



**PRELIMINARY STATEMENT**

Sheet 1

**II. BALANCING ACCOUNTS**  
**CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA)**

1. Purpose

The purpose of the CSIBA is to record the costs and corresponding revenue requirement associated with the California Solar Initiative (CSI) beginning on January 1, 2007, as outlined in Commission Decision (D.) 06-01-024 dated January 12, 2006. Pursuant to D.06-12-033, Attachment B of modified D.06-08-028, a sub-account was established within the CSIBA to track Performance-Based Incentives (PBI). Pursuant to D.10-01-022, the CSI contains a second sub-account for the CSI Thermal Program. The pre-2007 CSI program budget allocation shall be consistent with the Self-Generation and Energy Efficiency program allocation between electric and gas customers of 93 percent and 7 percent, respectively. Consistent with D.06-12-033, post-2006 CSI program expenditures shall be allocated 100% to electric customers.

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2. Applicability

The CSIBA shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission.

3. Rates

Balances in the CSIBA will be included in electric distribution rates annually.

4. Accounting Procedure

The Utility shall maintain the CSIBA by making entries at the end of each month as follows:

- a. A debit entry equal to the CSI program costs including payments remitted to the California Center for Sustainable Energy (CCSE) associated with this program in conformance with contracts between the Utility and CCSE. Costs may also include marketing, contract administration, regulatory reporting, program evaluation, customers' incentives, research, development and demonstration (RD&D), incremental capital costs and expenses associated with the CSI program.
- b. A credit entry to record the CSI revenue requirement authorized for recovery in rates.
- c. An entry equal to the revenues from amortization rates as authorized by the Commission.
- d. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entries 4.a. through 4.c. above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.

A separate accounting of costs and benefits, by customer class, will be accomplished.

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Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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**PRELIMINARY STATEMENT**

**II. BALANCING ACCOUNTS**  
**CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA)**

5. Performance-Base Incentive (PBI) Sub-Account

Pursuant to D.06-08-028 Ordering Paragraph 7 as modified by D.06-12-033, SDG&E establishes an interest-earning PBI sub-account to separately record the PBI payments for all completed solar projects receiving PBI to ensure fund security for the duration of the PBI contract incentive periods. SDG&E will pay PBI for approved solar projects, with PBI payments made monthly based on recorded kilowatt hours (kWh) of solar power produced over a five-year period. The PBI incentive rate is confirmed when a solar energy system project receives a confirmed reservation, and will remain constant for the five-year term.

The Utility shall maintain the PBI sub-account by making entries at the end of each month as follows:

- a. A debit entry to reflect the actual PBI payments associated with the CSI Program.
- b. On a quarterly basis an entry will be made to record funding related to the forecasted five-year expected PBI payments for all solar projects completed in the quarter. The funding entry will consist of a transfer of funds from the main CSI balancing account to the PBI sub-account.
- c. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after entries 5.a and b. above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.

6. CSI Thermal Program (CSITP) Sub-Account

Pursuant to D.10-01-022, SDG&E is authorized a budget of 10.3% of the total \$100.8 million CSITP budget, or approximately \$10.4 million, in order to establish this program. The \$100.8 million CSITP budget is part of the total \$2.16 billion CSI budget to be allocated between SDG&E, PG&E, and SCE pursuant to D. 06-12-033. The program will pay incentives towards solar water heating (SWH) systems that displace electric water heating to its residential and commercial electric customers. The program will continue until December 31, 2017 or until all the program funds for SDG&E are exhausted, whichever comes first.

The utility shall maintain the CSITP Sub-Account by making entries at the end of each month, net of FF&U, as follows:

- a. A debit entry to reflect the recorded expenses for incentive payments to customers or contractors for services rendered associated with the CSITP sub-account.
- b. A debit entry to record expenses for Marketing and Outreach including training, consumer education, and other market facilitation costs associated with the CSITP.

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**PRELIMINARY STATEMENT**

**II. BALANCING ACCOUNTS**  
**CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA)**

6. CSI Thermal Program (CSITP) Sub-Account (Continued)

- c. A debit entry equal to the recorded expenses for program Administration including application/incentive processing, general administration, and other costs associated with the CSITP.
- d. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after entries 6.a, b, and c. above, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Statistical Release, H. 15, or its successor publication.

7. Program Funding Limit

Pursuant to D.06-12-033, the total authorized program cost for SDG&E was reduced from \$325 million authorized in D.06-01-024 to \$223 million over a ten-year period beginning January 1, 2007 and extending through December 31, 2016. D.08-12-004 adopted a new revenue requirement schedule for CSI to replace the schedule previously adopted in D. 06-12-033. Any unused funding can be carried over from one year to the next up to a maximum limit of \$223 million for the ten-year period. The program administrator may request approval to borrow against the annual budget of a subsequent year if program participation is larger than anticipated in the current year.

8. Disposition

Pursuant to D.06-01-024, SDG&E may recover its share of the annual authorized CSI program funding in the utility's Annual Electric Regulatory Account Balance Update filings, beginning with the next rate change following the effective date of D.06-01-024, subject to review of program costs at any time. If the difference between program expenditures and the revenues collected in rates is substantial, SDG&E may request adjusting the collection of the revenue requirement. The balance in the CSIBA may be amortized into SDG&E's electric rates annually.

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