



**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 12-11-005
(November 8, 2012)

**COMMENTS OF THE CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION
ON THE JOINT IMPLEMENTATION PLAN OF THE CALIFORNIA CENTER FOR
SUSTAINABLE ENERGY, PACIFIC GAS AND ELECTRIC COMPANY (U39E), AND
SOUTHERN CALIFORNIA GAS COMPANY (U904G) TO INCORPORATE SOLAR
HEATING POOL SYSTEMS INTO THE CALIFORNIA SOLAR INITIATIVE
THERMAL PROGRAM**

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I. INTRODUCTION

The California Solar Energy Industries Association (CALSEIA) submits these comments on the proposed Joint Implementation Plan (the “Plan”) of the California Solar Initiative Thermal Program Administrators (the California Center for Sustainable Energy, Pacific Gas and Electric Company, and Southern California Gas Company, jointly the PAs) to incorporate solar pool heating systems into the CSI-Thermal Program in compliance with Assembly Bill (“AB”) 2249 (Stats. 2012, ch. 607) filed on May 8, 2013¹. CALSEIA is pleased with the opportunity to comment on this proposal, and notes that the PAs have worked closely with the solar industry to formulate a structure for the successful implementation of this new Program element. CALSEIA expects that this constructive working relationship will continue, and that the final outcome will be a new CSI-Thermal Program feature which will successfully implement the goals articulated in the enabling legislation.

¹ The comments contained in this filing represent the position of the California Solar Energy Industries Association as an organization, but not necessarily the views of any particular member.

II. THE PROPOSED INCENTIVE LEVEL OF \$7 PER THERM WILL ADEQUATELY INCENTIVIZE MOST PROSPECTIVE CUSTOMERS

While during deliberations leading up to and following the April 23, 2013 public workshop sponsored by the California Public Utilities Commission (CPUC) an incentive level of \$8.00 per estimated annual therm displaced was advocated by some industry members, CALSEIA believes that the \$7.00 per therm incentive level proposed by the PAs will be adequate to incentive most prospective projects. The long experience of the solar pool heating industry has shown that facility owners and managers focus on the opportunity costs of the expenditures required for the purchase of systems of this scale, and will typically choose not to make such expenditures unless the return on investment is five years or less. \$7.00 per annual therm displaced will achieve this goal in most cases.

The exception to this adequacy occurs when the project in question is required by state law to utilize prevailing wage labor pay rates. In some cases, this may represent labor costs as much as double the normal pay scale. While CALSEIA makes no recommendation that these project types should be treated differently from an incentive amount perspective at this time, we believe this inescapable fact should be noted at the outset.

III. OPTION 1, WHERE THE INCORPORATION OF SOLAR POOL HEATING INTO THE EXISTING MULTIFAMILY/COMMERCIAL INCENTIVE STRUCTURE IS PROPOSED, SHOULD BE UTILIZED

The PAs have indicated their preference that incentive funds for solar pool heating projects should come from the existing multifamily/commercial budget, rather than from a newly-established, sequestered solar pool heating-only budget derived from moving Steps 3 and 4 of the multifamily/commercial budget into a separate pool. The PAs believe that this shared budget option has the benefit of lower administrative costs, in part because of the potential need to adjust multiple budgets based on varying uptakes of end use sector incentives as the program

proceeds. Also, the PAs believe that Option 1 would better allow the marketplace to determine which end use applications are the best investments, rather than attempting to pre-determine this by setting up-front budget levels.

At the same time, the PAs note that the existing commercial/multifamily market, which is seeing recent growth, could move more quickly into a lower incentive level under this option. CALSEIA very much shares this concern, which is somewhat allayed by the PAs recognition that continuing flexibility in incentive fund budgeting is critical to achieve the overall therm reduction goals of the program:

Because it is extremely difficult to predict how the solar thermal market will progress, the PAs request that regardless of the chosen Option, the proposed breakdowns of incentive funds be reexamined and redistributed in the future if it is determined that it is necessary to meet the program goals.²

CALSEIA echoes this call for flexibility, given that there are few if any precedents to assist predictions about how these various end-market sectors will develop in coming years.

Given the late entry of solar pool heating eligibility into the CSI-Thermal Program, CALSEIA also supports the PAs proposal to extend the Step 1 \$7.00/therm incentive level into Step 2. By the time this program element is implemented, Step 1 commercial/multifamily incentives will hopefully be nearing depletion. It is therefore with a note of caution regarding the potential for negative impacts on certain end use sector stakeholders that CALSEIA supports the PA's proposed Option 1.

IV. THERE SHOULD BE NO CAP ON SOLAR POOL HEATING SYSTEM SIZE

In the proposed plan, the PAs correctly determine to not limit the size of a solar pool heating system collector array to any specific percentage of a pool's surface area. Sizing criteria for solar pool heating systems vary widely based on a number of location-specific factors,

² Proposed Implementation Plan at pg.9

including average wind speed, proximity to the ocean, latitude, intended use of pool, available solar collector mounting area, etc. Attempting to develop sizing criteria which adequately accommodate each of these site-specific conditions is unrealistic. Rather, it should be the responsibility of the project designer to provide information in the reservation request regarding how the specified solar collector square footage was determined.

V. INCENTIVE PAYMENTS SHOULD BE BASED ON ONLINE CALCULATOR MODELING

Although CALSEIA would have strongly preferred to have the opportunity to examine the results of solar pool heating system modeling before engaging in detailed discussions about pool temperatures and the use of pool blankets, CALSEIA understands the PA's reluctance to develop such a tool without knowing whether the Commission will adopt their recommendation to use a calculator in the first place. However, CALSEIA agrees with the PAs that a calculator is the preferred method of determining incentives for solar pool heating systems, and that a Performance Based Incentive structure is not required, even for larger projects.

A number of CALSEIA members have made recommendations for elements that should be built into the calculator; as a result we recommend that the PAs allow for the opportunity to accept input on this topic before the calculator is constructed.

VI. A POOL BLANKET SHOULD BE ASSUMED IN PROJECT MODELING FOR INCENTIVE CALCULATION PURPOSES ONLY WHEN A BLANKET IS ALLOWABLE UNDER LOCAL OR STATE BUILDING AND SAFETY CODES

The PAs propose that for calculator modeling purposes it will be assumed that all pools will have a pool cover. CALSEIA disagrees with this "one size fits all" approach, particularly given the PA's acknowledgement that in some percentage of cases, pool covers are not allowed by the authority having jurisdiction for building and safety at a given pool location. CALSEIA

instead recommends that where it can be demonstrated that a pool cover may not be used on a pool, the modeling should not assume one.

VII. THE SWIMMING POOL OPERATING TEMPERATURE FOR CALCULATOR MODELING PURPOSES SHOULD BE DETERMINED ONLY AFTER THE CALCULATOR TOOL IS BETTER DEFINED

In many circumstances commercial swimming pools are operated at temperatures exceeding 80°F or even 90°F. CALSEIA believes that for modeling purposes, a temperature of at least 82°F should be used, based on the recommendations of the American Red Cross and others.³ A number of CALSEIA members have noted that some significant percentage of swimming pools are heated to temperatures which can be better achieved through the use of glazed solar collectors, and the calculator will need to accommodate these situations. Without more knowledge about how the calculator will function, CALSEIA believes that it is premature to settle on a set point at this time.

VIII. THE INCENTIVE FOR A SYSTEM SHOULD NOT EXCEED 50 PERCENT OF THE TOTAL PROJECT COST

Although the subject was not raised in the proposed plan, CALSEIA recommends that the incentive for any system is capped at a maximum of 50 percent of the project cost. In this way, the incentive amount will be adequate to stimulate purchases, and the incentive budget will allow for more system installations. CALSEIA also notes that not all of our membership agrees that there should be a cap on the incentive.

IX. THE PROJECT ELIGIBILITY DATE SHOULD BE ON OR AFTER JANUARY 1, 2013

CALSEIA agrees with the provision in the proposed plan which would make systems with final inspection permit sign-offs on or after January 1, 2013 eligible for incentives. This

³ American National Standard for Water Quality in Public Pools and Spas; pp. 27 - 28
http://standards.nsf.org/apps/group_public/download.php/17496/ANSI-APSP-11%25202009-for-apsps-store.pdf

provision will eliminate the uncertainty which is presently causing prospective customers to postpone purchases, which is in turn causing financial distress to those companies who are in the solar pool heating business.

X. CONCLUSION

CALSEIA appreciates the opportunity to provide input to the process of developing a successful CSI-Thermal Pool Heating Program.

DATED at Sacramento, California, this 22nd day of May, 2013

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