CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION

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JERRY JORDAN, Executive Director

October 11, 2007

DOCKET
07-SB-1
DATE OCT 1 1 2007
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California Energy Commission
Dockets Office
Re: Docket No. 07-SB-1
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512

RE: Comments on Draft Guidelines for California's Solar Electric Incentive Programs Pursuant to Senate Bill 1

The California Municipal Utilities Association (CMUA) respectfully submits the following comments regarding the Draft Guidelines for California's Solar Electric Incentive Programs Pursuant to Senate Bill 1 (CEC-300-2007-012-D), dated September 2007. An electronic copy of these comments has also been sent electronically to the Energy Commission's Docket Unit.

Should you have any questions with regard to the referenced filing, please feel free to contact me at (916)-326-5800.

Sincerely,

Jerry Jordan
Executive Director

Enclosure

In the Matter of:	)	Energy Commission
	)	Docket No. 07-SB-1
Senate Bill 1 Eligibility	)	
Criteria and Conditions for Incentives	)	SB1 Eligibility Criteria and
	)	Conditions for Incentives

Comments of
The
California Municipal Utilities Association

As indicated in our previous written comments, CMUA members are concerned that tying SB 1 eligibility criteria, that are either cumbersome or viewed by consumers to be costly, could result in less success of their solar rebate programs and urge the Commission to consider that balance in exercising your discretion under the provisions of SB 1.

All utilities in California are required by SB 1037 and AB 2021 to install all cost effective and feasible energy efficiency measures. SB 1 gives the Energy Commission the authority to determine the *"Appropriate energy efficiency improvements in the new or existing home or commercial structure where the solar energy system is installed."* Those criteria apply to the consumer and not to the utility. While the Commission clearly can require a large variety of energy efficiency measures by the consumer, there is no minimum requirement contained in the language of SB 1. We urge the Commission to minimize the cost and difficulty of any energy efficiency criteria it may place on consumers as a condition of receiving the solar rebate under SB 1.

The draft guidelines state that *"Solar energy system incentive programs funded by California electricity ratepayers must meet the requirements set forth in these guidelines. This includes the California Solar Initiative, the New Solar Homes Partnership and programs administered by **California's POUs.**"* SB 1 does not grant any authority to the Commission to regulate the programs of publicly owned utilities other than to determine what equipment qualifies for the subsidy provided for in SB 1 and any appropriate energy efficiency measures which must be installed by the consumer prior to receiving the subsidy. It does not provide for the Commission to require funds, that could be used to provide solar equipment incentives, to instead be used for marketing or auditing of systems.

SB 1 requires local publicly owned utilities to offer incentives for the installation of solar systems beginning at no less that \$2.80 per installed watt "*...or for the electricity produced by the solar energy system, measured in kilowatts,* ***as determined by the governing board of a local publicly owned electric utility****...*" The draft guidelines propose to establish a required performance-based incentive (PBI) approach or expected performance-based (EPBI) approach and requires that one of these approaches be utilized based on the size of the installed PV system. SB 1 does not provide the Commission with any authority to establish the PBI or EPBI levels for publicly owned utilities. Such authority is expressly reserved for the governing board of publicly owned utilities.

In addition, the draft guidelines propose to require all PV systems successfully complete third party field verification to be eligible for incentive payment. Whereas AB 2021 did provide a requirement for third party verification of utility energy efficiency programs, SB 1 does not provide any responsibility for utilities to perform third party verification. The determination of frequency and design of the field verifications should be left each local publicly owned utility. Such verification programs will necessarily vary from utility to utility and according to the amount of demand there is for the subsidy programs.

Our members are also very concerned about potentially excessive reporting requirements for the solar program. SB 1 requires only the following reporting:

" A local publicly owned electric utility shall, on an annual basis beginning June 1, 2008, make available to its customers, to the Legislature, and to the State Energy Resources Conservation and Development Commission, information relating to the utility's solar initiative program established pursuant to this section, including, but not limited to, the number of photovoltaic solar watts installed, the total number of photovoltaic systems installed, the total number of applicants, the amount of incentives awarded, and the contribution toward the program goals."

The staff report greatly expands that small list of reporting requirements to the following:

> "*Each publicly owned utility is required,* ***at a minimum****, to provide information on:*
>
> *1. Solar program goals, including:*
> - *a. Outreach and marketing,*
> - *b. Any training or builder/installer assistance,*
> - *c. Auditing of installed systems,*
> - *d. Goals of installed systems (kW, AC) for each reporting period and total for program duration.*

2. Number of submitted applications, including:
- *a. Number of applications received,*
- *b. Number of applications approved and rejected,*
- *c. Key reasons for application rejections.*

3. Total incentives awarded, including:
- *a. Total public goods charge funds collected during reporting period,*
- *b. Total solar incentive expenditures,*
- *c. All other program expenses, by category.*

4. The total number of systems installed, including:
- *a. Breakdown by category type, including separate breakdown for installations serving newly constructed and existing buildings, for:*
  - *i. Residential*
    - *1. Market-rate housing*
    - *2. Affordable housing*
  - *ii. Commercial*
  - *iii. Non profit*
  - *iv. Government*
  - *v. Industrial*
  - *vi. Agricultural*
- *b. Discussion of any auditing of installed solar systems that have been undertaken during the reporting period.*

5. Amount of added solar capacity installed and expected performance:
- *a. Solar electric capacity (PV) and non-PV solar systems added,*
  - *i. List and description of non-PV technologies*
- *b. Estimated annual electrical generation (kWh) and savings as a result of solar energy systems,*
- *c. Estimated annual electricity savings (kWh) as a result of program energy efficiency requirements,*
- *d. Estimated annual natural gas (or propane where appropriate) savings (BTU) due to any program-specific energy efficiency requirements.*

6. Solar system and energy efficiency implementation impacts:
- *a. Costs and benefits evaluation of existing solar electric systems as a part of the utility's electrical system, and from projected solar electric systems anticipated during the term of the program,*

b. Impacts on the distribution, transmission, and supply of electricity.

7. Contribution toward program goals, including:

a. Overview of program administration during reporting period.

b. Problems identified and resolutions or recommended mitigation.

c. Opportunities for the year ahead.

Each local publicly owned electric utility shall provide five copies of the report and an electronic version to the Energy Commission not later than June 1 of each program year."

Clearly, small publicly owned utilities will have a difficult time complying with these reporting requirements. Those utilities may well need to hire additional staff, not for the SB 1 program itself, but for the reporting component alone. Rather than create a multitude of new reporting requirements, we would encourage the Commission to evaluate what information is already available through the reporting requirements of other programs. For example, the above language asks for information on public benefit money collected by the utility. The Commission already requires publicly owned utilities to report public benefits expenditures in at least two other instances. Some utilities do not separately collect public benefits funds but fund the programs out of their rate structure, so it would not be possible for them to report on Public Benefits funds "collected".

While some larger publicly owned utilities with high demand for their solar programs may well be able to provide the detailed information requested, smaller utilities, especially those with little demand for solar systems because of climate or other conditions, may not be able to meet the request without substantial expense. Some of the comments we received from smaller utilities include the following:

1. *"This just drives up cost like mad. We would have to make a Public Benefits cost offset deduct against each project to accommodate these reporting requirements."*

2. With regard to the provision calling for *"..costs and benefits evaluation of existing solar electric systems as a part of the utility's electrical system, and from projected solar electric systems anticipated during the term of the program,"* one utility commented: *"This is a complex integrated study. Time and staff required is prohibitive."*

3. *"We don't have a full time staff person, let alone the desire to allocate such a person to filling out reports."*

4. *"These requirements would necessitate one full time staff person."*

5. *"With regards to the requirement of reporting cost/benefit analysis, marketing and other administrative data, this will likely increase our program costs unnecessarily. Additionally, it is not clear how the CEC will manage or use these reports, nor how this information will accelerate the goals of solar energy installations throughout the State. The CEC should explain this to us so we can report in a way that is helpful to the State goals while keeping our administrative costs in check."*

We strongly suggest that the Commission staff report language be stricken and replaced with the following:

1. The number of photovoltaic solar watts installed.
2. The total number of photovoltaic systems installed.
3. The total number of applicants.
4. The amount of incentives awarded.
5. The contribution toward the program goals.
6. Any other information the utility feels would be of use to the Commission.

Prior to the passage of SB 1 more than 70% of the load served by publicly owned utilities had subsidies greater than the $2.80/watt required under SB 1. We are concerned that the tying of the subsidies to complicated energy efficiency building benchmarking and the overly bureaucratic requirements proposed in the draft guidelines will only result in fewer consumers choosing to install solar systems. Money should be spent on solar systems, not reporting.