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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 NOTICING ISSUANCE OF
CALIFORNIA ENERGY COMMISSION SOLAR INCENTIVE GUIDELINES
AND DIRECTING PROGRAM ADMINISTRATORS TO IMPLEMENT
PROGRAM CHANGES**

Senate Bill (SB) 1 directs the California Energy Commission (CEC) to establish eligibility criteria, conditions for incentives, and equipment rating standards for projects applying for ratepayer-funded incentives for solar energy systems. (Public Resources Code Section 25782.) On December 19, 2007, the CEC adopted "Guidelines for California's Solar Electric Incentive Programs Pursuant to SB 1" (hereinafter, CEC Guidelines) to fulfill that directive. The CEC's document establishes minimum guidelines to implement solar energy system incentive programs in California. As expressly stated in the document, the CEC Guidelines are not intended to serve as the sole requirements for solar energy system incentive programs, and the CEC expects that other requirements specific to CEC, CPUC, or publicly-owned utility programs are addressed and delineated in their respective program guidebooks or handbooks. (CEC Guidelines, p. 1.)

In adopting the CEC Guidelines, the CEC discusses the need for a transition period for CPUC and publicly-owned utility solar energy incentive programs to transition to conformance with all of the eligibility criteria,

conditions, and rating standards established in the CEC Guidelines. Thus, the CEC Guidelines establish minimum program requirements to be met by January 1, 2008, as set forth in Chapter 2 of the guidelines, and allow up to a 12-month transition period for full compliance with all the eligibility criteria, conditions and rating standards in Chapters 3 through 6 of the Guidelines.¹ The CEC Guidelines require that all program administrators shall conform their programs as necessary to these Guidelines no later than January 1, 2009.

This ruling takes official notice of the CEC Guidelines and provides notice to parties that the minimum program requirements in Chapter 2 of the Guidelines are in effect as of January 1, 2008. Commission Staff has reviewed the CEC Guidelines, and this review indicates that the existing CPUC California Solar Initiative (CSI), as set forth in various Commission orders in Rulemaking 06-03-004 and the CSI Program Handbook, conforms to the Chapter 2 minimum program requirements. The Program Administrators should ensure that as of January 1, 2008, all CSI incentive applicants comply with the minimum requirements in Chapter 2 of the CEC Guidelines.

Commission Staff's review of Chapters 3 through 6 of the CEC Guidelines indicates that the CSI Program Handbook will require some modification before January, 2009 to conform program implementation details to the new requirements, particularly with regard to Expected Performance Based Buydown (EPBB) incentive calculations. The CSI program administrators should examine the need to modify the EPBB calculator as well as incorporate into the Handbook

¹ Chapters 3 through 6 of the CEC Guidelines cover solar energy system component standards, solar energy system design and installation standards and incentives, energy efficiency, and reporting requirements.

the latest requirements for design and installation, energy efficiency, and reporting as set forth in the CEC Guidelines prior to the January, 2009 effective date. It should be noted that regarding energy efficiency, SB 1 directs the CPUC to require the installation of reasonable and cost-effective energy efficiency improvements as a condition of participating in the CSI. The CPUC anticipates it will engage in further review of energy efficiency requirements as required by SB 1 in a subsequent phase of this CSI proceeding, or a successor proceeding.

Given the transition period described by the CEC for requirements in Chapters 3 through 6 of the Guidelines, this ruling directs the CSI Program Administrators to do the following:

1. Jointly prepare and submit to Energy Division, no later than April 1, 2008, a plan for modifying EPBB incentive calculation tools to comply with the hourly photovoltaic production calculation, reference system location, incentive calculation and shading methodology described in Chapter 4 of the CEC Guidelines by January 1, 2009.
2. Jointly draft CSI Program Handbook changes to implement all requirements in Chapters 3, 4, 5 and 6 of the CEC Guidelines and submit them by Advice Letter no later than September 1, 2008. Energy Division will review the handbook changes using the customary advice letter process with the intent of these changes taking effect no later than January 1, 2009.

Accordingly, **IT IS RULED** that:

1. The Commission takes official notice of the "Guidelines for California's Solar Electric Incentive Programs Pursuant to Senate Bill 1" (CEC Guidelines), adopted by the California Energy Commission on December 19, 2007.
2. The CSI Program Administrators shall ensure that as of January 1, 2008, all CSI incentive applicants comply with the minimum requirements in Chapter 2 of the CEC Guidelines.

3. The CSI Program Administrators shall jointly prepare and submit to Energy Division, no later than April 1, 2008, a plan for modifying EPBB incentive calculation tools to comply with the hourly photovoltaic production calculation, reference system location, incentive calculation and shading methodology described in Chapter 4 of the CEC Guidelines by January 1, 2009.

4. The CSI Program Administrators shall jointly draft CSI Program Handbook changes to implement all requirements in Chapters 3, 4, 5 and 6 of the CEC Guidelines and submit them by advice letter no later than September 1, 2008.

Dated January 15, 2008, 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 hard copy 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 hard copy of the filed document is current as of today's date.

Dated January 15, 2008, at San Francisco, California.

/s/ ROSCELLA GONZALEZ

Roscella Gonzalez