

November 1, 2012

California Energy Commission
Dockets Office, MS-4
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Re: Docket No. 07-SB-1; Comments on the Proposed Revisions to the SB 1 Guidelines

I. INTRODUCTION

The Solar Energy Industries Association (SEIA)¹ submits comments herein in response to the California Energy Commission's (Commission) request for comment on proposed revisions for the Fifth Edition of the *Guidelines for California's Solar Electric Incentive Programs* (Draft Guideline Revisions). SEIA appreciates the opportunity to provide feedback as well as the Commission's continued efforts to ensure that appropriate Guidelines are in place.

II. COMMENTS

A. Field Verification

In order to determine eligibility for an incentive payment, current SB 1 Guidelines require that all expected performance-based incentives (EPBI) applicants as well as performance-based incentives (PBI) applicants with systems less than 50 kW must have a third-party verification performed on a minimum sample size of one in seven projects by a qualified Home Energy Rating System (HERS) rater, the program administrator (PA) or a designated qualified contractor (clarified as the *PA's* designated qualified contractor in the Draft Guideline Revisions).

¹ The comments contained in these comments represent the position of the Solar Energy Industries Association as an organization, but not necessarily the views of any particular member with respect to any issue.

The Draft Guideline Revisions alter the requirements for third-party verification when completed by the PA or the PA's designated qualified contractor, however, to now require that verification be completed on each incentive claim form from a new applicant until two successful field verifications for the applicant have been completed. Thereafter, as proposed, verification must be completed on a minimum sample size of one in twelve of the applicant's incentive claim forms and the PA "...may require the inspection of additional projects from any applicant and may determine whether to conduct an onsite field inspection randomly based on the applicant's participation in the solar incentive program."²

By requiring each new applicant to have all of their systems inspected until two field verifications have been successfully completed, SEIA is concerned that an influx in new applicants could increase the number of mandatory field verifications to a level which may result in the PA's resources and/or the PA's designated contractor's resources' becoming constrained. In instances where resource limitations are experienced, the completion of field verification may be delayed, ultimately delaying a system owners' retrieval of program incentives in a manner which may have adverse impacts on the continued growth in solar installations.

Accordingly, SEIA urges the Commission to include timing restrictions on when a PA or the PA's designated contractor must complete an applicant's required field inspection. SEIA suggests a timeline for the completion of a field inspection be set at no more than one business week from the time an applicant requests field verification. Putting in place this hard timeline should instill necessary confidence that incentives will be granted in a timely manner to eligible system owners. Similarly, any costs associated with continued field verification should be capped to limit exposure to system owners and reduce cost-prohibitive outcomes.

² See Draft Guideline Revisions at p. 30. The Draft Guideline Revisions also require field verification to be completed on each incentive claim form submitted for a self-installed project.

B. Performance Monitoring and Reporting Service (PMRS) Requirements

The Draft Guideline Revisions propose having individual PAs determine PMRS requirement for systems using the EPBI approach. This is a drastic departure from the current Guidelines which require a PMRS only if the PA determines that it is economically reasonable when comparing costs to Commission-established cost caps. SEIA is concerned that allowing the individual PAs to determine PMRS requirements will lead to unnecessary confusion and inconsistent decision-making. Given the lack of information supporting such a change, SEIA urges the Commission to retain the current process.

The CSI Handbook takes the current Guidelines into account by requiring systems receiving an EPBI incentive to either “...indicate the PMRS provider on the Incentive Claim Form or submit PMRS Cost Cap Exemption Documentation if no eligible PMRS is installed.”³ SEIA believes this current practice is sensible and feels any change from this format is unnecessary and unfounded. Altering the Guidelines and CSI Handbook will result in the removal of uniformity of process throughout the PG&E, SCE and SDG&E service territories and diminish the transparency that has been afforded through the establishment of cost thresholds for PMRS requirements.

C. Procedure for Removing Equipment from the Commission’s Eligible Equipment Lists

The Commission has proposed a procedure for the removal of equipment from the lists of eligible PV modules, inverters or meters which can be used in a renewable energy system that is eligible for a solar electric incentive pursuant to SB 1. As proposed, in instances where the Commission determines any equipment adversely affects the goals or successful implementation of any SB 1 programs (i.e., poor equipment performance, concerns about equipment design or safety etc.), the Commission may remove equipment from the eligible equipment lists by first

³ See CPUC CSI Handbook September 2012 at p. 87

sending notice of the reason(s) for removal to the manufacturer and providing the manufacturer 10 business days to address the stated reason(s). As part of the process, the Commission proposes the following:

“Pending the manufacturer’s response to a notice of removal, the Energy Commission and/or program administrators may suspend the processing of any reservation applications or applications for funding that propose a renewable energy system using the equipment subject to removal. If a component is ultimately removed from an eligible equipment list before an incentive reservation or application for funding is granted, applicants may be required to modify their systems by replacing the removed component with an eligible component before a payment is approved.”⁴

SEIA is concerned that a contractor’s incentive and/or the processing of the incentive may be withheld pending the removal of equipment already installed despite the equipment having been on the eligible equipment list at the time of installation. In essence, the contractor may have done everything correctly and installed a system according to CSI guidelines but will be penalized for outcomes out of their own control. While this creates a tremendous amount of risk for the contractor, SEIA clearly recognizes it may be an unfortunate reality under certain circumstances- particularly when safety concerns arise. However, in order to alleviate the negative impacts resulting from changes to the eligible equipment lists, SEIA requests that in instances that do not involve safety risks the Commission provide a reasonable grace period for contractors to remove and replace the equipment.

In addition, SEIA urges the Commission to expand its notification policy to require a formal “Notice of Removal” announcement be made visible to the industry, not solely the manufacturer, so that contractors can proactively plan around the situation. The Commission alludes to this as a possibility when it states that it “...may alert consumers and program

⁴ *I.d.* at p. A-2

participants of the equipment subject to removal.”⁵ SEIA asks that the Commission alter the language to explicitly require notification be made to consumers and installers.

III. CONCLUSION

SEIA respectfully requests that the Commission adopt modifications to the proposed field verification requirements and the process for removing eligible equipment from the eligible equipment lists as requested herein. Additionally, SEIA asks that the Commission retain the current PMRS requirements. Please contact me should you have any questions.

Respectfully submitted,

/s/ _____
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⁵ *I.d.*