



December 15, 2008

**CCSE ADVICE LETTER 2 / PG&E ADVICE LETTER 3378-E / SCE ADVICE LETTER 2297-E**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Proposed Amendments to the California Solar Initiative Program Handbook to Incorporate the Multifamily Affordable Solar Housing Program and to Implement Track 1 Incentives

The California Center for Sustainable Energy (CCSE), on behalf of the California Solar Initiative (CSI) Program Administrators (PAs), hereby submits this advice filing to propose amendments to the California Solar Initiative (CSI) Program Handbook to incorporate the Multifamily Affordable Solar Housing (MASH) program and to implement Track 1 incentives. The CSI PAs are comprised of CCSE, Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (SCE).

**PURPOSE**

In Decision (D.) 08-10-036, the California Public Utilities Commission (Commission) directed the CSI PAs to file jointly, within sixty (60) days of the effective date of the decision, an advice letter proposing amendments to the CSI Program Handbook to incorporate the MASH program and to implement Track 1 incentives.<sup>1</sup> CCSE hereby submits the required advice letter on behalf of the CSI PAs.

**BACKGROUND**

In D.06-01-024, the Commission adopted the Staff proposal to set aside a minimum of 10% of CSI program funds for projects installed by low-income residential customers and affordable housing projects.<sup>2</sup> In addition, in 2006, the California Legislature codified this requirement and others in Senate Bill (SB) 1<sup>3</sup> and Assembly Bill (AB) 2723.<sup>4</sup> Subsequently, the Commission issued D.06-12-033 to conform the CSI program to SB 1 and AB 2723 and dedicated 10% of the total ten-year CSI budget to the low-income residential solar incentive program.

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<sup>1</sup> D.08-10-036, *mimeo.*, p. 51 (Ordering Paragraph 3).

<sup>2</sup> D.06-01-024, *mimeo.*, pp. 5 and 27, Conclusion of Law 9 at p. 43 (*see also* Appendix A, pp. 2-3,)

<sup>3</sup> SB 1 (Murray & Levine), *Chapter 132, Statutes of 2006*, sets forth specific CSI program requirements regarding program budget, conditions for solar incentives, and eligibility criteria..

<sup>4</sup> AB 2723 (Pavley), *Chapter 864, Statutes 2006*, required the Commission to ensure that not less than 10% of the CSI funds are used for the installation of solar energy systems on low-income residential housing and authorized the Commission to incorporate a revolving loan or loan guarantee program for this purpose.

On October 16, 2008, the Commission issued D.08-10-036, establishing the \$108.34 million MASH program as part of the CSI. The MASH program will provide incentives “for solar installations on existing multifamily affordable housing that meet[s] the definition of low-income residential housing established in Pub. Util. Code § 2852.”<sup>5</sup>

The Commission adopted a two-track incentive structure, “with Track 1 providing up front incentives to systems that offset either common area or tenant load, and Track 2 providing an opportunity to compete for higher incentives through a grant program.”<sup>6</sup> The Commission expressed the need “to implement Track 1 incentives as soon as possible” and thus required the CSI PAs to jointly file this advice letter within sixty (60) days of the effective date of the decision.<sup>7</sup>

## **PROPOSED AMENDMENTS TO THE CSI PROGRAM HANDBOOK**

### **Incorporate the MASH Program and Implement Track 1**

Make necessary additions and revisions to the CSI Program Handbook to incorporate the MASH Program and Implement Track 1.<sup>8</sup>

Due to the “similarities to the commercial and nonprofit sectors served by the general market CSI Program”<sup>9</sup>, few substantive differences exist between the application process for MASH projects seeking Track 1 incentives and the existing three-step application process for general market CSI projects. The following is a summary of the major changes needed to incorporate the MASH Program and implement Track 1 incentives:

1. **Host Customer**: The Host Customer may be an entity other than the utility customer of record, such as a building owner or a person/entity responsible for the building at the location where the generating equipment will be located.
2. **Application Fee**: The application fee will be waived.
3. **Proof of Occupancy**: To qualify for incentives under the MASH program, a property must have an occupancy permit for at least two (2) years prior to applying for incentives.<sup>10</sup>
4. **Income Verification**: Documentation will be required to prove that MASH projects meet the low income requirements of Pub. Util. Code § 2852.<sup>11</sup>
5. **Incentive Type**: Track 1 will provide “fixed, up front, capacity-based incentives for qualifying solar energy systems, using the Expected Performance Based Buydown (EPBB) methodology adopted in [D.]06-08-028.”<sup>12</sup>
6. **Incentive Reduction**: MASH Track 1 incentive reduction is subject to CPUC decision, not the general market CSI Program Trigger Mechanism.

<sup>5</sup> D.08-10-036, Appendix A, *mimeo.*, p. 1.

<sup>6</sup> D.08-10-036, *mimeo.*, p. 9.

<sup>7</sup> *Id.* at p. 15.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at p. 46

<sup>10</sup> D.08-10-036, Appendix A, *mimeo.*, p. 2.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

7. **Track 1A and 1B:** "Incentives under Track 1 vary depending on whether the system offsets common area usage of the property or individual tenant usage."<sup>13</sup> Track 1A will provide incentives to solar energy systems offsetting common area load, with an incentive level of \$3.30 per watt.<sup>14</sup> Track 1B will provide incentives to solar energy systems offsetting tenant load, with an incentive level of \$4.00 per watt.<sup>15</sup> MASH Track 1 incentives will remain consistent throughout the utility service territories.
8. **Inspections:** Field verification of all MASH Track 1 projects will take place.
9. **System Sizing:** For MASH Track 1 systems, common areas will be subject to the same system sizing rules as apply in the general market CSI Program. Tenant units will be aggregated for sizing limits.
10. **Reservation Period:** Incentives can be reserved for up to eighteen (18) months for MASH Track 1 projects.

**Affected Sections:** Revisions to the CSI Program Handbook are shown as Attachment A in redline format.

**Reason:** The CSI Program Handbook must incorporate the MASH program and provide for implementation of Track 1 incentives. D.08-10-036 specified that the amended CSI Program Handbook "should address Track 1 incentives and all elements of the MASH program necessary for implementation of Track 1," and that, at this time, it "does not need to address Track 2 incentives or a Virtual Net Metering (VNM) tariff, which...[will be] implement[ed] on a different timeline."<sup>16</sup>

## **PROTESTS**

Anyone wishing to protest this Advice Letter may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than January 5, 2009, which is 21 calendar days after the filing of this Advice Letter.<sup>17</sup> Protests should be mailed to:

CPUC Energy Division  
 Tariff Files, Room 4005  
 DMS Branch  
 505 Van Ness Avenue  
 San Francisco, CA 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 should also be mailed to the attention of Ken Lewis, Interim Director, Energy Division, Room 4004, at the address shown above.

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<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> D.08-10-036, *mimeo.*, p. 15.

<sup>17</sup> The twentieth day after the filing of this Advice Letter falls on Sunday, January 4, 2009. Rule 1.14 of CPUC Rules of Practice & Procedure, provides that "[i]f the last day falls on a Saturday, Sunday, holiday or other day when the Commission offices are closed, the time limit is extended to include the first day thereafter." Thus, the time limit for protests to this Advice Letter is extended to Monday, January 5, 2009.

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

Andrew McAllister  
Director of Programs  
California Center for Sustainable Energy  
8690 Balboa Avenue, Suite 100  
San Diego, CA 92123  
Facsimile: (858) 244-1178  
E-mail: [andrew.mcallister@energycenter.org](mailto:andrew.mcallister@energycenter.org)

There are no restrictions as to who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

**EFFECTIVE DATE**

CCSE requests that this Advice Letter become effective on regular notice, January 14, 2009, which is thirty (30) calendar days after the date of filing.

**NOTICE**

CCSE is providing a copy of this Advice Letter to service list R.08-03-008.



Andrew McAllister  
Director of Programs  
California Center for Sustainable Energy

cc: Service List R.08-03-008