



January 20, 2009

**CCSE ADVICE LETTER 5 / PG&E ADVICE LETTER 3406-E / SCE ADVICE LETTER 2311-E /
SOCALGAS ADVICE LETTER 3950**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Proposed Amendments to the Self-Generation Incentive Program Handbook to Revise Program to Allow Advanced Energy Storage Systems Coupled With Eligible Self Generation Technologies to Receive Incentives and to Incorporate the Revised Program Modification Request Process

The California Center for Sustainable Energy (CCSE), on behalf of the Self-Generation Incentive Program (SGIP) Program Administrators (PAs), hereby submits this advice filing with proposed amendments to the SGIP Handbook that revise the program by (i) allowing advanced energy storage (AES) systems, coupled with eligible self generation technologies, to receive incentives; and (ii) incorporating the revised program modification request (PMR) process. The SGIP PAs are comprised of CCSE, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE) and Southern California Gas Company (SoCalGas).

PURPOSE

Decision (D.) 08-11-044 ordered that “[AES] systems that are coupled with one of the eligible self generation technologies, namely wind or fuel cell technology, and meet the technical and operational criteria established in this decision shall receive a \$2/watt incentive.”¹ The decision also formally adopted a Revised Program Modification Request (PMR) Process, included in Appendix A to the decision.² Finally, the decision directed the SGIP PAs to file jointly, within sixty (60) days, an advice letter implementing the revisions to the SGIP in accordance with the requirements of the decision and Appendix A.³ CCSE hereby submits the required advice letter on behalf of the SGIP PAs.

BACKGROUND

D.03-08-013 established a multi-step evaluation process to consider requests to add technologies to the SGIP or evaluate related program changes, referred to as PMRs. Several

¹ D.08-11-044, *mimeo.*, p. 19 (Ordering Paragraph 1).

² D.08-11-044, *mimeo.*, p. 19 (Ordering Paragraph 2).

³ D.08-11-044, *mimeo.*, p. 19 (Ordering Paragraph 3).

applicants submitted PMRs to the SGIP Working Group⁴ for consideration, including StrateGen Consulting LLC (StrateGen) and VRB Power Systems Inc. (VRB), who submitted PMR Number 6 requesting to include AES systems as a new technology eligible for SGIP incentives.

The SGIP Working Group reviewed the PMRs and submitted its recommendations to the Energy Division. The Energy Division submitted the SGIP Working Group's recommendations along with its own recommendations to the assigned Commissioner for further consideration on March 21, 2008. The Energy Division also submitted a proposal to modify the PMR evaluation process established in D.03-08-013. On April 4, 2008, the assigned Commissioner issued a Ruling soliciting comments from interested parties on the SGIP Working Group's recommendations and the Energy Division's recommendations for the PMRs and on the Energy Division's proposal to modify the PMR evaluation process. Both the Energy Division and the SGIP Program Administrators (PAs) supported adding AES systems to the technologies eligible for incentives under the SGIP as long as they were coupled with eligible self generation technologies.

The California Public Utilities Commission (Commission) issued D. 08-11-044 on November 21, 2008, ordering that AES systems coupled with eligible self generation technologies and meeting the technical and operational criteria established in D.08-11-044 receive incentives under the program. The decision also formally adopted a revised PMR process, included in Appendix A to the decision. The decision subsequently directed the SGIP PAs to file jointly, within sixty (60) days, an advice letter implementing the revisions to the SGIP in accordance with the requirements of the D.08-11-044 Appendix A of that decision.

PROPOSED AMENDMENTS TO THE SGIP HANDBOOK

Included as an attachment to this advice filing is the draft 2009 SGIP Handbook with proposed revisions in redline format (Attachment A) that show changes from the 2008 Handbook. The SGIP PAs manage the SGIP Handbook, and changes are normally made to the Handbook by obtaining the agreement of the SGIP Working Group. This advice letter is in response to D.08-11-044 and is not meant to set a precedent that future SGIP Handbook changes will be submitted for approval via the advice letter process.

Attachment A includes all revisions in anticipation of the release of the updated SGIP Handbook for 2009, including the revisions proposed in this advice filing, as well as revisions unrelated to this advice filing. The proposed revisions are summarized below:

Incorporate the Revised Program Modification Request (PMR) Process adopted in D.08-11-044.

Reason: In D.08-11-044, the Commission adopted a Revised PMR Process, included as its Attachment A, which shall be incorporated into the SGIP Handbook.

Affected Sections:

Section 1.3

Program Modification

⁴ The SGIP Working Group consists of CCSE, PG&E, San Diego Gas & Electric Company (SDG&E), SCE, and SoCalGas.

Revise the SGIP Handbook to allow for AES systems coupled with eligible self generation technologies and meeting the technical and operational criteria established in D.08-11-044 to receive incentives under the program.

Reason: In D.08-11-044, the Commission ordered that AES systems coupled with one of the eligible self generation technologies, presently wind or fuel cell technology, and meeting the technical and operational criteria established in the decision shall receive a \$2/watt incentive. The SGIP Handbook shall be revised to include the eligibility of AES systems for SGIP incentives and the necessary technical and operational criteria for receipt of incentives by AES systems.

Affected Sections:

Section 1.2	Program Background
Section 2.5	Generator System Equipment Eligibility, Table 2-1
Section 2.5.2.1	Mandatory Hybrid Systems
Section 2.5.4	Rating Criteria for System Output
Section 2.5.5	Minimum Size
Section 2.5.6.3	System Sizing for Advanced Energy Storage Projects
Section 2.5.7	Not Eligible under the SGIP
Section 2.5.11.1	Wind Turbine, Fuel Cell & Advanced Energy Storage System Warranty Requirements
Section 3.0	Incentives
Section 3.1	Incentive Levels, Table 3-1
Section 3.3.2	Incentive for Systems with Output Capacity above 1 MW
Section 6.0	Definitions and Glossary

Revisions Unrelated to this Advice Filing indicated in Attachment A:

Section 1.2	Program Background, Paragraph 9
Section 3	Incentives, Annual Program Budgets
Section 3.5	Incentives for Technologies from a California Supplier
Section 6	Definitions and Glossary, "California Supplier"

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 February 9, 2009, which is 20 days after the filing of this Advice Letter. 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: jjn@cpuc.ca.gov and mas@cpuc.ca.gov

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

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, California 92123
Facsimile: (858) 244-1178
E-mail: 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 business letter become effective on regular notice, February 19, 2009, which is 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

Attachments: Attachment A – SGIP Handbook Revisions (Redline Version)

cc: Service List R.08-03-008