

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' REPLY COMMENTS
REGARDING PRESIDENT PEEVEY'S PROPOSED DECISION
MODIFYING THE CALIFORNIA SOLAR INITIATIVE BUDGET, REVENUE
REQUIREMENT AND PERFORMANCE BASED INCENTIVES AS ADOPTED
IN DECISIONS (D.) 06-08-028, D.10-09-046 AND D.11-07-031**

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November 22, 2011

**THE DIVISION OF RATEPAYER ADVOCATES' REPLY COMMENTS
REGARDING PRESIDENT PEEVEY'S PROPOSED DECISION MODIFYING
THE CALIFORNIA SOLAR INITIATIVE BUDGET, REVENUE REQUIREMENT AND
PERFORMANCE BASED INCENTIVES AS ADOPTED IN DECISIONS (D.) 06-08-028,
D.10-09-046 AND D.11-07-031**

I. INTRODUCTION

The Division of Ratepayer Advocates (DRA) submits the following reply comments in response to the comments of San Diego Gas & Electric Company (SDG&E) on President Peevey's Proposed Decision Modifying the California Solar Initiative Budget, Revenue Requirement and Performance Based Incentives as Adopted in Decisions (D.) 06-08-028, D.10-09-046 and D.11-07-031 (PD). DRA supports SDG&E's request for Commission authorization to suspend collection of California Solar Initiative (CSI) funding during 2012 in light of SDG&E's projected overcollection of funds needed for CSI incentives during 2012.¹

DRA also recommends that the Commission determine whether Southern California Edison (SCE) faces a similar short term over-collection. If SCE has a similar over-collection of CSI funds in the short term, the Commission should authorize SCE's collections to be suspended as well.

II. DISCUSSION

A. The Commission should grant SDG&E's request for authority to temporarily suspend collection of its otherwise required CSI revenue requirement for the duration of calendar year 2012, effective January 1, 2012.

SDG&E requests that the Commission allow SDG&E to temporarily suspend collection of the 2012 CSI funds from its electric customers, and instead allow SDG&E to collect the suspended \$25 million revenue requirement during 2013 – 2016. SDG&E explains that its electric ratepayers have “contributed far in excess of the incentives and associated program administration expenses paid with the likely prospect that this large difference between collections and incentives will continue.”² According to SDG&E, its ratepayers will have

¹ Comments of San Diego Gas & Electric Company on Commissioner Peevey's Proposed Decision on Modification of California Solar Initiative Budget, Revenue Requirement and Performance Based Incentives, November 17, 2011 (SDG&E Comments), pp. 1-2.

² SDG&E Comments, p. 2.

contributed over \$153 million to the CSI program by the end of 2011, while SDG&E's program expenditures from the beginning of the CSI program through August 31, 2011 have been \$92 million, with an additional \$13 million in expenditures anticipated by the end of 2011. Thus,

“From a cash flow perspective, SDG&E expects an overcollection of approximately \$53 million in the California Solar Initiative Balancing Account (“CSIBA”) at the end of 2011, which includes approximately \$5 million in interest credits since Program inception. Assuming future commitments of \$80 million are added to the analysis, and of which \$70 million of these commitments will be paid over a 5 year Performance Based Incentive basis, it is estimated that \$35 million in CSI program incentives and expenses are expected to be paid in 2011.

Given the \$53 million overcollection estimate at year-end 2011 and an expected spend of \$35 million in 2012, SDG&E would still have approximately \$18 million remaining in the CSIBA at year-end 2012 even if ratepayer collections were suspended in 2012.³”

In light of the \$18 million surplus that SDG&E anticipates by the end of 2012, even if the Commission authorizes it to suspend CSI collections in 2012 and resume collections in 2013, DRA recommends that the Commission grant SDG&E's request for authority to suspend its CSI collections in 2012. DRA agrees that granting SDG&E's request would “better match the timing of CSI program collections from customers with actual program costs,” an objective that DRA supports.⁴

B. The Commission should determine whether a similar temporary suspension is warranted for SCE.

DRA supports matching the timing of CSI program collections with expenditures for program costs to the greatest extent possible. Therefore, DRA recommends that the Commission determine whether SCE has a short term over-collection similar to SDG&E's, and if so, whether a temporary suspension of SCE's CSI collections is justified.

³ SDG&E Comments, p. 3.

⁴ SDG&E Comments, p. 3.

III. CONCLUSION

DRA recommends that the Commission modify the PD, as SDG&E has requested, to authorize SDG&E to suspend collection of CSI funding during 2012 in light of the projected over collection of funds needed for CSI incentives during 2012, and to determine whether similar authority should be granted to SCE.

Respectfully submitted,

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