



FILED

10-26-07
09:13 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies,
Procedures and Rules for California Solar
Initiative, the Self-Generation Incentive Program
and Other Distributed Generation Issues.

Rulemaking 06-03-004
(Filed March 2, 2006)

**ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENT
ON 2008 SELF GENERATION INCENTIVE PROGRAM BUDGET**

This ruling requests comment on a budget for the Self Generation Incentive Program (SGIP) for 2008 in order for the Commission to issue a subsequent order with SGIP 2008 program direction.

Background

In Decision (D.) 01-03-073, the Commission adopted an SGIP budget of \$125 million per year, allocated across the four IOUs, with \$42 million allocated to the solar portion of SGIP. With the establishment of the California Solar Initiative (CSI), the Commission essentially redirected the solar portion of the SGIP budget to the CSI program, and increased solar incentives beyond the \$42 million historically budgeted in SGIP. (See D.06-01-024.) In D.06-12-033, the Commission reduced the SGIP budget for 2007 to \$83 million to reflect the fact that solar incentives were now funded through CSI. (D.06-12-033, pp. 32-33.)

Assembly Bill 2778¹ amended Pub. Util. Code § 379.6 relating to SGIP and limits program eligibility for SGIP incentives to qualifying wind and fuel cell distributed generation (DG) technologies, beginning January 1, 2008 through January 1, 2012.

SGIP Budget for 2008

This ruling requests comment on a 2008 SGIP budget, which conforms the program to the new statutory guidelines that only wind and fuel cell DG technologies may receive incentives.² The budget proposal is as follows:

- The total SGIP annual budget for 2008 and beyond should remain at \$83 million per year as established in D.06-12-033 for 2007, allocated between the four IOUs in the same percentages as in 2007, until further modified by Commission order. The budget includes 10% for administrative expenses.
- The annual budget by utility would be as follows:

SGIP Budget for 2008 and Beyond

Investor Owned Utility	Percentage	Annual SGIP Budget (in millions)
PG&E	44%	\$36.5
SCE	34%	28.2
SDG&E	13%	10.8
SoCalGas	9%	7.5
Total	100%	\$83

¹ Chapter 617, Statutes of 2006.

² Parties should note that a motion was filed by FuelCell Energy on July 25, 2007 to modify the current SGIP rules to allow fuel cell projects up to 3 megawatts (MW) to receive incentives, rather than the current incentive limit of 1 MW. Comments were filed on that motion on August 24, 2007. That motion is currently pending and this ruling does not request further comment on the substance of that motion. Parties should limit their comments to the SGIP budget proposals in this ruling.

- Any unspent SGIP funds from prior budget years shall carry over into 2008 and beyond and be available for project funding until the end of the SGIP or until further Commission order. Unspent funds include funds from applications that have dropped out or withdrawn from the program. The program administrators should keep records of all carryover funds and the budget year from which those funds originated.
- SGIP funds should be equally available to all eligible technologies (i.e. wind and fuel cell projects), with no limitations or set asides for one technology over another.
- Funding for administrative expenses, which includes measurement and evaluation, marketing, outreach, and regulatory reporting, shall be limited to 10% of each utilities funds, as set forth in D.04-12-045. (See D.04-12-045 at p. 10.)
- The incentive levels will stay at the levels set forth in Section 3.1 of the SGIP Program Handbook, with the exception that internal combustion engines and microturbines shall no longer be eligible for incentives, pursuant to Pub. Util. Code § 379.6. The incentives table from Section 3.2 of the SGIP Handbook would be modified as follows:

Incentive Levels	Eligible Technologies	Incentive Offered (\$/watt)	Minimum System Size	Maximum System Size	Maximum Incentive Size
Level 2 Renewable	Wind Turbines	\$1.50/watt	30 kW	5 MW	1 MW
	Renewable Fuel Cells	\$4.50/watt	30 kW		
Level 3 Non-Renewable	Non-Renewable Fuel Cells	\$2.50/watt	None	5 MW	1 MW

- The Commission may reconsider the SGIP budget at anytime, particularly if legislation modifies the eligible technologies beyond wind and fuel cell projects.

IT IS RULED that parties should file comments on the Self Generation Incentive Program budget proposal contained in this ruling by November 6, 2007, and reply comments by November 13, 2007.

Dated October 26, 2007, at San Francisco, California.

/s/ DOROTHY J. DUDA

Dorothy J. Duda
Administrative Law Judge

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated October 26, 2007, at San Francisco, California.

/s/ ROSCELLA GONZALEZ

Roscella Gonzalez