

California Solar Initiative Thermal Program
Quarterly Progress Report
(January 1 – March 31, 2012)

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Executive Summary

1.1. Introduction

The California Center for Sustainable Energy (CCSE), on behalf of the California Solar Initiative Thermal (CSI-Thermal) Program Administrators (PAs)¹, submits this Quarter 1, 2012 Progress Report for the CSI-Thermal Program, in compliance with California Public Utilities Commission (CPUC or Commission) Decision (D.) 10-01-022, which requires the PAs to submit quarterly progress reports to the CPUC Energy Division.²

This report provides an overall qualitative and quantitative review of the CSI-Thermal Program from January 1, 2010 through March 31, 2012. It also highlights the program's progress and achievements for the quarter. The report has been divided into several sections covering topics such as program budget, eligibility requirements, incentive structure, program expenditures, market facilitation activities and Regulatory updates.

1.2. Key Report Highlights

During the first quarter of 2012, several program developments were implemented that had significant impacts on the program: (1) implementation of incentives for propane-displacing solar water heating (SWH) systems in San Diego Gas & Electric Company (SDG&E), SCE and PG&E territories, (2) inclusion of Solar Rating and Certification Corporation (SRCC) certified equipment rendered by the International Association of Plumbing and Mechanical Officials (IAPMO); and (3) inclusion of the low-income component of the CSI-Thermal Program for single-family and multi-family residential natural gas-displacing customers.

On March 29, 2012, the CSI-Thermal Low-Income Program was launched to offer increased incentives to qualifying single-family and multi-family low-income customers that install natural gas displacing SWH systems. The PAs administering the natural gas portion of the CSI-Thermal Program, i.e., PG&E, SCG and CCSE, filed an advice letter as set forth in Appendix A to D.11-10-015. The Advice Letter was approved, and the program was subsequently made available to qualifying customers.

In accordance with D.11-11-004, which required the PAs to accept SRCC certification performed by IAPMO, the CSI-Thermal statewide database was updated to accept equipment data from IAPMO as of January 8, 2012.

¹ CSI-Thermal PAs are Pacific Gas and Electric Company (PG&E), CCSE, Southern California Edison (SCE), and Southern California Gas Company (SCG).

² D.10-10-022, Ordering Paragraph No. 13 and Appendix A.

In accordance with a separate CPUC decision, D.11-11-005, the CSI-Thermal Program was expanded to allow payment of incentives for SWH systems that displace propane usage. The PAs administering the electric portion of the CSI-Thermal Program, i.e., PG&E, SCE, and CCSE, filed an advice letter on December 9, 2011. As of February 7, 2012, electric customers of PG&E, SCE and SDG&E are now eligible for incentives if they install propane-displacing SWH systems for systems installed after June 14, 2011.

In addition to these program enhancements, the PAs continue to effectively manage the CSI-Thermal Program. Since program inception through March 31, 2012, over 488 projects have been completed, accounting for over \$3,464,378 in statewide incentive payments³.

2. Introduction

2.1. Program Background

In January 2007, the CPUC launched the California Solar Initiative (CSI), a \$2.16 billion ratepayer-funded incentive program with a goal of installing 1,940 megawatts (MW) of new solar generation and creating a sustainable solar industry by 2016.⁴ State law allows up to \$100.8 million of CSI funds to be used for incentives for solar thermal technologies that displace electricity usage, but the CPUC deferred allowing SWH technologies to be eligible for CSI until after a pilot program for SWH was conducted in SDG&E service territory. Starting in July 2007, CCSE administered a \$2.59 million pilot program for SWH incentives in the SDG&E service territory. In D.08-06-029, the Commission made minor modifications to the pilot to allow it to run until December 31, 2009, or until the budget was exhausted, whichever occurred first.

In 2007, Governor Arnold Schwarzenegger signed Assembly Bill (AB) 1470 (Huffman, 2007)⁵ authorizing the CPUC to create a \$250 million incentive program to promote the installation of 200,000 SWH systems on homes and businesses that displace the use of natural gas by 2017. AB 1470 required the CPUC to evaluate data from the SWH Pilot Program and determine whether a SWH program was "cost effective for ratepayers and in the public interest" before designing and implementing an incentive program for gas customers.

On January 21, 2010, the CPUC established the CSI-Thermal Program,⁶ allocating funds for both natural gas and electric-displacing SWH and other solar thermal technologies, in the service territories of California's major investor-owned utilities. The CPUC established the incentive structure, the program administration details, and other key CSI-Thermal Program rules. The CPUC

³ As of April 19, 2012

⁴ Public Utilities Code § 2851, enacted by Senate Bill (SB) 1 (Murray), Chapter 132, Statutes of 2006

⁵ Public Utilities Code § 2860-2867

⁶ D.10-01-022

designated PG&E, SCG, SCE, and CCSE (for the SDG&E service territory) as the PAs for the CSI-Thermal Program. The PAs launched the single-family residential program in May 2010, the commercial/multi-family program in October 2010, and the low-income program in March 2012.

2.2. Program Goals

The CSI-Thermal Program is designed to significantly increase the adoption rate of SWH technologies in the California marketplace. The program strategy and design principles will address the barriers to growth, namely installation costs, lack of public knowledge about SWH, permitting costs and requirements, and a potential shortage of experienced installers. As laid out in D.10-01-022, the primary goals of the CSI-Thermal Program include the following:

- Significantly increase the size of the SWH market in California by increasing the adoption rate of SWH technologies, including:
 - Achieving the installation of natural gas-displacing systems that displace 585 million therms (equivalent to 200,000 single-family residential systems) over the 25-year life of the systems;
 - Achieving the installation of electric-displacing SWH systems that displace 275.7 million kilowatt hours (kWh) per year (equivalent to 100,800 single-family residential systems); and
 - Achieving an expansion of the market for other solar thermal technologies that displace natural gas and electricity use, in addition to SWH.
- Support reductions in the cost of SWH systems of at least 16 percent through a program that increases market size and encourages cost reductions through market efficiency and innovation;
- Engage in market facilitation activities to reduce market barriers to SWH adoption, such as high permitting costs, lack of access to information, and lack of trained installers; and
- Increase consumer confidence and understanding of SWH technology and its benefits.

2.3. Program Budget

The total incentive budget (excluding administrative, marketing, and measurement and evaluation budget allocations) for the CSI-Thermal Program is approximately \$280.8 million over the life of the program. Of this total, \$180 million is allocated to natural gas-displacing SWH systems, as authorized by AB 1470, and up to \$100.8 million may be used to fund electric-displacing systems subject to overall CSI budget availability, as authorized by Senate Bill (SB) 1. There is also an additional \$25 million incentive budget dedicated to low-income single-family and multi-family residences in the service territories of PG&E, SCG and SDG&E, as established in D.10-01-022.

In the CSI-Thermal Program, incentive dollars totaling \$180 million for natural gas-displacing systems are allocated between two customer classes, single-family residential and multi-family/commercial, as follows:

- 40 percent of the total incentive budget is reserved for single-family residential customer SWH systems; and
- 60 percent of the total incentive budget is reserved for multi-family/commercial SWH systems. Funds may be moved from the multi-family/commercial budget to the single-family residential budget, but not vice versa.

The incentive budget is split proportionately among the PAs based on the percentages the investor-owned utilities used to collect the Public Goods Charge from customers in their respective service territories.

Table 1: Incentive Allocation per PA for Natural Gas-Displacing Systems below displays the incentive allocation percentage and budget amount by PA for the natural gas-displacing SWH systems. Table 2 displays the incentive allocation percentage and budget amount by PA for the electric/propane-displacing SWH systems.

The incentive budget for the natural gas-displacing portion of CSI-Thermal Program will operate until all funds available from the program's incentive budget have been allocated or until January 1, 2018, whichever occurs first. The incentive budget for the electric/propane-displacing portion of the program is available until the budget caps have been reached, the CSI General Market Program budget has been exhausted, or January 1, 2017, whichever occurs first.

The \$25 million natural-gas low-income incentive budget is allocated among CCSE, PG&E, and SCG in the same proportions as the total CSI-Thermal natural gas-displacing program outlined in Table 1. There will not be specific low-income incentive allocations between single-family and multi-family projects. Incentives for low-income projects will be available until the incentive budget is fully expended or January 1, 2018, whichever occurs first.

Table 3 below displays the incentive allocation percentage and budget amount by PA for the low-income natural gas-displacing SWH systems.

Table 1: Incentive Allocation per PA for Natural Gas-Displacing Systems

PA	Budget Allocation	Total Incentive Budget (in millions)
PG&E	39.0%	\$70.2
CCSE	10.0%	\$18.0
SCG	51.0%	\$91.8
Total	100.0%	\$180.0

Table 2: Maximum Incentive Allocation per PA for Electric/Propane-Displacing SWH Systems

PA	Budget Allocation	Maximum Incentive Budget (in millions)
PG&E	43.7%	\$44.0
CCSE	10.3%	\$10.4
SCE	46.0%	\$46.4
Total	100.0%	\$100.8

Table 3: Low-Income Incentive Allocation per PA for Natural Gas-Displacing SWH Systems

PA	Budget Allocation	Maximum Incentive Budget (in millions)
PG&E	39.0%	\$9.75
CCSE	10.0%	\$2.50
SCG	51.0%	\$12.75
Total	100.0%	\$25.00

2.4. Incentive Structure

One of the primary goals of the CSI-Thermal Program is to lower the cost of SWH technology for the System Owner through incentives. Incentive rates will decline over the life of the program in four steps to facilitate market transformation.

Natural gas-displacing incentives will decline from step to step when the total incentive amount reserved is equal to the budget allocation for the given step in each service territory. If a PA receives applications accounting for more dollars than what is left in the budget allocation for a given step, a lottery may determine which projects receive the higher incentive level. Table 4: Total Natural Gas Budget Allocation per Incentive Step below displays the dollar amount per therm in each step and the total program budget allocation per step excluding the income budget as noted in section 2.3 of this report.

Table 4: Total Natural Gas Budget Allocation per Incentive Step

Step	Incentive per therm displaced	Total Program Budget Allocation (in millions)
1	\$12.82	\$50
2	\$10.26	\$45
3	\$7.69	\$45
4	\$4.70	\$40

As incentives decline under the natural gas-displacing program, a corresponding step reduction occurs in the electric/propane-displacing incentive structure. Table 5: Electric/Propane-Displacing System Incentive Steps below shows the electric rates at each of the four steps. Electric and propane-displacing SWH installations will count against the MW trigger in Step 10 of the General Market CSI Program. If the Step 10 budget is insufficient, the PAs may use funds from Step 9.

Table 5: Electric/Propane-Displacing System Incentive Steps

Step Level	Electric/Propane-Displacing Incentive (\$/kWh)
1	0.37
2	0.30
3	0.22
4	0.14

Incentive step changes will move independently in each program territory⁷ and for each customer class. Incentives will be paid on a first come, first serve basis. The most current information on incentive step status per customer class is posted on www.csithermal.com/tracker.

The Low-Income program has a separate incentive step structure from the mainstream program as shown in Table 6: Low-Income Single-Family and Multi-family Natural Gas Incentive Steps below. The maximum incentives for qualifying single-family low-income customers are 200% of the applicable CSI-Thermal SWH incentive level, and incentives for qualifying SWH installations on multi-family housing are 150% of the applicable CSI-Thermal SWH incentive level. The current incentive step level will be the same as the current incentive step in the natural gas portion of the mainstream CSI-Thermal Program. Currently, the mainstream natural gas single-family program is currently in Step 1 for all PA territories; therefore the low-income single-family program is also in Step 1.

Table 6: Low-Income Single-Family and Multi-family Natural Gas Incentive Steps

Step Level	Single-Family Low-income Incentive per therm displaced	Incentive Cap for Single-Family Low-income Projects	Multi-family Low-income Incentive per therm displaced	Incentive Cap for Multi-family Low-income Projects
1	\$25.64	\$3,750	\$19.23	\$500,000
2	\$20.52	\$3,000	\$15.39	\$500,000
3	\$15.38	\$2,250	\$11.53	\$500,000
4	\$9.40	\$1,376	\$7.05	\$500,000

⁷ SCE incentive step changes will correspond with SCG gas incentive step changes for each customer class.

2.5. Program Eligibility

Eligibility for the CSI-Thermal Program is described in detail in the CSI-Thermal Handbook.⁸ A few key eligibility requirements are highlighted below:

- Customer site must be within the service territories of SCG (for natural gas only), PG&E, SCE (for electric only), or SDG&E.
- Single-family residential SWH systems must have a Solar Rating and Certification Corporation (SRCC) or International Association of Plumbing and Mechanical Officials (IAPMO) OG-300 System Certification.⁹
- Solar collectors used in multi-family/commercial water heating shall have SRCC OG-100 Collector Certification.
- All components must be new and unused (with exceptions). All systems must have freeze and stagnation protection.
- For single-family projects, all Domestic Hot Water (DHW) end-uses are eligible.¹⁰
- For multi-family/commercial projects, SWH applications must directly consume the solar-heated potable water, as opposed to using the solar-heated water as a medium to carry heat for some other end-use. In multi-family/commercial applications, DHW and commercial end-uses are eligible for CSI-Thermal Program incentives.¹¹
- Rebates are available for qualifying natural gas-and electric-displacing systems that were installed within 24 months after the date on the final signed-off permit. Propane-displacing systems are eligible for a CSI-Thermal Program incentive if a final permit was signed-off after June 14, 2011.
- SWH contractor or self-installer must complete a one-day mandatory training offered by the PAs.

⁸ The CSI-Thermal Handbook is located at http://gosolarcalifornia.org/documents/CSI-Thermal_Handbook.pdf

⁹ D. 11-11-004 was approved on November 18, 2011 to modify D. 10-01-022 regarding certification standards for SWH systems. This decision allows systems certified to the OG-300 standards by IAPMO to be eligible for CSI-Thermal incentives along with those certified by SRCC.

¹⁰ DHW is defined as water used, in any type of building, for domestic purposes, principally drinking, food preparation, sanitation and personal hygiene (but not including space heating, space cooling, or swimming pool heating).

¹¹ Examples of eligible DHW end uses include: apartment buildings with central DHW systems, convalescent homes, hotels and motels, military bachelor quarters, school dormitories with central DHW systems and prisons. Examples of eligible commercial end uses include: commercial laundries, laundromats, restaurants, food processors, agricultural processes and car washes.

3. Program Expenditures

From program inception through March 31, 2012, CSI-Thermal Program expenditures totaled \$9,713,621. Table 7 below illustrates the detailed expenditures by PA followed by a breakdown of expenses specific to the natural gas and electric/propane-displacing programs for the reporting period as represented in Table 8 and Table 9.

Program expenditures consist of but are not limited to, administration activities, such as application processing, continued enhancement of a statewide online database, mandatory contractor and self-installer training, local and statewide marketing efforts, activities related to potential program expansion, and administrative staffing support.

Table 7: CSI-Thermal Expenditures by PA

Natural Gas and Electric/Propane CSI-Thermal Program Expenditure Data January 1, 2010 to March 31, 2012					
Expenditure Type	CCSE	PG&E	SCE	SCG	Total
Administration	\$890,837	\$1,961,784	\$404,709	\$803,340	\$4,060,670
Market Facilitation	\$433,241	\$577,540	\$47,719	\$593,733 ¹²	\$1,652,233
Measurement & Evaluation	\$3,027	\$2,543	\$0	\$0	\$5,570
Incentives Paid	\$804,941	\$2,741,340	\$12,481	\$436,386	\$3,995,148
Total	\$2,132,046	\$5,283,207	\$464,909	\$1,833,459	\$9,713,621

¹² This amount includes total Statewide M&O expenses including allocations to be reimbursed by other Program Administrators.

Table 8: CSI-Thermal Expenditures by PA (Natural Gas)

Natural Gas January 1 – March 31, 2012				
Expenditure Type	CCSE	PG&E	SCG	Total
Administration	\$78,824	\$159,466	\$202,328	\$440,618
Market Facilitation	\$23,956	\$123,107	\$305,799 ¹³	\$452,862
Measurement & Evaluation	\$0	\$0	\$0	\$0
Incentives Paid	\$37,582	\$807,030	\$251,914	\$1,096,526
Total	\$104,362	\$1,089,603	\$760,041	\$1,990,006

Table 9: CSI-Thermal Expenditures by PA (Electric/Propane)

Electric/Propane January 1 – March 31, 2012				
Expenditure Type	CCSE	PG&E	SCE	Total
Administration	\$20,118	\$50,017	\$56,840	\$126,975
Market Facilitation	\$6,220	\$64,269	\$365	\$70,854
Measurement & Evaluation	\$0	\$0	\$0	\$0
Incentives Paid	\$6,589	\$4,523	\$3,222	\$14,334
Total	\$32,927	\$118,809	\$60,427	\$212,163

4. Program Progress

The PAs spent much of Q1 2012 developing the low-income portion of the program. Additionally, the PAs devoted a significant amount of time initiating and completing required database modifications and testing that resulted from the program changes associated with the previous Decisions issued by the Commission. The PAs also worked with their respective marketing leads to review material that was scheduled to launch in April 2012.

¹³ This amount includes total Statewide M&O expenses including allocations to be reimbursed by other Program Administrators.

4.1 Applications Received, Installation Costs and Incentives Paid

The CSI-Thermal Program began accepting applications for single-family systems and multi-family/commercial systems on May 1, 2010 and October 8, 2010, respectively. Applications for propane-displacing SWH systems were also made available on February 7, 2012, while the low-income program began on March 29 of this year. Tables 10, 12, 14 and 16 represent the amount of applications received by each PA in Q1 2012, as well as the corresponding incentives and systems capacity for those applications. Tables 11, 13, 15, and 17 show the average costs of systems for completed projects by PA and customer class since program inception.

Table 10: Summary Data: CSI-Thermal Single-Family Applications by Status (Natural Gas)

	CCSE	PG&E	SCG	Total
	Q1	Q1	Q1	
APPLICATIONS RECEIVED				
Application (Number)	3	13	22	38
Incentives (\$)	\$4,272	\$21,035	\$28,951	\$54,258
Capacity (First Year Expected Energy Displaced in therms)	351	1,802	2,319	4,472

Legend: Applications Received = All applications that moved to "Application Review" status during the reporting period

Table 11: Average Cost per Single-Family Project (Natural Gas)

	CCSE	PG&E	SCG	Overall Average
Average Project Cost per Single-Family Project*	\$7,329	\$9,948	\$8,195	\$8,491
Average Project Cost per Unit of First Year Energy Displaced (\$/therm)*	\$65.51	\$74.60	\$70.01	\$70.04

*Since program inception

Table 12: Summary Data: CSI-Thermal Single-Family Applications by Status (Electric/Propane)

	CCSE	PG&E	SCE	Total
	Q1	Q1	Q1	
APPLICATIONS RECEIVED				
Applications (Number)	5	8	3	16
Incentives (\$)	\$4,878	\$7,070	\$3,222	\$15,170
Capacity (First Year Expected Energy Displaced in kWh)	14,808	20,940	9,481	45,229

Legend: Applications Received = All applications that moved to "Application Review" status during the reporting period

Table 13: Average Cost per Single-Family Project (Electric/Propane)

	CCSE	PG&E	SCE	Overall Average
Average Project Cost per Single-Family Project*	\$7,295	\$7,691	\$8,139	\$7,708
Average Project Cost per Unit of First Year Energy Displaced (\$/kWh)*	\$2.54	\$2.89	\$2.63	\$2.69

*Since program inception

Table 14: Summary Data: Multi-family/Commercial (Gas)

	CCSE	PG&E	SCG	Total
	Q1	Q1	Q1	
APPLICATIONS RECEIVED				
Application (Number)	13	20	7	40
Incentives (\$)	\$918,620	\$528,376	\$131,893	\$1,578,889
Capacity (First Year Expected Energy Displaced in therms)	71,655	41,667	102,888	216,210
UNDER REVIEW Incentive Claims				
Application (Number)	2	30	12	44
Incentives (\$)	\$12,718	\$1,117,277	\$244,361	\$1,374,356
Capacity (First Year Expected Energy Displaced in therms)	992	87,212	19,140	107,344

Applications Received = All applications that moved to "RR Application Review" status during the reporting period

Under Review Incentive Claims = All applications that moved to "ICF Application Review" status during the reporting period

Table 15: Average Cost per Multi-family/Commercial Project (Gas)

	CCSE	PG&E	SCG	Total
Average Project Cost per Multi-family/commercial Project (\$)*	\$150,160	\$72,211	\$39,081	\$87,151
Average Project Cost per Unit of First Year Energy Displaced (\$/therm)*	\$47.15	\$43.70	\$48.30	\$46.38

*Average Project Cost per Multi-family/commercial Project for all completed projects since program inception

Table 16: Summary Data: Multi-family/Commercial (Electric)

	CCSE	PG&E	SCE	Total
	Q1	Q1	Q1	
APPLICATIONS RECEIVED				
Application (Number)	0	0	0	0
Incentives (\$)	\$0	\$0	\$0	\$0
Capacity (First Year Expected Energy Displaced in kWh)	0	0	0	0
UNDER REVIEW Incentive Claims				
Application (Number)	0	1	0	1
Incentives (\$)	\$0	\$15,483	\$0	\$15,483
Capacity (First Year Expected Energy Displaced in kWh)	0	41,847	0	41,847

Applications Received = All applications that moved to "RR Application Review" status during the reporting period

Under Review Incentive Claims = All applications that moved to "ICF Application Review" status during the reporting period

Table 17: Average Cost per Multi-family/Commercial Project (Electric)

	CCSE	PG&E	SCE	Total
Average Project Cost per Multi-family/commercial Project (\$)*	N/A	N/A	\$7,630	\$7,630
Average Project Cost per Unit of First Year Energy Displaced (\$/kWh)*	N/A	N/A	\$4.32	\$4.32

*Average Project Cost per Multi-family/commercial Project for all completed projects since program inception

4.2 Turnaround Times

The PAs strive to process reservation requests and incentive claim requests within 30 days or less for both single-family residential and multi-family/commercial applications to ensure that projects are moved forward as quickly as possible. The tables below reflect the reporting period from January through March 2012. Table 18 below shows the most recent application processing times between the "Reservation Application Review" and "Reservation Application Approved" stages for 2- or 3-step applications. This metric represents the amount of time it took to reserve incentives for a multi-family/commercial project. Table 19 shows the time from Application Review to Incentive Approval (1 Step – Single-Family Residential). The time period being measured in the processing times tables includes both PA application processing time and the time taken by the host customer to respond to requests for more information or application corrections. Table 20 shows the Time from Application to Incentive Approval (2 and 3 Step - Commercial or Multi-Family Residential).

Applications that take the PAs more than 60 days to approve typically have outstanding issues that require resolution or input from the Applicant and/or customer. Problems encountered from these applications include, but are not limited to:

- Incorrect project site addresses
- Missing signatures
- Missing or incomplete documentation
- Slow customer/ Applicant responsiveness

Table 18: Multi-family/Commercial Application Processing Times by Program Administrator between "Reservation Application Review" and "Reservation Application Approved" Stages

Program Administrator	30 Days or Less	60 Days or Less	Greater than 60 Days	Total
	Q1	Q1	Q1	
Multi-family/ Commercial				
CCSE	100.00%	100.00%	0.00%	3
PG&E	92.59%	96.30%	3.70%	27
SCE	0.00%	0.00%	0.00%	0
SCG	88.89%	88.89%	11.11%	9

Table 19: Processing Time from Application Review to Incentive Approval (1 Step – Single-Family Residential)

Program Administrator	30 Days or Less	60 Days or Less	Greater than 60 Days	Total
	Q1	Q1	Q1	
No Inspection: Percentage of applications without inspection with processing time between Incentive: Application Review and Incentive: Approved as described.				
CCSE	100.00%	100.00%	0.00%	1
PG&E	100.00%	100.00%	0.00%	9
SCE	100.00%	100.00%	0.00%	2
SCG	72.00%	72.00%	28.00%	25
Inspection: Percentage of applications with inspection with processing time between Incentive: Application Review and Incentive: Approved as described.				
CCSE	100.00%	100.00%	0.00%	7
PG&E	71.43%	100.00%	0.00%	7
SCE	100.00%	100.00%	0.00%	1
SCG	33.00%	67.00%	33.00%	3
Percentage of applications with processing time between Incentive: Application Review and Incentive: Paid as described.				
CCSE	72.73%	100.00%	0.00%	11
PG&E	72.22%	88.89%	11.11%	18
SCE	100.00%	100.00%	0%	3
SCG	57.14%	71.43%	28.57%	28

Table 20: Processing Time from Application to Incentive Approval (2 and 3 Step - Commercial or Multi-Family Residential)

Program Administrator	30 Days or Less	60 Days or Less	Greater than 60 Days	Total
No Inspection: Percentage of applications without inspection with processing time between Incentive: Application Review and Incentive: Approved as described.				
CCSE	0.00%	0.00%	0.00%	0
PG&E	100.00%	100.00%	0.00%	18
SCE	0.00%	0.00%	0.00%	0
SCG	75.00%	100.00%	0.00%	13
Inspection: Percentage of applications with inspection with processing time between Incentive: Application Review and Incentive: Approved as described.				
CCSE	0.00%	0.00%	0.00%	0
PG&E	87.50%	100.00%	0.00%	8
SCE	0.00%	0.00%	0.00%	0
SCG	100.00%	100.00%	0.00%	4
Percentage of applications with processing time between Incentive: Application Review and Incentive: Paid as described.				
CCSE	100.00%	100.00%	0.00%	1
PG&E	77.78%	96.30%	3.70%	27
SCE	0.00%	0.00%	0.00%	0
SCG	23.81%	80.95%	19.05%	21

5. Market Facilitation

During Q1 2012, the Marketing & Outreach (M&O) representatives of the four PAs worked to advance both the statewide market facilitation plan and their local outreach efforts.

5.1 Development of Creative Materials for Statewide Marketing Campaign

During the second week of January 2012, Fraser Communications staff made a Creative Presentation to the M&O representatives in a face-to-face meeting in Burbank, CA. The presentation included four creative approaches to the Statewide Marketing Campaign in the form

of TV commercial storyboards. Three of the approaches were selected by the M&O reps to be advanced to focus group testing the following week to provide feedback on which of them would most effectively engage with the target audiences. Two versions of an internet landing page design were also included in the presentation. Upon their request, Energy Division staff was provided with copies of the four creative approaches and landing page designs.

During the week following the Creative Presentation, two focus group sessions were conducted in Northern California, and two were conducted in Southern California. All four panels were comprised of individuals whose demographic profile matched the target market characteristics identified for the campaign. Each panel was shown the three TV storyboards and their reactions and opinions were solicited. The input from the participants was recorded and a summary report was issued. The report concluded that the creative approach most effective at achieving the campaign goals for the commercial was one that reinforced the target market's existing pro-environmental behaviors, provided some explanation of SWH, and positioned SWH as "the next step in your green routine."

Over the next several weeks Fraser Communications staff (under the supervision of the M&O Representatives with the SCG representative acting as liaison) developed a range of marketing materials. A target launch date of Monday, April 16, 2012 was set to coincide with the upcoming focus on Earth Day and to take advantage of an opportunity to sponsor the "NBC/Green is Universal" project on the NBC-owned TV stations in Los Angeles, San Francisco, and San Diego.

Marketing materials submitted to Energy Division staff for review and approval in storyboard form due to the high cost of production during the quarter included the TV commercial, campaign internet landing page, residential-themed animated internet banner ad, business-themed animated internet banner ad, an internet video pre-roll frame and an animated illustration of a sample SWH system.

Additional marketing materials were still in development at the end of the quarter.

5.2 International Solar Heating and Cooling Conference Sponsorship

Upon request of the PA Program Managers, the CSI-Thermal Program Statewide Marketing Campaign proposed that the CSI-Thermal Program become a Gold Sponsor of the International Conference on Solar Heating and Cooling for Buildings and Industry to be held in San Francisco, California, July 9-11, 2012. Because the third-party sponsorship was not part of the approved statewide market facilitation plan and not covered under the terms of the Fraser Agreement, the funds for the sponsorship will be allocated out of the \$500,000 reserve account for other statewide marketing activities. A Statewide Marketing and Outreach Approval Request Form (MOARF) was prepared and submitted by SCG and approved by Energy Division staff for the expense.

5.3 Purchase and Installation of SWH System in Sunset Magazine Promotional House

One of the components of the CSI-Thermal Program's sponsorship of the Sunset Magazine Breezeshouse promotion was the purchase and installation of a rebate-eligible SWH system on the 2012 Sunset Magazine Breezeshouse. The fully-functioning system will be incorporated into the house, which will host tours during the summer and then be sold to a third party after the promotion is over. Because this expense was not part of the approved statewide market facilitation plan and not covered under the terms of the Fraser Agreement, the funds for the sponsorship will be allocated out of the \$500,000 reserve account for other statewide marketing activities. A Statewide MOARF for the expense was prepared and submitted by SCG and approved by Energy Division staff.

5.4 Pre-Campaign Awareness Survey

One of the elements of the approved statewide market facilitation plan is to conduct pre-campaign awareness survey to provide baseline data of the level of awareness and understanding of SWH and the CSI-Thermal Program in target markets for both residential and business customers on a statewide basis. The data will then be compared to a post-campaign survey to help measure the effectiveness and reach of the statewide campaign. During the quarter, Fraser Communications (under the supervision of the M&O Representatives with the SCG representative acting as liaison) oversaw the development of an online survey tool designed to measure pre-campaign levels of:

- Aided and unaided awareness of SWH
- Current attitudes and familiarity with SWH
- Consideration of installation of SWH
- Awareness of the CSI-Thermal Program

By the end of the quarter, the survey was being processed by respondents online to be completed before the launch of the campaign on Monday, April 16, 2012.

5.5 Mandatory CSI-Thermal Workshops

Contractors and self-installers are required to attend a designated, no-cost CSI-Thermal Program training workshop. The PAs conduct training courses in their respective service territories. The workshops are publicized on each PA website as well as the GoSolarCalifornia website. As part of the statewide effort, the PAs coordinated this activity and developed a one-day Contractor and Self-installer Workshop curriculum for the training workshop.

The CSI-Thermal Program training workshop is intended to familiarize Applicants (contractors and self-installers) with program rules and requirements. The workshop provides an overview of the CSI-Thermal Program Handbook, application process, program requirements, technical requirements, and additional related resources. Upon completion of this mandatory CSI-Thermal Program training workshop and meeting other requirements, Applicants receive a unique

alphanumeric key that allows them to register on the web-based, online statewide application database and be eligible to apply for CSI-Thermal Program incentives in any PA territory.

Table 21 shows the number of workshops held in each service territory for Q1 2012 and the number of attendees. As of May 2, 2012, there are 389 licensed eligible solar contractors statewide. Approximately 19 additional contractor companies registered as participants in the program compared to the number reported in the previous CSI-Thermal Quarterly Progress Report.

Table 21: Mandatory CSI-Thermal Training Workshops Held by Program Administrator

	Q1 2012	
PA	Number of Workshops	Number of Attendees
CCSE	4	45
PG&E	2	43
SCE ¹⁴	1	9
SCG ¹⁴	2	21
Total	13	145

5.6 PA-Specific Marketing Efforts

In addition to statewide marketing activities, each PA completed territory-specific or local marketing to address the needs of their customer base.

5.6.1 California Center for Sustainable Energy

Training and Education

In Q1 2012, 72 people participated in a total of eight CSI-Thermal workshops. CCSE conducted two homeowner workshops, two contractor workshops, and two specialized training courses for SWH installation. CCSE trained a total of 23 homeowners, 22 contractors, and 27 SWH training students on SWH technology and its benefits at these workshops.

A brief outline and synopsis of the workshops offered follows:

¹⁴ Contractors and self-installers can attend classes offered by either SCE or SCG. SCE and SCG alternate locations each month to cover overlapping service territories.

Solar Water Heating Installation Training (4 day): This workshop was a 4-day in-depth SWH training program.

Solar Water Heating Installation Training (2 day): This workshop was a 2-SWH training program.

How to become an eligible contractor: Attendance at this contractor and self-installer workshop is a prerequisite for becoming an eligible contractor under the CSI-Thermal Program.

- 2 workshops held during Q1
- 22 Attendees

Solar water heating basics for homeowners: This educational workshop is for homeowners seeking to learn more about the benefits of SWH technology and economics.

- 2 workshops held during Q1
- 23 Attendees

Solar Thermal Public Relations & Media

A few significant public relations efforts took place in Q1, including two activities in support of the Solar Water Heating Installation Trainings held on Jan 16-19.

1/5/12 – News release to media outlets highlighting Solar Water Heating Installation Trainings

1/5/12 – E-blast sent to 5,684 targeted recipients (Recipients were either past Solar Water Heating Workshop participants or individuals that had previously expressed an interest in career development/ green jobs).

3/28/12 – KNSD-TV spot with Andrew McAllister, interim Director at CCSE. This segment aired as part of a “Streetside Moments” interview on KNSD. In addition to discussing the California Solar Initiative (CSI), the segment also featured an animation to illustrate SWH.

Solar Thermal Homeowner Workshop Promotion

CCSE advanced its ongoing workshop trainings for both homeowners and contractors in its quarterly workshop calendar, weekly round-ups, and CCSE website workshop calendar, and reached 10,610 people through its monthly CSI newsletter.

Solar Water Heating Installation Training (2-day and 4-day sessions)

CCSE has partnered with National Solar Trainers to provide an in-depth solar water heating training program to fully prepare attendees to enter into this rapidly growing market. There were two different tracks offered, and participants could choose between a 4-day or 2-day training series. In this training, participants discovered the skills needed to launch a SWH career as an installer, designer, sales and marketing professional or entrepreneur.

The training sessions covered all aspects of SWH from fundamentals to business practices to hands-on installation. The first two days of the series covered SWH technology fundamentals, sales,

marketing, and business development. The final two days covered system design and also provided comprehensive hands-on SWH installation laboratory.

This training series catered to people who were new to the workforce, unemployed, or changing careers. The workshop also provided participants the basic skills and information needed to advance their career in the SWH industry.

Green Apprenticeship Program at Cuyamaca College

The CSI-Thermal Program supported and helped develop curriculum for the Green Apprenticeship Program at Cuyamaca College. The Green Apprenticeship Program targets unemployed or underemployed workers with previous construction experience who desire to transition into the green marketplace. The program is a comprehensive, one-month program that allows students to take classes on various energy efficiency subject matter including green building, building analysis, home energy ratings, water auditing and solar PV and thermal installation. Skip Fralick, CCSE's Solar Energy Engineer, taught a class on February 6, 2012, covering SWH fundamentals for new students learning about the solar thermal field.

Program Promotion

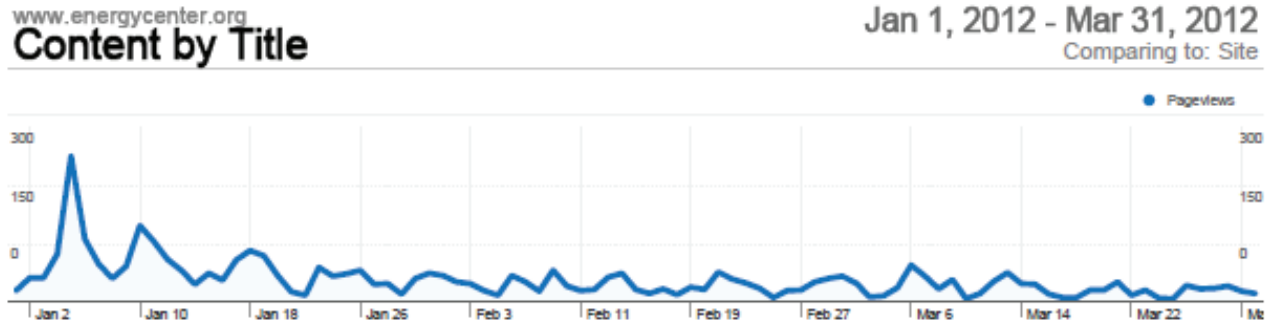
CCSE promoted the CSI-Thermal Program through additional marketing channels such as:

- Energy Connection Newsletter (Approximately 12,379 recipients per monthly email)
- Weekly Round-up email blast (11,390 recipients per weekly email)
- Promotional Tote Bags at Homeowners and Contractors workshops
- Energy All-Star Awards – The CSI-Thermal Program supported this event that provided program visibility to local energy leaders and the community.
- Partnered with the Energy Upgrade California (EUC) program to conduct outreach to participating contractors in the EUC program. CSI-Thermal Program representatives were able to communicate with an already engaged and technically primed audience about the possibilities of becoming an eligible SWH contractor in the CSI-Thermal Program.

Interactive Outreach/ Web Development

CCSE's website devotes several pages to CSI-Thermal Program-specific information: <http://www.energycenter.org/swh>. This landing page contains links to CSI-Thermal FAQs, as well as information on how to apply for an incentive, upcoming workshops, program documents, resources for installers, solar thermal vendors, webinars and latest news and legislation on SWH. This information is updated frequently to ensure that current information is posted.

Throughout Q1 2012, CCSE attracted almost 3,000 unique visitors to the pages referring to “solar water” as shown in the graphic below:



44 page titles were viewed a total of 3,511 times

Filtered for page titles containing "solar water"

Content Performance						
Pageviews	Unique Pageviews	Avg. Time on Page	Bounce Rate	% Exit	\$ Index	
3,511 % of Site Total: 1.42%	2,877 % of Site Total: 1.49%	00:01:38 Site Avg: 00:01:21 (19.88%)	59.74% Site Avg: 53.13% (12.44%)	32.50% Site Avg: 33.80% (-3.28%)	\$0.09 Site Avg: \$0.02 (456.71%)	
Page Title	Pageviews	Unique Pageviews	Avg. Time on Page	Bounce Rate	% Exit	\$ Index
CSI-Thermal Program (Solar Water Heating)	1,190	935	00:01:32	51.54%	32.77%	\$0.02
Solar Water Heating Installation Training (4 days)	367	301	00:02:11	58.97%	29.70%	\$0.26
Solar Water Heating Basics for Homeowners	349	296	00:01:09	79.33%	42.12%	\$0.17
Solar Water Heating Installation Training (2-4 days)	249	173	00:02:05	42.86%	29.72%	\$0.12
CCSE Offers Professional Solar Water Heating Training	202	182	00:01:03	73.33%	16.34%	\$0.07
Vendor List for Solar Water Heating Equipment	178	150	00:02:06	56.92%	44.38%	\$0.01
Solar Water Heating FAQs	169	145	00:03:42	75.00%	46.15%	\$0.01
Solar Water Heating Installation Training (2 days)	148	124	00:01:52	63.16%	27.03%	\$0.18
Solar Water Heating Systems	147	123	00:02:16	86.67%	33.33%	\$0.00
Solar Water Heating Installation Training (4 days) - Monday, Apr 23, 2012 8am - Thursday, Apr 26, 2012 4:59pm	72	63	00:00:35	46.15%	20.83%	\$0.17

5.6.2 Pacific Gas & Electric

CSI-Thermal Workshop

As a core part of PG&E's ongoing efforts, PG&E continues to offer monthly CSI-Thermal Program Workshops for contractors and self-installers. The workshops are vital in conveying program requirements and ultimately help ensure contractors are better prepared to submit CSI-Thermal Program paperwork. This workshop is required for anyone looking to become an eligible installer within the CSI-Thermal Program.

Solar Water Heating Informational Courses

Customer education is also a key element in PG&E's ongoing outreach opportunities. In addition to the CSI-Thermal Program Contractor and Self-Installer Workshop, PG&E continues to offer informational and introductory SWH courses at various locations throughout the service territory. These courses provide SWH technology and market information to individuals looking to get into the business or looking to have a system installed on their property. Many of the classes are offered on Saturdays and online so that attendees do not have to take time off from their jobs to attend.

PG&E conducted two different SWH informational courses in Q1 2012:

- **Solar Water Heating Basics:** This course provides an overview of SWH technologies to individuals looking to gain high level information.
- **Solar Water Heating: Advanced Commercial Systems:** This advanced class focuses on key aspects of large-scale SWH systems for commercial applications. It is recommended that students in this class have a strong basic knowledge of SWH systems.

Internal PG&E Education and Promotions

In order to help drive customer promotion amongst all of its target customers through PG&E ambassadors in the field, PG&E believes it must first educate our team internally about SWH and the CSI-Thermal Program. These education efforts will help to expand the reach and frequency with which it is able to connect with its customers and promote the CSI-Thermal Program. To that end, PG&E has conducted the following internal activities in Q1 2012:

Solar Water Heating (SWH) Webinar: PG&E Account Managers

On March 13, PG&E hosted a webinar for over 50 Energy Sales and Solutions (ES&S) Account Representatives. These company representatives serve as the PG&E point of contact for many of its larger customers. Featured topics included a basic overview of SWH systems/technologies, which customer classes might benefit most from system installations (i.e., hotels, hospitals, gyms, Laundromats, etc.), overview of eligibility requirements, and discussion of the rebates and other financial tools.

[PG&E Regional Trainings](#)

Every year, PG&E brings all of its account representatives together for two days of program, policy, procedure, product, and marketing updates and training. The account representatives manage PG&E's business customers' energy and cost reduction needs, as well as resolve any service issues they may have. They also serve as main contacts for our business customers. The CSI-Thermal Program was presented in detail at this training to ensure the account representatives are prepared to speak about SWH and incentives to customer who may benefit from the technology.

[Call Center Trainings](#)

PG&E has a dedicated solar customer service center where customers can call in regarding all solar-related questions. In anticipation of the marketing and outreach launch, a CSI-Thermal Program representative provided in-person updates and trainings to the customer service representatives.

[PG&E Summit](#)

On March 29, 2012, key stakeholders from various teams within PG&E were invited to attend a SWH Summit. Invitees included leaders from our Energy Sales and Solutions Team, Government Relations, Media Relations, Brand, Community Relations, Customer Insights, Pacific Energy Center and External Communications. The meeting was held in San Francisco and broadcast via webinar. The purpose of the meeting was to introduce these team members to the SWH product, the CSI-Thermal Program, our target customers and the upcoming statewide campaign launch. In addition to program introductions, this meeting was meant to help drive dialog and action around PG&E integration and cross-promotion with the CSI-Thermal Program to ensure reach to the key customer segments that will benefit from SWH technology.

[World Ag Expo](#)

From February 14-16, 2012, PG&E staffers were present at the World Ag Expo held in Tulare, California, which saw approximately 100,000 visitors during the three- day period. PG&E's presence focused on integrated plans for of Energy Efficiency, Distributed Generation, and Safety. Additionally, SWH collateral was available at the booth for visitors.

[Winter Gas Savings/Solar Water Heating Integration](#)

PG&E's Winter Gas Savings campaign ran in December 2011 and January 2012, encouraging customers to turn down their gas for up to a 20% credit on their bill. The campaign included television spots, print, radio, email and banner ads and drove visitors to the Winter Gas Savings pages on PGE.com for tips on how to save and track their progress. This year, visitors to the site saw a banner ad encouraging them to click to learn more about CSI-Thermal Program incentives.

From the time of the campaign launch through its completion, 700 visitors to the Winter Gas Savings pages clicked on the SWH (SWH) ad to learn more about SWH/CSI-Thermal.

5.6.3 Southern California Edison Company

Training and Education

SCE continues to highlight the CSI-Thermal Program in current solar training offerings, such as CSI Homeowner Solar Class (HSC), CSI Contractor Solar Class, and CSI Commercial Solar Workshops. The CSI-Thermal Program is also promoted in the Solar Connection Events. These are non-technical, easy-to-understand free sessions that educate customers about the CSI Program, available rebates and how to "go solar." The Solar Connection Event is a 50-minute presentation followed by an opportunity to meet with solar contractors to help determine a customer home's solar potential. The CSI-Thermal Program is marketed in these trainings to provide exposure to two key audiences – homeowners and solar contractors.

In Q1 2012, three Solar Connection Events were held in Palm Desert, Torrance and Claremont, where more than 150 customers were in attendance.

Additionally, two HSC classes were held in various locations within SCE's service territory. Approximately 80 people took advantage of the opportunity to learn more about solar rebates that are available to them.

The monthly CSI-Thermal Program Contractor and Self-Installer Training is a consistent offering for SCE. Since SCE and SCG have overlapping territories, training is offered at alternating venues each month. The date and location of the trainings are cross-promoted within each PA's website. For this reporting period, SCE held one class at SCE's Energy Education Center.

Bundled Outreach

SCE participated in appropriate conferences, tradeshows and community-based events as a means to publicize the CSI-Thermal Program and provide continued program exposure. Program information and fact sheets were distributed at the following events:

- VerdeXchange 2012 Green Conference, January 23-24, 2012
- Black History Month Celebration, February 4, 2012
- Renewable Energy World Conference & Expo, February 14-16, 2012
- World Ag Expo, February 14-16, 2012
- SCE Contractor Information Session & Fair, March 30, 2012

Local Market Facilitation Plan

As noted in previous sections of this report, a significant amount of time in Q1 2012 was dedicated to successfully launching the statewide marketing campaign.

As the statewide campaign builds momentum, SCE plans to complement the effort with other local marketing activities that were awaiting the statewide campaign launch and maximize program exposure.

SCE is currently reviewing a list of more than 440,000 all-electric customers for potential opportunities for direct outreach as well as creating case studies of customers that have already installed SWH systems in SCE territory.

[SCE Website](#)

SCE promotes the CSI-Thermal Program through the SCE website, which contains current information, including program changes and upcoming Contractor and Self-Installer trainings offered by SCE and SCG. To access the latest information about the program, please visit www.sce.com/csithermal.

5.6.4 Southern California Gas Company

In an effort to increase adoption of SWH systems and increase the number of trained installers, SCG continued its collaboration with SCE and Alternative Energy Systems Consulting (AESC) to provide mandatory contractor and self-installer training courses. To ensure overlapping SCG and SCE service territories were covered by both utilities, training courses alternated every other month between SCE and SCG training facilities. SCG's course was offered at its Energy Resource Center in Downey, California. SCG hosted two workshops with 21 attendees during Q1 2012.

[Trade Shows and Events](#)

The CSI-Thermal Program had a presence at the following shows and events at which SCG participated as an Exhibitor. At each venue, the SWH Fact Sheet, as well as promotional items, were distributed:

- Inland Empire Manufacturers Summit in Ontario, California, on February 10, 2012
- Flow Expo, Plumbing Heating Cooling Contractors Trade Show at the Long Beach Convention Center on March 3, 2012
- Desert Living Home Show at the Palm Springs Convention Center on March 9, 10, and 11, 2012.
- SCG Business Expo at Pomona, CA, on March 30, 2012.
 - The CSI-Thermal Program was one of the featured programs at the event and the SWH demo unit was also on display.
 - The SCG CSI-Thermal Program Manager made a presentation about the Program in a break-out session at the event

Internal Development

A full-time Marketing & Outreach Coordinator for the CSI-Thermal Program was hired during the quarter to help plan, schedule, implement and staff workshops, community events and trade shows to support and expand local outreach activities for the campaign.

Ongoing planning and development of the content for the residential, commercial/industrial, and multi-family workshops (scheduled to start in Q2 2012), and initial analysis of paid media opportunities were conducted in Q1 2012.

Website Development

SCG maintained updated content for its dedicated CSI-Thermal Program page: <http://www.socalgas.com/solar>, during the quarter.

Customer Contact Center

SCG continued to provide fact sheets and information updates to its Customer Contact Center, 1-800-GAS-2000, in an effort to answer and address SWH questions and program inquiries. Interested participants are also provided information and links to the SCG CSI-Thermal Program webpage in an effort to direct and address the callers' questions. SCG continued to actively monitor its swh@socalgas.com email account for SWH inquiries.

6. Regulatory Update

Since publishing the last quarterly progress report, a few regulatory actions have occurred related to the program.

On January 27, 2012, the CPUC issued a Ruling requesting comments on the CSI-Thermal Program Staff Proposal, which proposes modification of the CSI-Thermal Program to provide incentives to solar thermal technologies that provide process heat, solar cooling and solar space heating. Specifically the proposal makes recommendations on the method of paying incentives, design and installation standards, funding allocations and other issues. Comments on the Staff Proposal were due February 23, 2012, and reply comments were due March 5, 2012. To date, staff has yet to release a final Decision.

On January 30, 2012, the California Solar Energy Industries Association (CALSEIA) filed a Petition for Modification of Decision (D.) 10-01-022, which established the CSI-Thermal Program. CALSEIA reasons that the existing incentive structure of the CSI-Thermal Program has been insufficient to drive participation in the program adequate to meet the goals established for the CSI-Thermal Program. The Petition for Modification asks the CPUC to revise the incentive structure adopted in D.10-01-022, proposing the increase of residential incentives by 100% and of commercial incentives by 30% in Step 1. Responses to the Petition for Modification were due February 29, 2012, and the

PAs filed a joint response. CALSEIA subsequently filed a Reply to the Responses on March 12, 2012. To date, staff has yet to release a final Decision regarding this Petition for Modification.

7. Conclusions

With the upcoming Decision on allowing other solar thermal technologies (such as space heating, space cooling, and process heat) to be eligible for CSI-Thermal Program Incentives, program activity and new applications are projected to increase in particular for commercial and multi-family applications. The PAs look forward to increased program participation as the program expands.