

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 12, 2009

**Advice Letter 3062-E**

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Proposed Handbook Revisions for Minimizing California  
Solar Initiative Non-Residential Project Drop-Outs in  
Compliance with D.07-05-007**

Dear Mr. Cherry:

Advice Letter 3062-E is rejected per Resolution E-4197.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

Pacific Gas and Electric Company  
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415.973.4977  
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June 4, 2007

**Advice 3062-E**

(Pacific Gas and Electric Company ID U 39 E)

**Advice 2131-E**

(Southern California Edison Company ID U 338-E)

Public Utilities Commission of the State of California

**Subject: Proposed Handbook Revisions for Minimizing California Solar Initiative Non-Residential Project Drop-Outs in Compliance with Decision 07-05-007**

**Purpose**

In compliance with the California Public Utilities Commission (Commission or CPUC) Decision (D.) 07-05-007, Pacific Gas and Electric Company (PG&E), on behalf of the California Solar Initiative (CSI) Program Administrators, submits this advice letter filing proposing CSI Handbook revisions designed to reduce the rate of non-residential ( $\geq 10$  kW) CSI applications that drop out. The CSI Program Administrators are comprised of PG&E, Southern California Edison Company (SCE), and California Center for Sustainable Energy (CCSE).

**Background**

On May 3, the CPUC issued D.07-05-007, *Opinion Modifying Decision 06-08-028 Regarding the California Solar Initiative Incentive Adjustment Mechanism*. This decision clarified the process for handling applications that drop out or reduce their system sizes. Among other provisions in that decision and in response to concerns from parties about the CSI customer drop-out rate, the CPUC directed the Program Administrators to “work with the solar industry to propose methods to discourage application drop outs and propose changes through the CSI Program Handbook” (D.07-05-007, p.7). In that decision, the CPUC went on to order the CSI Program Administrators to jointly file an advice letter with CSI Handbook changes “designed to reduce the rate of drop out applications” within 30 days of the Commission’s final order (Ordering Paragraph 4).

Consistent with Ordering Paragraph 4 of D.05-07-007, the Program Administrators developed suggested revisions to the CSI Handbook. Before issuing this Advice Letter, the Program Administrators sought input from industry participants and interested stakeholders on the suggested Handbook revisions contained herein. This input was incorporated into the suggested modifications where feasible. In addition to the suggested Handbook modifications described below, the Program Administrators will actively monitor the drop-out rate. The Program Administrators encourage parties to

provide additional thoughts and suggestions through the advice letter process by submitting comments within 20 days of today's filing (as discussed in the 'Protests' section below).

### **Suggested Process Revisions**

As shown in Attachment 1 (New Section 4.8 of CSI Handbook), the Program Administrators suggest the following to help decrease the drop-out rate of non-residential ( $\geq 10$  kW) applications:

1. Maintain the calculation of the application fee at Step 2 for all non-residential projects to ensure that the application fee continues to serve as a deterrent to "phantom projects." Currently, the application fee is 1% of the Expected Performance Based Buydown (EPBB) rebate calculation. As the rebates continue to decline, however, the application fee may no longer serve its original purpose as a sign of commitment. The Program Administrators suggest that the application fee be calculated for future projects as follows:

$$\text{App Fee} = \text{EPBB rate at Step 2} \times 1\% \times \text{CEC-AC system size}$$

An example calculation for the application fee for a 200 kW commercial system would be:

$$\text{App Fee} = \$2.50/\text{watt} \times 1\% \times 200 \text{ kW} = \$5,000$$

2. Apply a penalty increase in the application fee for those non-residential ( $\geq 10$  kW) customers who have been prone to previous dropouts, this applies to host customers, system owners and/or applicants. Host Customers, System Owners and/or Applicants who have an annual dropout rate greater or equal to 20% of their total MW for a given calendar year will have their application fee(s) in the next calendar year increased to 5%. Unless the Host Customer, System Owner or Applicant takes full responsibility for the drop-out by sending a letter within 10 days of the withdrawal, all parties will be sited with a drop-out. These customers may calculate their new proposed fee as follows:

$$\text{App Fee} = 2.50/\text{W} \times 5\% \times \text{CEC-AC system size}$$

If the 20% dropout rate is reached by December 31 of a given year, an increased application fee will apply to all applications filed in the next calendar year. Application rates will be reset to 1% in the following (or 'second') calendar year on January 1, if drop-outs for the previous year were less than 20%.

3. Require proof of a Building Permit application for non-residential commercial systems ( $\geq 10$  kW). This must be submitted within 6 months of the conditional reservation date. Residential, government, non-profit and public entities will be exempt from this additional step.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **June 25, 2007**, which is 21 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

### **Effective Date**

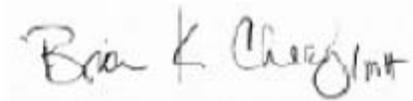
Program Administrators request that this advice filing become effective upon Energy Division review and approval. Program Administrators will not incorporate or implement changes to the CSI Handbook and the application process until receipt of Energy Division approval.

### **Notice**

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties for R.06-03-004. Address changes to the General Order 96-A service

list should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

**<http://www.pge.com/tariffs>**

A handwritten signature in black ink, appearing to read "Brian K. Chappin". The signature is written in a cursive style and is contained within a light gray rectangular box.

Vice President, Regulatory Relations

cc: Service List R.06-03-004

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company U39M

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Megan Hughes

Phone #: (415) 973-1877

E-mail: MEHr@pge.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **PG&E Advice 3062-E/SCE Advice 2131-E**

Subject of AL: Proposed Handbook Revisions for Minimizing California Solar Initiative Non-Residential Project Drop-Outs in Compliance with Decision 07-05-007

Keywords (choose from CPUC listing): Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>:

Resolution Required?  Yes  No

Requested effective date: **CPUC approval**

No. of tariff sheets: 0

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets: N/A

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division

Attention: **Tariff Unit**

505 Van Ness Ave.,

San Francisco, CA 94102

[inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Utility Info (including e-mail)

Attn: **Brian K. Cherry**

Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

<sup>1</sup> Discuss in AL if more space is needed.

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**Attachment 1**  
**Proposed CSI Handbook New Section**

**4.8 Minimizing Non-Residential Projects (≥10 kW) CSI Drop Outs**

The Program Administrators will utilize the following steps in an effort to help decrease the drop out rate of non-residential (≥10 kW) applicants. They are as follows:

- 4.8.1 Maintain the calculation of the application fee at the EPBB rate at Step 2 for all non-residential (≥10 kW) projects. This will help to ensure that the application fee continues to serve as a deterrent to those “phantom projects”. The application fee will be calculated for future projects as follows:

App Fee= EPBB rate at Step 2 x 1% x CEC-AC system size

An example calculation for the application fee for a 200 kW commercial system would be:

$$\text{App Fee} = \$2.50/\text{watt} \times 1\% \times 200 \text{ kW} = \$5,000$$

- 4.8.2 A penalty increase will be applied to the application fee for those non-residential (≥10 kW) customers who have been prone to previous dropouts, this applies to host customers, system owners and/or applicants. Host Customers, System Owners and/or Applicants who have an annual dropout rate greater or equal to 20% of their total MW for a given calendar year will have their application fee(s) in the next calendar year increased to 5%. Unless the Host Customer, System Owner or Applicant takes full responsibility for the drop-out by sending a letter within 10 days of the withdrawal, all parties will be sited with a drop-out. These customers may calculate their new proposed fee as follows:

$$\text{App Fee} = 2.50/W \times 5\% \times \text{CEC-AC system size}$$

If the 20% dropout rate has been reached by December 31 of a given year, the increased application fee will apply to all applications filed in the next calendar year. Application rates will be reset to 1% in the following (or ‘second’) calendar year on January 1, if drop-outs for the previous year were less than 20%.

- 4.8.3 Require proof of a Building Permit application for non-residential commercial systems (≥10 kW). This must be submitted within 6 months of

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the conditional reservation date. This requirement only applies to commercial customers ( $\geq 10$  kW). Residential, government, non-profit and public entities will be exempt from this additional step.

**PG&E Gas and Electric Advice  
Filing List  
General Order 96-A, Section III(G)**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Kahl	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynegy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
Davis, Wright, Tremaine LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	