

PUBLIC UTILITIES COMMISSION

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May 6, 2016

Southern California Gas Advice Letter 4953

Southern California Gas Company
Attention: Mr. Sid Newsom
555 West Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Email: snewsom@SempraUtilities.com;
Tariffs@socalgas.com

Subject: Disposition approving proposed amendments to the California Solar Initiative-Thermal Program Handbook

Dear Mr. Newsom:

This letter disposes of Southern California Gas (SoCalGas) Advice Letter (AL) 4953 filed on April 16, 2016. The advice filing is approved as filed and effective as of May 13, 2016.

Background:

On April 16, 2016, SoCalGas filed AL 4953 to propose modifications to the California Solar Initiative (CSI)-Thermal Program Handbook. The proposed changes will only apply to solar water heating installations in SoCalGas service territory and will be temporary in order to respond to the major natural gas leak that occurred at the Aliso Canyon Natural Gas Storage Facility on October 23, 2015.

The proposed changes include: 1) reallocating Step 3 and Step 4 of SoCalGas single family and multifamily/commercial general market funds to Step 1; 2) increasing the rebate rates in SoCalGas service territory only for general market single family and multifamily commercial applications; and 3) removing the 50% rebate cap for solar pool applications in SoCalGas service territory.

On April 25, 2015 the California Solar Energy Solar Energy Industries Association (CALSEIA) filed a timely protest to the AL. While CALSEIA supports the efforts to provide temporary additional incentives for the installation of solar thermal systems in the SoCalGas territory as part of the state of California's response to the natural gas leak at Aliso Canyon and the need to reduce natural gas use in the impacted area, CALSEIA argues that the proposed rebate rates are excessive and that the timeline for modifications to the program should be extended.

On May 2, 2016 SoCalGas filed a reply to the CALSEIA protest. In its reply, SoCalGas asserts that the proposed modifications are consistent with the policy direction discussed with Energy Division staff prior to the filing to effectively respond to the emergency situation caused by the Aliso Canyon gas leak.

Discussion and determination:

The April 25 protest by CALSEIA contains four components. First, CALSEIA recommends extending the timeline so the new rules apply to projects installed by the end of 2017, rather than the end of 2016. CALSEIA also recommends modifications to the proposed incentive levels for single-family and multifamily customers. CALSEIA argues that incentive rates for market rate customers should not be higher than for low-income customers because accurate tracking is essential. They assert that if low-income customers apply for the higher market rate incentives, we will be unable to track low-income applicant participation accurately and thus will lose important data that could be used to design effective programs for different customer groups. They also recommend a lower incentive level for market rate single-family residential customers than is proposed by SoCalGas. Finally, CALSEIA suggests maintaining the 50% cap on the total installed cost for solar pool installations and instead increasing the incentive level for pools. Overall, CALSEIA protests the magnitude of proposed changes to the program, arguing that the modifications should be scaled back to achieve long-term market transformation.

SoCalGas's reply to the protest states that their proposed changes align with discussions with Energy Division staff to propose modifications to the CSI-Thermal program rules. Specifically, after consultation with Energy Division, SoCalGas has proposed changes for their service territory for projects installed in 2016; incentive levels for commercial/multifamily that are based on the success of the current low-income program; incentive levels for single family customers that offset 59% of project cost; and a rule to eliminate the 50% cost cap for solar pools because recent experience demonstrates it will be a more effective policy for increasing deployment than an increased rate.

Commission Decision (D.)15-01-035 allows the CSI-Thermal program administrators to request substantive changes via a Tier 2 advice letter after consultation with Energy Division.¹ Accordingly, SoCalGas AL 4953 is compliant with Commission decisions, and should be approved as filed. We note that because the changes are temporary, the long-term implications that CALSEIA alleges should be mitigated. That said, Energy Division staff agrees with CALSEIA on the point that accurate data and tracking is critical to effective program design. To address this concern, SoCalGas should ensure the database tracks the low-income applications that receive the general market incentive.

For the reasons discussed above, AL 4953 is approved and effective May 13, 2016 (to allow time for database updates to be implemented). The funding shift will take effect on April 15, 2016, the date of AL filing, and will expire on December 31, 2016. SoCalGas must ensure the database tracks the low-income applications that receive the higher market-rate incentive.

Sincerely,



Edward Randolph
Director, Energy Division
cc: CALSEIA

¹ Conclusion of Law 14