT AND \$1.40/WATT, RESPECTIVELY**

Several Parties oppose staff's recommendation that the Commission extend the low-income tenant benefit policies of the CSI-Thermal program to the MASH program and require that at least 30% of the MASH incentive go directly to benefitting on-site tenants as described in similar affidavits. Both the MASH Coalition<sup>6</sup> and Everyday Energy<sup>7</sup> point out that while this is an effective way to ensure that individual tenants receive benefits in the context of a centralized boiler system for water heating where it is difficult to determine how much of the hot water is actually benefitting a particular tenant, it does not make sense in the context of the

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<sup>5</sup> REP at 2.

<sup>6</sup> *Comments of MASH Coalition regarding AB 217 Implementation Staff Proposal* (MASH Coalition), July 22, 2014, page 14.

<sup>7</sup> Everyday Energy at 8.

electricity-based MASH program, especially now that the majority of affordable housing units are individually metered.<sup>8</sup>

To ensure direct tenant benefits are received by low-income residents from MASH incentives, CSE would instead suggest that the Commission return to the previous incentive level system and provide a higher incentive level to MASH systems that address direct tenant load and a lower incentive level to MASH systems that address common area load, similar to the suggestion of Everyday Energy.<sup>9</sup> Within this context, CSE would recommend maintaining certain requirements for eligibility for both types of systems, including: (1) require participants who receive MASH incentives to enroll in the Energy Savings Assistance Program (ESAP) if eligible, as per AB 217; (2) meet the definition of “low-income residential housing” as per Public Utilities Code Section 2852; (3) provide job training and employment opportunities in the solar energy and energy efficiency sectors, as per AB 217 and modeled after the SASH Sub-contractor Partnership Program (SPP); and (4) conduct an energy efficiency audit. This will ensure that the requirements of AB 217 are met while also ensuring that a greater percentage of MASH program incentives are directed to benefitting on-site tenants.

**V. RECOMMENDATION 10: FOR THE MASH PROGRAM, ALLOWING WAITLISTED PROJECTS TO REAPPLY FOR MASH INCENTIVES PROVIDED THAT THEY HAVE NOT BEEN BUILT AND MEET NEW PROGRAM REQUIREMENTS UNDER AB 217**

Several parties disagree with staff’s recommendation that any applicant claiming MASH incentives must not have already built the project. The MASH Coalition, REP, and Everyday Energy<sup>10</sup> all note that this recommended requirement would be inconsistent with the existing CSI Program Handbook, which presently allows projects to claim incentives within 12 months of interconnection. In our opening comments, we recommended that the Commission

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<sup>8</sup> MASH Coalition at 14-15; Everyday Energy at 8-9.

<sup>9</sup> Everyday Energy at 16.

<sup>10</sup> MASH Coalition at 12; REP at 3-4; Everyday Energy at 14.

allow a waitlisted project to claim MASH incentives if the project has not been interconnected for more than 12 months, a requirement similar to that of the general market CSI program, rather than requiring that the project not already be built. We reiterate this recommendation here, as waitlisted applicants “have a reasonable expectation that the waitlist will be honored according to the established CSI rules”<sup>11</sup> and allowing waitlisted projects to claim incentives within 12 months of interconnection will ensure maximum program continuity.

## VI. CONCLUSION

CSE very much appreciates the opportunity to provide these reply comments regarding the Staff Proposal and urges the Commission to adopt CSE’s proposals as stated and/or reiterated herein.

August 1, 2014



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<sup>11</sup> Everyday Energy at 14.