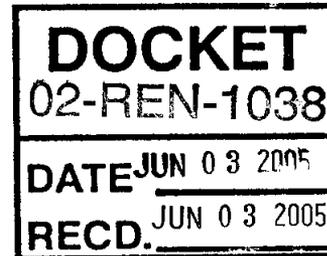


California Energy Commission
Re: Docket No. 02-REN-1038
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504

June 3, 2005



To Docket Office:

PG&E respectfully submits this letter in response to the Energy Commission's June 1, 2005 workshop and solicitation for comments on proposed changes to the *Emerging Renewables Program Guidebook* ("Guidebook"), in accordance with the Notice of Committee Workshop. In these comments, PG&E addresses two of the proposed changes: removing the requirement that all program participants provide a utility authorization to interconnect and increasing the potential capacity factor assumption for participation in the Pilot Performance Based Incentive Program.

Utility Authorization to Interconnect

Currently all participants in the Emerging Renewables Program (ERP) must have their generator interconnection authorized by their utility. The Energy Commission verifies compliance with this eligibility criterion by requiring the customer to submit the utility letter of authorization to interconnect. PG&E supports this requirement because it helps ensure that ERP rebate recipients complete the CPUC approved Electric Tariff Rule 21 (Rule 21) generator interconnection process. However, the Energy Commission proposes to modify the Guidebook in Section V, Payment Process, sub-section 6. *System Interconnection with Utility Grid* to require the customer to provide utility proof of approval **only upon Energy Commission request.**

PG&E's is concerned that if this modification is approved, some customers who receive the ERP rebate funding will not wait for utility authorization before operating their generators in parallel; and in some cases such customers may never complete the utility interconnection application process. Customers who interconnect before authorization may receive some of the benefits associated with net energy metering because, once they interconnect with PG&E's grid, their existing meter may spin "backwards" reducing their net usage. PG&E may only discover such unauthorized interconnections after receiving a "negative" read on a customer's meter. The later discovery can cause PG&E considerable extra work because first it must be verified that the negative read is due to an unauthorized interconnection and not energy diversion or energy theft. In addition, the customer must be contacted, the interconnection process started and/or completed and billing adjustments may be required.

Since the Energy Commission takes steps such as listing “approved” equipment that ERB applicants must install to minimize customer problems with their generating systems, it is consistent in philosophy and intent for the Energy Commission to also seek verification that interconnections are approved by the utility and meet all Rule 21 requirements.

Based on a recent conference call (May 25, 2005) between the staff of the Energy Commission and of PG&E, SCE, and SDG&E, it appears the impetus behind this proposed guidebook revision is the delay sometimes experienced by the Energy Commission when seeking the ERB applicant’s authorization to receive confidential utility account information such as confirmation of approval to interconnect. PG&E has recently reviewed its Rule 21 interconnection agreements and while some already contain provisions that would permit PG&E to release this needed information to the Energy Commission, the specific interconnection agreement for residential and small commercial customers with smaller solar and wind installations under 10 kW does not. PG&E would propose filing to amend this agreement so that customers signing any interconnection agreement would consent to release such information to the Energy Commission. Then it would be a simple matter to email a copy of the utility approval to interconnect letter to the Energy Commission at the same time the approval is sent to the customer.

While this would address the Energy Commission’s delay concern prospectively, PG&E also understands there is a backlog of rebates requiring Energy Commission verification of interconnection for rebates issued before the Guidebook required ERB applicants to supply the utility approval letter. PG&E is willing to work with the Energy Commission to address this problem, within the confines of our customer confidentiality requirements.

In addition to retaining the requirement that verification of utility authorization to interconnect be received by the Energy Commission prior to payment of rebates, PG&E recommends the following text additions to the Guidebook, to reinforce the Rule 21 requirement that any customer seeking to interconnect a generator to the utility grid must contact the utility for authorization prior to operating that generator in parallel. These proposed additions include:

1. In Guidebook Section *B, Overview*, add the italicized language,

“The system must also be interconnected to the utility distribution grid *and if required under the utility’s Rule 21, be authorized by the customer’s utility to operate the generator in parallel*, must use new components that are certified or tested to be reliable, and must come with a five-year Warranty.”

2. In Guidebook Section B. II on eligibility requirements, *Grid Interconnections*, add the italicized language,

Eligible renewable energy systems must be permanently interconnected to the electrical distribution grid of the utility serving the customer's electrical load. Portable systems are not eligible. The site where the system is installed must receive electrical distribution service from PG&E, SCE, SDG&E or BVE. The system interconnection must comply with applicable electrical codes and utility interconnection requirements, *and if required, your utility must have provided you with written authorization for parallel operation prior to operating the system.*

Performance Based Incentive Program

Finally, PG&E has consistently been an advocate of pay-for-performance rebates for solar generation and supports the Energy Commission's establishment of the pilot Performance Based Incentive Program (PBI). PG&E is pleased to see the Energy Commission making refinements to the PBI program, and wishes to encourage any developments along those lines. PG&E wishes to encourage refinements that can ensure the program's success. In particular, increasing the capacity factor assumptions used to reserve funds could encourage installation of systems that include tracking devices to increase generation output.

Sincerely,

Harold Hirsch
Sr. Tariff Analyst, Pacific Gas and Electric Company