

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking Regarding  
Policies, Procedures and Rules for the California  
Solar Initiative, the Self-Generation Incentive  
Program and Other Distributed Generation  
Issues

Rulemaking 10-05-004  
(Filed May 6, 2010)

**THE DIVISION OF RATEPAYER ADVOCATES' COMMENTS  
ON REVISED STAFF PROPOSAL REGARDING MODIFICATIONS TO THE  
SELF-GENERATION INCENTIVE PROGRAM**

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May 2, 2011

# THE DIVISION OF RATEPAYER ADVOCATES' COMMENTS ON REVISED STAFF PROPOSAL REGARDING MODIFICATIONS TO THE SELF-GENERATION INCENTIVE PROGRAM

## I. INTRODUCTION

Pursuant to the April 21, 2011 Administrative Law Judge's Ruling Requesting Comments on Revised Staff Proposal Regarding Modifications to the Self-Generation Incentive Program (ALJ Ruling), the Division of Ratepayer Advocates (DRA) submits the following comments on the "Revised Staff Proposal Regarding Modifications to the Self-Generation Program (SGIP)" issued April 21, 2011 (Staff Proposal).

- DRA supports the recommendation to use the need for financial incentives as a third screen to aid in setting incentive levels.<sup>1</sup>
- DRA agrees with the recommendation that technologies must demonstrate cost effectiveness using the total resource cost (TRC) test in 2010 to receive ratepayer funding.<sup>2</sup>
- DRA agrees that a technology should pass through both the greenhouse gas (GHG) reduction screen and the TRC screen for inclusion in the SGIP program.<sup>3</sup>
- DRA does not oppose inclusion of pressure reduction turbines within the SGIP program, but recommends that the Commission direct staff to gather data to monitor whether continued inclusion is warranted.
- DRA supports the staff recommendation to exclude Distributed Biogas (DBG) should be from SGIP.<sup>4</sup>
- DRA supports the staff recommendation to improve program requirements for the significant quantity of DBG projects that have already received incentive reservations in SGIP but have not yet completed their projects.<sup>5</sup>

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<sup>1</sup> Revised Staff Proposal, Section 2 Technology Eligibility, p. 2

<sup>2</sup> Revised Staff Proposal, Section 2.2 Cost-Effectiveness of DER Screen, p. 3

<sup>3</sup> Revised Staff Proposal, Section 2.2 Cost-Effectiveness of DER Screen, p. 3-4

<sup>4</sup> Staff Proposal, Section 2.4.3 Onsite Biogas and Directed Biogas Fuel Considerations, p. 7-8

<sup>5</sup> Staff Proposal, Section 2.4.3 Onsite Biogas and Directed Biogas Fuel Considerations, p. 8

- DRA supports payment of SGIP incentives in accordance with the performance-based incentive paradigm described in Section 4.4.3 of the SGIP Staff Proposal, Part I.<sup>6</sup>
- DRA supports the proposed incentive levels in Table 2.<sup>7</sup>
- DRA supports the proposed adoption of a supplier concentration limit.<sup>8</sup>
- DRA supports staff's recommendation that the SGIP program not pay incentives that represent more than 30% of upfront project costs.<sup>9</sup>

## II. DISCUSSION

DRA supports the Staff Proposal. The recommendations outlined are consistent with DRA's overall position regarding modifications to SGIP as outlined in the November 15, 2010 comments for Staff Proposal 1.<sup>10</sup> Specifically:

- Only those technologies that meet the first guiding principle of cost-effectiveness, the second guiding principle of reducing greenhouse gas emissions, and the third guiding principle of financial need be eligible for SGIP.<sup>11</sup>

The recommended SGIP technologies in Section 2.3 Table 1 incorporate all three guiding principles and only include technologies with Total Resource Cost (TRC) greater than 1.

The recommendation to exclude Distributed Biogas (DBG) from SGIP participation and improving program requirements for DBG projects that have already received reservations is consistent with DRA's Reply Comments filed on December 10, 2010.<sup>12</sup> DRA agreed with Southern California Edison Company (SCE) that Staff should determine if the current biogas premium is justified, and examine requirements for directed biogas projects. This staff proposal properly examined the issue and DRA agrees with the conclusion.

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<sup>6</sup> Staff Proposal, Section 3 SGIP Incentive Levels, p. 9

<sup>7</sup> Staff Proposal, Section 3.1 Need for Financial Incentives, p. 11

<sup>8</sup> Staff Proposal, Section 3.2 Incentive Allocation per Technology Supplier and/or Installation Contractor., p. 11

<sup>9</sup> Staff Proposal, Section 3.1 Need for Financial Incentives, p. 12

<sup>10</sup> <http://docs.cpuc.ca.gov/efile/CM/126667.pdf>

<sup>11</sup> DRA Comments on Staff Proposal, p. 2, <http://docs.cpuc.ca.gov/efile/CM/126667.pdf>

<sup>12</sup> DRA Reply Comments on Staff Proposal, <http://docs.cpuc.ca.gov/efile/CM/127903.pdf>

The recommendation that the SGIP program not pay incentives that represent more than 30% of upfront costs is supported by DRA as being in the best interest of the ratepayer. DRA agrees that a larger share of the project costs should be borne by the program participants, which would allow other cost effective projects to qualify for the limited pool of SGIP rebates.

### **III. CONCLUSION**

DRA supports the Commission's Staff Proposal.

Respectfully submitted,

/s/      DIANA L. LEE

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May 2, 2011

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of **“THE DIVISION OF RATEPAYER ADVOCATES’ COMMENTS ON REVISED STAFF PROPOSAL REGARDING MODIFICATIONS TO THE SELF-GENERATION INCENTIVE PROGRAM”** to the official service list in **R.10-05-004** by using the following service:

**E-Mail Service:** sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

**U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on May 2, 2011 at San Francisco, California.

/s/ NANCY SALYER  
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NANCY SALYER