

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding Policies,
Procedures and Incentives for Distributed
Generation and Distributed Energy Resources.

Rulemaking 04-03-017
(Filed March 16, 2004)

**REPLY COMMENTS OF PV NOW ON THE DRAFT
DECISION ADOPTING POLICIES AND FUNDING FOR THE
CALIFORNIA SOLAR INITIATIVE**

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Pursuant to Rule 77.5 of the Commission’s Rules of Practice and Procedure, PV Now¹ respectfully submits the following reply comments on the Interim Order Adopting Policies and Funding for the California Solar Initiative (“Draft Decision”) mailed to parties on December 13, 2005.

PV compliments the CPUC on developing a very clear objective and associated milestones for its implementation of the California Solar Initiative (“CSI”). Several parties erroneously aver that the Commission plans to implement the CSI without concrete plans and metrics. In fact, the Draft Decision is quite clear regarding the Commission’s aim to install 3000 MW of solar power by year-end 2016 by establishing

¹ PV Now is a national solar industry advocacy group comprised of manufacturers in the solar PV energy industry, including Sharp Solar, Shell Solar, Powerlight, Schott Solar, SunPower Corp. and Evergreen Solar. PV Now is affiliated with the national Solar Energy Industries Association (SEIA). Both SunPower Corp. and Powerlight have their corporate headquarters located in California. Three of the other four PV Now companies have their U.S. headquarters located in California.

long-term customer incentive funding. In Appendix A to the Draft Decision, Table 5 provides the concrete schedule for rebate reductions as market penetration increases. This approach assures that funding is expended in a manner consistent with the expectations of the program and that funding rates decline at a prescribed rate, linked to market penetration and program success.

SCE argues that the Commission should defer a decision on long term CSI funding until after the resolution of a number of analyses and implementation issues, when in fact the CPUC has appropriately included in its decision a clear schedule of workshops to resolve program implementation details. PV Now supports the Commission's position that these post-decision workshops are the appropriate venue for resolving program implementation details, and should not be used as an excuse to delay the decision on long term CSI funding.

As an example of an implementation detail appropriately addressed in workshops, utilities and program administrators suggest using an on-site energy survey as a method to align customer solar investment with energy efficiency investment. As we discussed in our opening comments, PV Now supports this objective, and looks forward to participating with other stakeholders in a workshop process to develop an effective way to achieve energy efficiency improvements for solar buildings and homes, in a way that does not unduly constrain the growth of the market for solar energy systems in California. The Commission should not rule in this decision on items identified for future workshop discussion since a record for this sort of detail does not exist at this time.

We appreciate TURN's recognition of the tremendous value of the CSI to

California's ratepayers. PV Now believes that the Commission's schedule for solar power market penetration is a reasonably conservative estimate and a logical base case for planning purposes. TURN proposes to change the funding collection schedule proposed by the Commission and we disagree. We support the Commission's approach to provide for funding collections in excess of this base case scenario in order to plan for success. Customers have repeatedly surprised policy-makers around the world with spurts in demand as long-term public policy commitments are put into place. The solar industry has already seen significant positive business investment reaction to the announcement of the Commission's Draft Decision and believes that California is creating a positive market dynamic from which the State will substantially benefit. As a result, PV Now strongly supports the Commission's conscientious planning to provide adequate early funding to meet potential high growth scenarios. Due to the Commission's proposed logical market trigger approach for rebate level reductions mentioned above; such success would merely accelerate the overall schedule for California market penetration without increasing the overall program budget over its lifetime.

The State Building and Construction Trades Council requests the Commission include a prevailing wage provision in the final decision. However, this request ignores the fact that the CSI is just one aspect of the Commission's resource planning and procurement within California's comprehensive Energy Action Plan which was recently revised and approved by both the Commission and the CEC. The Commission has ample authority to move forward with the CSI without authorization by the Legislature.

Unfortunately the Commission is without definitive guidance on matters of prevailing wage. However, the agencies must continue to move forward with their resource planning and have approved the Energy Action Plan as the overall framework within which to implement public policy. Clearly the Commission cannot remain forever on hold while waiting for any one of the plethora of energy bills introduced each year, including legislation relating to prevailing wage, to become law. We therefore urge the CPUC not to delay implementation of the CSI at this time.

Finally, utilities propose taking up the issue of solar renewable energy certificates and their use for compliance with the California Renewables Portfolio Standard (“RPS”). Since the Commission has already ruled that this issue will be addressed in the RPS proceeding, we see no reason for the Commission to address this issue in this decision.

PV Now commends the Commission for its support and leadership of the California Solar Initiative (CSI). We look forward to working with the Commission and the CEC to fulfill the promise to transform California’s solar power market to one that is self-sustaining, cost-effective and rebate-free. This transformation will add clean, reliable, dispersed energy to peak demand resources, reduce energy resource risk by diversifying the state’s energy portfolio, reduce demand for transmission and distribution system additions, stimulate the California economy and add local jobs. This decision will accelerate investment in technological innovation and the state’s solar power market development as well as establish California as a leading global solar power market.

Respectfully submitted this January 9, 2005 at San Francisco, California.

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By /s/ Joseph F. Wiedman
Joseph F. Wiedman

Attorneys for PV Now

CERTIFICATE OF SERVICE

I, Jan Van Dusen, certify that I have on this 9th day of January 2006

caused a copy of the foregoing

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to be served on all known parties to R.04-03-017 via e-mail to those listed with e-mail on

the CPUC service website, and via U.S. mail to those without e-mail service. I also

caused courtesy copies to be hand-delivered as follows:

President Michael R. Peevey
California Public Utilities Commission
505 Van Ness Avenue, Room 5218
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I declare on penalty of perjury under California law that the foregoing is true. Executed this 9th day of January 2006 at San Francisco, California.

/s/ Jan Van Dusen

Jan Van Dusen