

Proposed Revisions to the Guidelines for California's Solar Electric Incentive Programs (Senate Bill 1)

CSI Program Administrator's Recommendations

November 1, 2012



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Current CSI Inspection Sampling

California Solar Initiative Program Administrators (PG&E, SCE, and CCSE) conducted 3,899 inspections over the last 12 months with an inspection pass rate of 96.3% costing approximately \$1.97 million. The cost and performance is based on an inspection rate of 14.1% (1/7)



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Key Facts

Program Administrator Data Sample Period : 10-19-11 to 10/19/12

Current Expectation:

- Minimum Inspection Rate = 14.3% (1/7)
- Mandatory Inspections = New applicants First two applications or until two pass & all self Installs



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Key Facts

CSI Program Administrator Current Data:

- Incentive claim volume = 27,633 applications
- Inspection volume = 3,899 or 14.1%
- Approximately 1,200 different vendors and self installations
- Current Failures= 143
- Inspection Pass Rate= 96.3% (143/3,899) or Fail rate of 3.7%
- Self installs account for 13.9% (20/143) of all failed inspections
- 77% of fails (110/143) were found as a result of Mandatory inspections
- Current inspection costs = Approximately \$1.97 million



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Sampling Recommendation

Based on an Inspection Fail rate of 3.8% (Pass Rate 96.3%) and the overall volume of incentive claims applications the CSI Program Administrators would like to recommend moving the minimum inspection rate to 8.3% or 1/12 and keep the mandatory inspection criteria the same for the following reasons:

- The current Mandatory process captures 77% of the failed inspections and helps bring new contractors on line and ensures self installs are in compliance.
- The current fail rate is 3.7%



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Sampling Recommendation

Based on an 8.3% Inspection rate and current incentive claim application volumes, inspections would be reduced to 2,294 from 3,899 with an annual **potential saving of \$834K.**

Finally, the proposed inspection rate, with the current incentive claim volume and random sampling, would still yield an overall pass rate above 95%.

- New sample rate would have yielded the same 110 mandatory and self install fails
- Fail rate for the rest of the population was 0.85%
- With new the inspection rate the mandatory fail rate would be 2.8%
- The random sampling fail rate should stay at 0.85%
- The projected pass rate based on the 1/12 (8.3%) inspection sampling rate and the mandatory inspection process would be 96.35% ($100 - (2.8 + 0.85)$)

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Implementation

If the proposed solar sampling rate is approved, we recommend the following implementation steps:

- Communicate via a general announcement the upcoming inspection rate change with an effective date
- Update & distribute all affected documents and handbooks prior to the effective date
- Allow 60-90 days for affected organization/companies to implement process changes and communicate changes to affected organizations

