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07-SB-1	
DATE	OCT 15 2007
RECD.	OCT 15 2007

**BEFORE THE STATE OF CALIFORNIA ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

In the Matter of:) CEC Docket No.07-SB-1
)
 Comments on)
Guidelines for California's Solar Electric)
Incentive Programs)

**Comments of the Northern California Power Agency
On the CEC's Draft Senate Bill 1 Program Guidelines**

The Northern California Power Agency¹ (NCPA) submits the following comments in response to the California Energy Commission's (CEC) proposed Guidelines for California's Solar Electric Incentive Programs Pursuant to Senate Bill 1 (CEC-300-2007-012-D).

We appreciate the effort put forth by CEC staff to develop these Guidelines, and believe that many of the technical aspects will assure the deployment of high quality solar energy systems throughout California. Unfortunately, the program requirements are far too prescriptive and will preclude local utilities from developing programs that best serve the interests of their customers while achieving the solar energy objectives of the California Legislature. **It is along these lines that the CEC has overstepped its statutory authority in the development of the draft Guidelines, an unwarranted expansion beyond the direction of SB1.**

Municipal electric utility participation in the implementation of SB1 was carefully designed by the author and the proponents of the bill to ensure the flexibility to develop locally-tailored programs, a hallmark of public power successes, while assuring compliance with the overall objective. NCPA views the term "consistent" in Section 387.5(d) as the key element that provides that flexibility for public power and local decision-making.² It certainly does not give the CEC the authority to implement onerous and unworkable requirements on local utilities.

Simply stated, nowhere in SB1 is the CEC empowered to add criteria for evaluation other than that specifically stated in Sections 25782 of the Public Resources Code

¹ NCPA members include the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, as well as the Bay Area Rapid Transit District, Port of Oakland, the Truckee Donner Public Utility District, and the Turlock Irrigation District, and whose Associate Members are the Plumas-Sierra Rural Electric Cooperative, and the Placer County Water Agency.

² Webster's Dictionary defines "consistent" as being "in agreement or harmony; in accord, compatible."

and Section 387.5(d) of the Public Utilities Code. Consider two areas where the CEC goes beyond its statutory authority:

- Section 25782(b)(3) of the Public Resources Code calls for the establishment of “appropriate energy efficiency improvements...where the solar energy system is installed.” *It does not provide the CEC with the authority to require an onerous series of energy efficiency measures to be met before validating a system.*
- Section 25782(b)(2) clearly states that incentives should be based on “optimal solar energy system performance during periods of peak electricity demand.” *It does not provide the CEC with the authority to require each utility to initiate performance-based incentives for payment and use specific tools for calculating such payments.*

Public power providers intend to implement their solar electric programs consistent with the parameters of Sections 387.5 (d)(1) through (8). The value of that section to the public power community is clear: the language provides municipal customers with validation that their systems were being evaluated by the CEC. Equally important is the assurance that solar installation procedures and processes would be applied on a statewide basis.

Every NCPA member utility is in full compliance with SB1, in advance of the Guidelines adoption. In doing so, no two programs are identical. The CEC must recognize the “one-size-does-not fit-all” nature of publicly-owned utilities as it considers the ultimate adoption of Guidelines. Otherwise, establishing “a self-sufficient solar industry in which solar energy systems are a viable mainstream option for both homes and commercial buildings” will be virtually impossible.

TECHNICAL CONSIDERATIONS

In addition to the concerns raised above, NCPA offers the following technical comments for CEC consideration.

A. Component Standards

NCPA supports setting statewide standards for photovoltaic modules, inverters, and meters. We urge CEC staff to continue to work with manufacturers of solar components and the applicable certification agencies to ensure that solar energy system installers have a sufficient supply of quality products available.

B. System Design and Installation Standards

NCPA is concerned about several aspects of system design and installation. Regarding the use of performance-based incentives, publicly-owned utilities are not explicitly required to implement such approaches. The Guidelines must reflect that each publicly-

owned utility will have the ability to determine when and if such performance-based incentives will be incorporated into a solar program. The Guidelines should encourage rather than require a preference for performance-based incentives, and encourage utilities to evaluate adoption of the proposed guideline requirements or establish other means of ensuring high-performing solar energy systems. As such, the Guidelines should be revised to clarify that the January 1, 2008 requirement for Performance Based Incentives (PBI) is only applicable to investor owned utilities.

The field verification protocols described in Appendix 2 of the Guidelines represent an ambitious approach to ensuring properly installed solar energy systems. NCPA agrees with the Sacramento Municipal Utility District's (SMUD) August 22nd comments that the infrastructure does not yet exist to successfully implement such rigorous standards. Until such an infrastructure exists, program administrators must have the flexibility to determine appropriate field verification procedures for their programs. We recommend that the CEC take steps to develop the infrastructure needed, and, upon proof that such an infrastructure exists throughout California, encourage program administrators to adopt the protocols.

NCPA also supports SMUD's position on performance monitoring and reporting systems. It must be up to each program administrator to determine meter and monitoring requirements for individual program needs.

C. Energy Efficiency Requirements

NCPA supports the legislative intent of ensuring appropriate energy efficiency improvements are made where solar energy systems are installed. However, it is a difficult task to incorporate energy efficiency requirements into a solar program without creating additional barriers to the installation of solar energy systems. Great care must be taken in establishing such requirements, and each program administrator must have the flexibility to adjust these requirements as needed if unintended barriers to the installation of solar energy systems arise.

Energy efficiency improvements in connection with solar energy system installations are intended to optimize the energy created by the system itself. The CEC should not expansively interpret or use this requirement as a stepping stone for the creation of highly-efficient buildings or energy efficiency practices. Advancing energy efficiency to the next level is best handled within the energy efficiency program arena. An integrated approach to achieving low or no energy homes is laudable, but is best achieved through a program or process dedicated specifically to such a goal.

Although each program administrator should make the final determination for what constitutes appropriate energy efficiency, NCPA offers the following recommendations as representative of program rules that could achieve the intended objectives of SB1:

Newly Constructed Residential Buildings

- **Solar Incentive Requirements.** Require buildings to meet current Title 24 standards and also use Energy Star Appliances with a phase in of enhanced acceptance standards. Current Title 24 acceptance requirements and documentation could be used as a basis for creating new enhanced acceptance requirements.
- **Tier I and Tier II Options.** Encourage program administrators to offer incentives for buildings constructed to meet the Tier I or II requirements. Incentives could be offered either through existing utility energy efficiency programs or through a solar incentive adder.

Newly Constructed Commercial Buildings

- Same approach as residential buildings.
- Note that the prescribed Shell/TI Agreement is problematic and not enforceable by a program administrator, so it may not be the best way to ensure energy efficiency. Rather, program administrators should be encouraged to determine ways to effectively address this market.

Existing Building: Energy Audit, Information, and Disclosure

- Energy audits should be required, but each program administrator should determine audit type and should be allowed to develop their own program exceptions to the requirement.

Existing Commercial Buildings: Benchmarking³

- The Guidelines should clarify it is the owner's responsibility to benchmark the facility and encourage utilities to phase in a benchmarking program to assist customers.
- Facilities greater than 25,000 square feet should be required to be benchmarked by January 1, 2009.
- A facility greater than 25,000 square feet with a benchmark rating below 60 (or other score determined to be the threshold for an energy "wasteful" building) must pursue energy efficiency improvements that target a rating of 75, but must commit to achieving at least a rating of 65.
- A signed commitment to achieve the energy efficiency score must be submitted with the final application for solar energy system incentive.

³ Benchmarking is a process whereby energy use in buildings is compared to the energy use of a group of similar buildings. Under the draft CEC Guidelines, a score of 75 or above is considered acceptable for receiving a solar energy system incentive.

Existing Commercial Buildings: Retro-commissioning

NCPA supports SMUD's recent comments on retro-commissioning. Currently, NCPA has only one member with a retro-commissioning program, and this program is limited to large customers in order to ensure the program is cost effective. It is highly unlikely for a retro-commissioning program to be cost effective for most NCPA members due the uncertainty and large variability in actual energy savings achieved. However, the Guidelines should encourage retro-commissioning, albeit through a more cautious approach, as described below:

- Buildings greater than 100,000 square feet would require retro-commissioning where such a program is offered by the utility. If a utility retro-commissioning program is not available, then the owner would be required to procure third party retro-commissioning services. Minimum acceptability requirements for a retro-commissioning report would need to be developed by the CEC.
- Retro-commissioning for buildings sized between 50,000-100,000 square feet would be phased into the requirements by 2012; and by 2015 for buildings sized from 25,000-50,000 square feet. Phasing in would be subject to proof that a cost effective retro-commissioning infrastructure exists for smaller buildings.

D. Reporting Requirements

The suggested reporting requirements for publicly-owned utilities go well beyond what is required by SB1, creating process and unneeded components that would undermine the goals of SB1. NCPA requests that the entire section be stricken from the Guidelines, and that the CEC work with NCPA and its public power partners to strike a balance between the data desired by the CEC and the information that can be reasonably reported by each utility. This approach was highly successful in the development of energy efficiency reporting requirements, in response to Senate Bill 1037 and Assembly Bill 2021 obligations.

To that end, NCPA strongly supports the comments filed by the California Municipal Utilities Association on October 11 in this proceeding.

CONCLUSION

NCPA and its member utilities are fully committed to promoting solar energy, and have already established solar energy programs that are consistent with SB1. Without the flexibility to build the CEC Guidelines in a way that is consistent but not unnecessarily burdensome, California will fall far short of its goal to install 3,000 megawatts of solar energy over the next decade.

As mentioned earlier, SB1 was carefully designed by the author of the bill and its proponents to allow for flexibility for the design and implementation of the most effective solar programs, while assuring compliance with the overall objective. The

prescriptive nature of the draft Guidelines removes any flexibility to shape a program that best meets the local needs of a utility and not inhibit the vital objectives of the statute. NCPA urges the CEC to reconsider these Guidelines.

Respectfully Submitted,



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October 15, 2007