



**Pacific Gas and
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ELECTRONIC DELIVERY

California Energy Commission
Docket Office
Attn: Docket No. 06-NSHP-1
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512

Re: PG&E's Comments on the New Solar Homes Partnership Program Draft Staff Proposal

Pacific Gas and Electric Company (PG&E) respectfully submits the following comments on the New Solar Homes Partnership Program Draft Staff Proposal.

Thank you for considering our comments. Please feel free to call me at (415) 973-6463 if you have any questions about this matter.

Sincerely,

Les Guliasi

Attachment

cc: Jeff Wilson

PG&E Comments
California Energy Commission
New Solar Homes Partnership Workshop
June 16, 2006

Introduction

PG&E appreciates the opportunity to participate in the workshop and to provide comments on the California Energy Commission's (CEC or Commission) New Solar Homes Partnership (NSHP) Draft Staff Proposal. There was a good dialogue created at the workshop and many good comments from stakeholders.

PG&E strongly supports development of incentives to encourage the use of solar in California. We are very pleased to participate in this program with the Commission and to work with other stakeholders to refine the NSHP proposal. PG&E offers the following comments on the CEC NSHP Draft Staff Proposal.

Eligible Systems and Specifications

Level of Energy Efficiency

The Draft Staff Proposal envisions limiting solar systems installed on new residential units that achieve a level of energy efficiency above that required by the current Building Energy Efficiency Standards. PG&E supports a two-tiered incentive level, with increased incentives for higher levels of energy efficiency achieved. PG&E believes that a tiered incentive will ensure the program is available to the greatest number of customers, but also encourages maximum levels of energy efficiency. During the workshop, there was much debate over what those levels should be. PG&E will work with the Commission and other stakeholders to determine what those levels should be.

Geographical Scope

The Commission proposes higher incentives for photovoltaic systems installed in inland climate zones with hot summers and higher rates of growth. PG&E proposes working with the Commission to develop a better understanding of impact of distributed solar generation on transmission and distribution resources. PG&E supports creating incentives that maximize the incentive for areas of rapid growth and high insolation. PG&E will work with the Commission to determine the geographic scope and specific incentive levels.

Procedures and Administration

Reservation period

The Staff Proposal discusses extending the reservation period from 18 to 24 months, but recognizes that construction times can stretch to three years. PG&E supports extending the reservation period to 36 months. Our experience administering the energy efficiency programs in the residential new construction area indicates that this is more in line with typical construction timeframes and would encourage more developers to include solar in their projects.

The Commission has stated that it will also include an affordable housing element in the NSHP program. Developers of affordable housing projects typically have complex financing arrangements and may need more than 24 months for planning, financing and completion of the project. We believe that extending the reservation period to 36 months will allow more affordable housing developers to participate in the program.

Field verification

The NSHP proposes using third-party field verifiers to verify expected performance parameters. PG&E supports using Home Energy Rating System (HERS) contractors for this purpose. Developers are already familiar with these contractors and they have experience doing field verifications for energy efficiency projects. We agree with the Commission that it is efficient to train the existing HERS contractors to inspect solar installations in the field.

Program administration

The Commission has proposed contracting out much of the administrative duties of the NSHP program to utilities or another third party. The Draft Staff Proposal recognizes that investor-owned utilities have “synergies with their energy efficiency programs that are not available to other potential administrators.” The California Public Utilities Commission, in D.05-01-055, has also supported utility administration of energy efficiency programs.

PG&E agrees with the Commission Staff and is ready to administer the NSHP program in Northern California. PG&E already successfully administers mass market energy efficiency programs within its service territory, including a residential new construction program. PG&E offers “one-stop shopping” for interconnection, billing information and verification, new service connection and energy efficiency audits. Having PG&E administer the program will promote coordination, avoid delays and simplify the program from the customers’ perspective by eliminating the need to interact with multiple agencies.

Incentive Structure

Affordable housing

The Commission will have an affordable housing element in the NSHP. PG&E and the Greenlining Institute recently co-hosted a forum on affordable housing participation in the California Solar Initiative. It was evident from this forum that the affordable housing segment has very different needs than other segments of the housing market. PG&E believes that further study is needed to fully address the needs of this segment. We will continue to work with affordable housing stakeholders and the Commission to develop a proposal to include an affordable housing element in the NSHP.