

November 15, 2012

California Energy Commission
Dockets Office
1516 Ninth Street, MS-4
Sacramento, CA 95814-5504

Re: Docket No. 07-SB-1: Joint CSI Program Administrator Comments on the Proposed Revisions to the SB 1 Guidelines

Dear Commissioners:

On November 1, 2012, the California Energy Commission (CEC) Staff hosted a workshop to discuss the proposed revisions to the Guidelines for California's Solar Electric Incentive Program (Senate Bill 1), Fifth Edition (SB 1 Guidelines). The CEC Staff invited parties to submit written comments on the draft SB 1 Guidelines by November 15, 2012. In response, Southern California Edison Company (SCE), on behalf of the California Solar Initiative (CSI) Program Administrators (PAs), which include SCE, Pacific Gas and Electric Company, and the California Center for Sustainable Energy in San Diego Gas and Electric Company's service territory, submits these comments on the draft SB 1 Guidelines. The CSI PAs strongly support, with minor modifications, the proposed revisions to the SB 1 Guidelines. However, the CSI PAs urge the CEC to reject the changes that the Solar Energy Industries Association (SEIA) proposed in its comments.¹

I. Revising the Field Inspection Sampling Rate to a Minimum of 1 in 12 will Result in Significant Program Savings without Impacting the Integrity of the CSI Program

The CSI PAs strongly support revising the inspection sampling rate from 1 in 7 to a minimum of 1 in 12 because it will yield a potential annual savings of \$834,000 to the statewide program administration costs. Moreover, the CSI PAs will have the ability to approve more payments in a shorter period of time without having to wait additional days for inspection results as projects that are selected for inspections generally take thirty (30) days or more to receive incentive payments.

In the last 12 months, the CSI PAs have experienced a statewide inspection pass rate of 96.3 percent after performing 3,899 inspections. These inspections cost the administration budgets approximately \$1.96 million. The CSI PAs strongly support reducing the minimum inspection rate to 8.3 percent or 1 in 12 projects inspected. Reducing the inspection sampling rate will not compromise the integrity of the CSI Program as the confidence level will be

¹ SEIA submitted written comments to the CEC on November 1, 2012. http://www.energy.ca.gov/sb1/meetings/2012-11-01_workshop/comments/Solar_Energy_Industries_Association_Comments_TN-68300.pdf

maintained, as demonstrated by the CSI PAs at the November 1, 2012, CEC workshop.² Therefore, the CSI PAs urge the CEC to adopt the draft Guideline Revisions and change the field inspection sampling rate to a minimum of 1 in 12.

II. The CEC Should Revise Chapter 4, Section E to Clarify that the Minimum Sampling Rate Should Apply to “Contractors” and not “Applicants”

The CEC should revise Chapter 4, Section E, of the draft SB 1 Guidelines to require field verifications for “contractors” and not “applicants.” The applicant is not always the contractor for a particular solar project, and the intent of sampling is to insure that contractors continue to comply with the installation requirements of the CSI Program. Moreover, the current CSI field inspection sampling process is by contractor, which should continue to be the program standard. The CSI PAs recommend the following minor language revisions:

“When a third-party field verification is completed by the program administrator, or the program administrator’s designated qualified contractor, verification shall be completed on each incentive claim form submitted by a new ~~applicant~~ **contractor** until the completion of two successful field verifications by that ~~applicant~~ **contractor** and thereafter on a minimum sample size of 1 in 12 incentive claim forms submitted by that ~~applicant~~ **contractor**. Field verification shall be completed on each incentive claim form submitted for a self-installed project. The program administrator may require the inspection of additional projects from any ~~applicant~~ **contractor** and may determine whether to conduct an onsite field inspection randomly based on the ~~applicant~~ **contractor**’s participation in the solar incentive program.”

III. The CEC should Reject SEIA’s Proposal to Establish Hard Timelines for the Completion of Field Verifications and Creation of Unwarranted Field Verification Cost Caps

During the November 1, 2012, CEC Staff Workshop, SEIA did not propose any changes to the SB 1 Guidelines. However, SEIA submitted written comments to Docket No. 07-SB-1 that include, among other things, a recommendation for the CEC to include timing restrictions for the CSI PA or the CSI PA’s designated contractor to complete an applicant’s required field inspection. SEIA suggests that the CEC should establish a hard timeline of not more than one business week from the time an applicant requests field verification. SEIA further suggests that the CEC should cap costs associated with continued field verifications to system owners. SEIA’s suggestions are not minor changes to the CEC’s proposed revisions to the SB 1 Guidelines. Instead, they attempt to introduce new issues at this late stage of the process without providing sufficient justification.

² http://www.energy.ca.gov/sb1/meetings/2012-11-01_workshop/presentations/2012-11-01_PGE_SB1_Workshop_Slides.pdf

SEIA's suggestion that a timeline for completion of a field verification be no more than one business week from the time an applicant requests a field verification is irrational and unworkable. In practice, field verifications are determined by the CSI PAs through a random sampling methodology. When a field verification is required, the CSI PAs notify either the applicant or host customer by letter or email, and subsequently, a field inspector negotiates an inspection date between the applicant/contractor and the host customer, with each having their own scheduling restrictions. Moreover, many factors can cause a field inspection to take longer than one week including:

Scheduling and Performing the Inspection

- Applicants or host customers not responding to inspector calls and emails.
- Scheduled dates needing to be negotiated because of batching and availability that can include traveling several hundred miles to remote locations.
- Applicants not being able to contact the customer to confirm the inspection date.
- Customers being out of town for a period of time.
- Applicants or Customers cancelling inspection dates (sometimes on the day of inspection) and requesting a different inspection date.
- Applicants or Customers not showing up on the scheduled date or at the appointed time and wanting to be present.
- Applicants not providing access to their system location.
- Customers being out of town with no access to the inverter and/or PBI meter (e.g., located in garage).
- Steepness of the roof preventing inspectors from safely performing a shading report and having to wait for Applicant to provide it.
- Inverter being found inoperable, causing a delay in rescheduling due to needed repair work.
- Applicant requesting more time when equipment has been damaged by wind or by other unexpected causes.

Post Inspection

- Waiting on invoice to prove panel data.
- Waiting on inverter to be operable.
- Waiting on shading report when inspector is unable to perform shading report.

The CEC should also reject SEIA's proposal that continued field verifications should be capped to limit exposure to system owners. The majority of costs that are incurred in providing field verification are borne by the CSI administration budget — not by the system owner. The CSI Program does not currently charge system owners for inspections. The only small cost that may be incurred by the system owner is showing up to the inspection (which is not required of the system owner) and providing the required documentation to receive a CSI incentive. This

system owner cost is very small compared to the value of the sampling to the CSI program. SEIA does not provide any support for asserting that field verifications may be cost-prohibitive for systems owners; thus, SEIA's suggestion should be rejected.

The CSI PAs urge the CEC to reject SEIA's suggestions because they are outside of the scope of the new revised SB 1 Guidelines and furthermore because SEIA provides no factual justification for its proposals. The CSI PAs are open to future discussion regarding SEIA's suggestions. However, now is not the time for SEIA to suggest major new program changes that will deplete much of the cost savings that will be realized as a result of the CEC's Proposed Revisions to the SB 1 Guidelines. SEIA's concerns would be better addressed and thoroughly vetted by all stakeholders in the Phase III modifications of the CSI Program under the California Public Utilities Commission's Order Instituting Rulemaking 10-05-004 or its successor.

IV. Conclusion

SCE, on behalf of the CSI PAs, appreciates the opportunity to provide these comments on the draft SB 1 Guidelines.

Sincerely,

/s/

Manuel Alvarez
Manager, Regulatory Affairs and Compliance
Southern California Edison Company