



SOUTHERN CALIFORNIA  
**EDISON**

An *EDISON INTERNATIONAL*<sup>SM</sup> Company

# **Self-Generation Incentive Program Handbook**

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## **1. INTRODUCTION**

This handbook provides the policies and procedures of the Self-Generation Incentive Program (SGIP) for potential program participants and other interested parties. This program has been approved by the California Public Utilities Commission (CPUC) and is subject to change in whole or in part at any time without prior notice. Any changes made to the SGIP will be published in revisions of this Handbook and/or posted at each Program Administrator's website under "Interim Changes".

### **1.1 Program Summary**

The SGIP provides a financial incentive for the installation of new, qualifying self-generation equipment installed to meet all or a portion of the electric energy needs of a facility. The SGIP complements the existing California Energy Commission's (CEC's) Emerging Renewables Program, which traditionally provides a majority of its incentive funding to smaller renewable self-generation units<sup>1</sup>, by providing incentive funding to larger renewable and non-renewable self-generation units up to the first 1.0 MW in capacity<sup>2</sup>.

Pacific Gas and Electric (PG&E), Southern California Edison (SCE), the Southern California Gas Company (SoCalGas), and the San Diego Regional Energy Office (SDREO) will administer this program throughout their respective service territories.<sup>3</sup>

### **1.2 Program Background**

Assembly Bill 970 (AB970), signed by Governor Davis on September 6, 2000, required the CPUC to initiate certain load control and distributed generation activities, including financial incentives.

On March 27<sup>th</sup>, 2001, the CPUC issued Decision 01-03-073, which ordered the state's investor-owned utilities (PG&E, SDG&E, SCE, and SoCalGas) to work with the CPUC Energy Division, the CEC and SDREO to develop program details for a self-generation equipment incentive program.

On October 12, 2003, AB1685 extended the program beyond 2004 to 2008. This bill requires the commission, in consultation with the Energy Commission, to administer, until January 1, 2008, a self-generation incentive program for distributed generation resources in the same form that exists on January 1, 2004, and requires that combustion-operated distributed generation projects using fossil fuels commencing January 1, 2005, meet a NOx emission standard, and commencing January 1, 2007, meet a more stringent NOx emission standard and a minimum efficiency standard, to be eligible for incentive

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<sup>1</sup> The California Energy Commission's Emerging Renewables Program includes renewable self-generation systems less than 30 kW in size.

<sup>2</sup> Maximum system size is 1.5 MW, however, output capacity above the first 1.0 MW is not eligible for incentives. Reference CPUC Decision 02-02-026 dated February 7, 2002.

<sup>3</sup> SDREO is the Program Administrator for SDG&E customers.

rebates under the program. The bill establishes a credit for combined heat and power units that meet a certain efficiency standard. At this time, no rules associated with AB1685 are contained in this version of the SGIP Handbook.

### **1.3 Program Modification**

Since initiating the SGIP, the CPUC has received several petitions for modification that request an evaluation be made of additional technologies to include in the program and other related program changes. On August 21, 2003, the CPUC issued Decision 03-08-013 that instructed the SGIP Working Group to implement a more effective process by which the Commission could consider proposed new technologies or program rule changes that does not rely on procedures related to petitions for modification.

The Working Group developed a process by which interested parties can propose new technologies or program rule modifications to the Working Group and the CPUC for careful and complete consideration in an efficient manner. This process is described in the Program Modification Guidelines (PMG), which prescribes the proposal requirements, evaluation process and schedule. It is available from any of the Program Administrators or the administrator's website.

## **2. PROGRAM ELIGIBILITY CRITERIA AND REQUIREMENTS**

The eligibility criteria for this program determine which utility customers and projects can participate. In order to qualify for incentives from this program all Applicant, Host Customer and equipment eligibility criteria must be satisfied. The following sections detail these requirements.

### **2.1 Effective Dates**

Each Program Administrator began accepting applications to the SGIP in the summer of 2001. The Program was authorized to continue accepting applications through December 31, 2004. Incentive funding is offered by each Program Administrator on a first-come, first-served basis for each calendar year of the program duration, subject to annual limits set by the CPUC on the available incentive budget. Each Administrator's uncommitted or unspent program funds for a given calendar year will be carried forward and applied towards program funding in the following year.

In order to be eligible for an incentive, a complete Reservation Request Application must be received by the Program Administrator prior to the Applicant/Host Customer receiving authorization from the serving electric utility to operate the project in parallel with the grid.

### **2.2 Applicant Eligibility**

An Applicant is the person or company who applies to the Program Administrator for incentive funding. Any retail level customer of PG&E, SCE, SoCalGas, or SDG&E is eligible to apply and receive incentives from this program. Third-parties (e.g. a party other than the Program Administrator or the utility customer) such as, but not limited to, engineers, installing contractors, equipment distributors or energy service companies are also eligible to apply for incentives on behalf of the utility customer, provided consent is granted in writing by the customer. Equipment lessees or lessors are also eligible to participate in the program.

### **2.3 Host Customer Eligibility**

The Host Customer is the customer of record at the Site where the generating equipment is or will be located. Any class of customer (industrial, agricultural, commercial or residential) is eligible to be a Host Customer in this program (see Section 6 for definition of "Host Customer"). The Host Customer Site must be located in the service territory of, and receive retail level service from SCE, PG&E, SDG&E or SoCalGas. Municipal utility electric customers served by a natural gas Investor Owned Utility (IOU) are also eligible. The Host Customer may also be the Applicant if they are representing themselves.

The following Host Customers or Host Customer Loads are **not** eligible for incentives under this program:

- Customers who have entered contracts for Distributed Generation (DG) services (e.g. DG installed as a distribution upgrade or replacement deferral) and who are receiving payment for those services. This does not include power purchase agreements, which are allowed.
- Customers who have entered into agreements that entail the export and sale of electricity from the Host Customer Site. This does not include Net Energy Metering agreements, which are allowed.
- Any portion of customer load that is committed to electric utility interruptible, curtailable rate schedules, programs or any other state agency-sponsored interruptible, curtailable, or demand-responsiveness program.
- Utility Distribution Companies themselves or their facilities.

For electric utility customers who are on an interruptible rate, only the portion of their electric load that is designated as firm service is eligible for the SGIP. Customers must agree to maintain the firm service level at or above capacity of the proposed generating system for the duration of the required applicable warranty period. Customers may submit a letter requesting an exemption to the firm service rule if they plan to terminate or reduce a portion of their interruptible load.

## **2.4 Equipment Eligibility**

### **2.4.1 Equipment Must Serve On-Site Electrical Load**

Only self-generation equipment installed on the customer side of the utility meter is eligible. Equipment must be sized to serve all or a portion of the electrical load at the customer Site (See exception for photovoltaics and wind turbine systems, Section 2.4.6.1).

### **2.4.2 Eligible Equipment Types**

Self-Generation technologies eligible for this incentive program are grouped into four incentive levels (Level 1, Level 2, Level 3-R, Level 3-N)<sup>4</sup> as shown in Table 2-1 below:

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<sup>4</sup> Level 3 was divided into Level 3-R and Level 3-N to distinguish between renewable and non-renewable fuel combustion generators. Reference CPUC Decision 02-09-051 dated September 19, 2002.



**Table 2-1 - Technologies Eligible for Program Incentives**

Incentive Levels	Eligible Technologies
Level 1	<ul style="list-style-type: none"> <li>• Photovoltaics</li> <li>• Fuel cells operating on renewable fuel</li> <li>• Wind turbines</li> </ul>
Level 2	<ul style="list-style-type: none"> <li>• Fuel cells operating on non-renewable fuel and utilizing sufficient waste heat recovery</li> </ul>
Level 3-R	<ul style="list-style-type: none"> <li>• Micro-turbines, internal combustion engines and small gas turbines operating on renewable fuel</li> </ul>
Level 3-N	<ul style="list-style-type: none"> <li>• Micro-turbines, internal combustion engines and small gas turbines operating on non-renewable fuel, utilizing sufficient waste heat recovery and meeting the reliability criteria</li> </ul>

**2.4.3 Hybrid Systems**

A system that contains more than one type of eligible technology at one Host Customer Site and behind one utility service meter is considered a “hybrid system” and is eligible for program incentives. This can include two or more of the incentive levels listed above in Table 2-1. For example, a photovoltaic and a microturbine hybrid system installed at a single Site may receive incentives as long as they meet all program eligibility requirements. A system that consists of different technologies within one incentive level (for example a photovoltaic system and wind turbine) must be considered a hybrid system if installed behind the same meter at the Host Customer Site. See Section 3.2.1 for an explanation of how to calculate incentives for hybrid systems.

**2.4.4 Equipment Certifications**

This program intends to provide incentives for reliable, safe systems that are professionally installed and comply with all applicable Federal, State and local regulations. Applicants and Host Customers are strongly encouraged to become familiar with applicable equipment certifications and installation standards for the systems they are contemplating.

**2.4.5 Minimum Size**

For Level 1 technologies, the minimum system size is 30 kW per Host Customer Site. There are no minimum size criteria for Level 2, 3-R and 3-N technologies.

**2.4.6 Maximum Size**

For Level 1, 2, 3-R and 3-N technologies, the maximum eligible system size is 1.5 MW with the maximum incentive capped at 1.0 MW. In addition, system rated electrical output cannot exceed the prior 12-month annual peak (maximum) demand at the customer’s Site. If the Site is host to existing generation, the combined capacity of the proposed and existing generators (excluding any back-up generators) must be

no more than the Host Customer's Maximum Site Electric Load. Substantiation of system sizing is required in the initial application submittal. Generating systems running on fossil fuel may not be de-rated in order to be eligible for this program.

The Applicant/Host Customer shall substantiate that the proposed system size does not exceed 1.5 MW. If any of the following items submitted (preliminary and final) indicate a system size greater than 1.5 MW, the project may be deemed ineligible.

- Required SGIP applications, submittals, and supporting documentation
- Interconnection documentation
- Building Permits
- Air Permits
- Design documents including civil, structural, electrical and mechanical systems

Exceptions and alternative sizing criteria exist in the following three cases: 1) photovoltaic and wind turbine systems, 2) customer Sites with 12-months of energy usage data, but no peak demand information, and 3) applications basing system size on future load growth due to facility expansion or other load growth circumstances.

#### **2.4.6.1 Alternate System Sizing for Photovoltaic and Wind Turbine Systems**

The system size for Level 1 projects using photovoltaics or wind turbines cannot exceed either:

- 200% of the prior 12-month annual peak (maximum) demand at the customer's Site (see Section 6 for definition of "Site"); or
- A system capacity calculated not to exceed the actual energy consumed during the prior 12-months at the Site, as calculated per the following formula:

$$\text{Maximum System Capacity (kW)} = \text{12-months prior energy usage (kWh)} / (.15 \times 8760 \text{ hours/year})$$

Substantiation of system sizing is required with the initial application submittal.

#### **2.4.6.2 System Sizing for Sites with Energy (kWh) Data Only (No Peak Demand "kW" Metering)**

Customer Sites using Level 1 fuel cells, Level 2, 3-R and 3-N technologies with 12-months of prior energy usage data (kWh), but without peak demand (kW) information available (e.g., customers on rate schedules without a demand component) will have an equivalent peak demand calculated using the following method –

$$\text{Peak Demand (kW)} = \text{Largest Monthly Bill (kWh/month)} / (\text{Load Factor} \times \text{Days/Bill} \times 24)$$

$$\text{Residential: Load Factor} = .45^5$$

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<sup>5</sup> Residential Load Factor estimated from California investor owned utility domestic static load profiles.

Small Commercial: Load Factor = .47<sup>6</sup>

Agricultural: Load Factor = 0.35

Substantiation of system sizing is required with the initial application submittal.

### **2.4.6.3 System Sizing Based on Future Load Growth**

For Level 1, 2, 3-R and 3-N technologies, the maximum eligible system size is 1.5 MW and the maximum incentive capped at 1.0 MW. Applicants must provide an engineering estimate with appropriate substantiation of the Host Customer's Site forecasted annual peak demand if the generating system size is based on future load growth, including load growth due to facility expansion or other load growth circumstances. Suggested methods of demonstrating load growth include: Application for Service with corresponding equipment schedules and single line diagram; building simulation program reports such as eQUEST, EnergyPro, DOE-2, and VisualDOE; or detailed engineering calculations. The Program Administrator will work with you to verify the load growth predicted before moving forward with the Conditional Reservation Notice. The forecasted load must be shown to materialize before, or concurrently with, the proposed generator operative date before the incentive can be paid. This will be verified during the field verification visit.

### **2.4.7 Rating Criteria for System Output**

The rated photovoltaic system capacity must be calculated using the PVUSA Test Conditions (PTC) rating standards<sup>7</sup> including inverter losses. Wind turbine capacity is the highest electrical output from the manufacturer's power output curve for wind speeds up to 30 mph including inverter losses. The generation capacity for Level 2, 3-N and 3-R technologies, as well as fuel cells utilizing renewable fuel in Level 1, is defined as the gross continuous power output of the equipment at appropriate ISO conditions<sup>8</sup> operating on the applicable fuel, whether that is non-renewable or a renewable fuel.

### **2.4.8 Not Eligible under the Program**

The following types of generating systems / equipment are not eligible for the program:

- Back-Up Generators - systems intended solely for emergency or back-up generation purposes
- Any system/equipment that is capable of operating on diesel fuel or Diesel Cycle for start up or continuous operation

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<sup>6</sup> Small Commercial and agricultural Load Factors From "2002-2012 Electricity Outlook Report, CALIFORNIA, ENERGY COMMISSION, February 2002 P700-01-004F" Table III-2-1.

<sup>7</sup> PTC watt rating is based on 1,000 Watt/m<sup>2</sup> solar irradiance, 20 degree Celsius ambient temperature, and 1 meter/second wind speed. The PTC watt rating is lower than the "Standard Test Conditions" (STC), a watt rating used by manufacturers.

<sup>8</sup> Industry standard conditions to measure output – temperature at 59 degrees Fahrenheit and altitude at sea level (0 feet).

- Other primary electrical generating technologies not listed in paragraph 2.4.2 (Eligible Equipment Types)

#### **2.4.9 Waste Heat Utilization and Minimum System Efficiency**

Utilization of waste heat recovery at the customer Site is required for Level 2 and 3-N systems. Overall, system efficiency must meet the requirements of Public Utilities Code 218.5.<sup>9</sup>

All applications for Level 2 and 3-N technologies must demonstrate a reasonable ability to meet the minimum conversion efficiencies stated above including an engineering calculation of the conversion efficiency with documented assumptions regarding thermal load at the Site. See Section 4.2.3 (Additional Attachments for Level 2 and 3-N Technologies).

#### **2.4.10 Eligibility of Replacement Generation**

Installation of new generating systems intended to replace existing on-site generation is only allowed in the following situations.

- A. An eligible generating system may be installed in addition to existing on-site generation if the capacity of the proposed generator(s) meets the maximum size eligibility requirement defined in Section 2.4.6 (for Level 2, 3-R and 3-N) and 2.4.6.1 (for Level 1). The combined capacity of the proposed and existing generators (excluding any back-up generators) must be no more than the Host Customer's Maximum Site Electric Load.
- B. An eligible Level 1 system may directly replace an existing on-site fossil-fired generating system even if the past 12-months Site peak demand is less than the required level as described in Section 2.4.6.1 of the Program Handbook.
- C. An eligible Level 2, 3-N, or 3-R system may directly replace an existing cogenerator or non-cogeneration system, pursuant to eligibility requirements in Section 2.4 of the Program Handbook, where the Host Customer can demonstrate that the existing generating system has been out of service for the past 12-months.

### **2.5 Reliability Criteria**

In order to qualify for a Level 3-N incentive payment, effective January 1, 2002, the Applicant must meet both of the following requirements:

1. The self-generating facility must be designed to operate in power factor mode such that the generator operates between 0.95 power factor lagging and 0.90 power factor leading. This

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<sup>9</sup> PUC 218.5 - "Cogeneration" means the sequential use of energy for the production of electrical and useful thermal energy. The sequence can be thermal use followed by power production or the reverse, subject to the following standards: (a) At least 5 percent of the facility's total annual energy output shall be in the form of useful thermal energy; (b) Where useful thermal energy follows power production, the useful annual power output plus one-half the useful annual thermal energy output equals not less than 42.5 percent of any natural gas and oil energy input.

design feature will be verified by reviewing the manufacturer's specifications at the time of application and as part of the field verification visit before incentive payment approval.

2. Applicants with facilities sized greater than 200 kW will coordinate the self-generation facility planned maintenance schedule with the electric utility. This may allow the utility to more accurately schedule load and plan distribution system maintenance. The applicant will only schedule a facility's planned maintenance between October and March and, if necessary, during off-peak hours and/or weekends during the months of April to September. See Section 13 for sample maintenance coordination letter.

## **2.6 Warranty Requirements**

Warranty requirements apply to all eligible technologies regardless of length of commercial availability. In order to qualify as an eligible project cost, the cost of the warranty, extended warranty, and/or maintenance contract must be paid before the Reservation Confirmation and Incentive Claim Form is submitted. Applicants are required to fulfill the warranty requirements described below in the following sequence:

- 1) Utilize equipment warranties, which come standard with the purchase of the system.
- 2) If the standard equipment warranty for any major system component is of insufficient duration to meet the requirement, the customer must purchase, if one is available, an extended warranty to bridge any gap in duration, which may exist.
- 3) Then, and only if an applicant can show that a standard and/or extended warranty combination is unavailable to meet the warranty requirement – OR if the extended warranty requires the purchase of a maintenance contract – the applicant is to enter into a maintenance contract as a substitute measure.

The Applicant must provide warranty (and/or maintenance contract) start and end dates in the Reservation Confirmation and Incentive Claim Form.

### **2.6.1 Levels 1 and 2 System Warranty Requirements**

Level 1 and 2 systems must be covered by a minimum five-year warranty. The warranty must cover all of the major components of the generating system that are eligible for the incentive, to protect against breakdown or degradation in electrical output of more than ten percent from their originally rated electrical output. The warranty shall cover the full cost of repair or replacement of defective components or systems, including coverage for labor costs to remove and reinstall defective components or systems. The cost of the required warranty may be included in the eligible project cost for purposes of calculating the incentive payment. Warranty coverage beyond the five-year term is not an eligible project cost. In order to qualify as an eligible project cost, the cost of the warranty must be paid before the Reservation Confirmation and Incentive Claim Form is submitted.

### **2.6.2 Level 3-R and Level 3-N System Warranty and/or Maintenance Requirements**

Levels 3-R and 3-N systems must be covered by a warranty of not less than three years. The warranty must cover the major mechanical and electrical components of the generating system that are eligible for the incentive to protect against breakdown. The warranty shall cover the full cost of repair or replacement of defective components or systems, including coverage for labor costs to remove and reinstall defective components or systems. For those systems not already covered by an appropriate term warranty, the customer must purchase an extended warranty from the manufacturer or vendor covering the unwarranted period up to the three-year warranty requirement. The extended warranty must cover the major electrical and mechanical components of the generating system that are eligible for the incentive to protect against breakdown. The major generating system components include: the generator set, primary heat recovery system and Level 3-R gas cleanup equipment. For those cases where an extended warranty is not available, the customer must purchase a maintenance contract, providing equivalent coverage as the required warranty.

Ineligible costs related to required warranties and maintenance agreements include:

- Preventive maintenance not required by the manufacturer
- Tools necessary to do the maintenance
- Warranty coverage and/or maintenance contracts beyond the required term or for equipment whose cost is not an eligible project cost (e.g., absorption chillers, etc.)
- Additionally any warranty, extended warranty, and or maintenance contract costs not paid before the Reservation Confirmation and Incentive Claim Form submittal, and any ongoing payments based on generator run hours, output or any similar performance-based measure are not eligible.

Please refer to the figure in Appendix A, which illustrates the warranty for components for a Level 3 (-N or -R) system.

### **2.7 Interconnection to the Utility Distribution System**

Connection to, and parallel operation with, the electric utility distribution system is required for all self-generation systems as a condition of receiving incentives under the SGIP. SGIP Host Customer must also separately submit an application and enter into a contract with their local electric utility for connection to the utility system. Proof of interconnection and parallel operation is required prior to receiving an incentive payment. Refer to Section 5 of this handbook for information on how to apply to the utility for interconnection.

### **2.8 Permanent Installation**

Equipment installed under this program is intended to be in place for the duration of its useful life. Only permanently installed systems are eligible for incentives. This means that the equipment must have

electrical, thermal and fuel connections in accordance with industry practice for permanently installed equipment and be secured to a permanent surface (e.g. foundation). Any indication of portability including but not limited to wheels, carrying handles, dolly, trailer or platform will deem the system ineligible.

## **2.9 New Equipment, Not Pilot or Demonstration Systems**

Commercially available and factory new equipment is eligible for incentives. Rebuilt or refurbished equipment is not eligible to receive incentives under this program. Generating systems that utilize new technologies that are critical to its operation must have at least one year of documented commercial availability to be eligible, or meets requirements of 2.9.1. "Commercially available" means equipment acquired through conventional procurement channels, installed and operational at a customer Site. Commercially available does not include field demonstrations or proof-of-concept operation of systems partially or completely paid by research and development funds.

### **2.9.1 Alternative Criteria for Generating System Eligibility – Third Party Certification**

Generating systems using new technologies may be eligible for the program if certification is obtained from a nationally recognized testing laboratory indicating that the technology meets the safety and/or performance requirements of a nationally recognized standard. Equipment manufacturers seeking eligibility through this criteria shall submit a written request to the Self-Generation Program Administrator Working Group for consideration, along with the proposed standards for certification.

### **2.9.2 CEC's Emerging Renewables Program – Renewable Equipment Eligibility**

Level 1 and 2 equipment eligible for use in the California Energy Commission's (CEC's) Emerging Renewables Program is eligible for the SGIP under Section 2.9. A list of CEC eligible equipment is available online at: <http://www.consumerenergycenter.org/erprebate>

## **2.10 Renewable Fuels**

A renewable fuel, for the purposes of determining whether a proposed project qualifies for Level 1 fuel cell or Level 3-R incentives, is a non-fossil fuel resource other than those defined as conventional in Section 2805 of the Public Utilities Code, that can be categorized as one of the following: solar, wind, gas derived from biomass, digester gas, or landfill gas. A facility utilizing a renewable fuel may not use more than 25 percent fossil fuel annually, as determined on a total energy input basis for the calendar year. In addition, applicants for Level 1 fuel cell projects and Level 3-R projects are required to:

- Demonstrate the availability of an adequate average flow rate of renewable fuel to produce electricity at the unit's full rated capacity, or an appropriate de-rated capacity<sup>10</sup>, if supplemented with fossil fuel. Information shall be submitted with the program application and will be verified during the field

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<sup>10</sup> "De-rated capacity" is the rated capacity on renewable fuels and is the capacity which incentive amount is based.

verification visit prior to approval of the incentive. Units whose annual fuel consumption exceeds the available renewable fuel plus the allowable nonrenewable supplement will not qualify.

- Submit an equipment purchase order that indicates the fuel cleanup equipment as a separate invoice item.
- Provide a signed affidavit (see Section 9) stating that the unit will comply with the program renewable fuel requirements. The length of this commitment shall be the same as the equipment warranty requirement discussed above for each Incentive Category.



### 3. INCENTIVES

Annual incentive budgets authorized by the CPUC for each Program Administrators are as follows:

Pacific Gas and Electric Company	\$48,000,000
Southern California Edison Company	\$26,000,000
Southern California Gas Company	\$13,600,000
San Diego Regional Energy Office	\$12,400,000

One-third of the incentive budget for each administrator is initially allocated to each of the self-generation categories (Levels 1, 2 and 3-R/3-N). Although the Program Administrator may move funds from the Level 2 and 3-R/3-N incentive categories to Level 1, the Program Administrator must seek approval from the CPUC through an advice letter prior to shifting additional funds into either the Level 2 or 3-R/3-N categories.

#### 3.1 Incentive Levels

The program provides a one-time incentive payment to help reduce the cost of installing self-generation equipment. The incentive levels for the four categories of self-generation technologies are provided below in Table 3-1.

**Table 3-1 Incentive Levels for Various Technologies**

Incentive Levels	Incentive Offered (\$/Watt)	Maximum % of Eligible Project Cost	Minimum System Size	Maximum System Size <sup>11</sup>	Incentive Payment Maximum System Size	Eligible Technologies
Level 1	\$4.50/W	50%	30 kW	1.5 MW	1.0 MW	<ul style="list-style-type: none"> <li>• Photovoltaics</li> <li>• Fuel cells operating on renewable fuel</li> <li>• Wind turbines</li> </ul>
Level 2	\$2.50/W	40%	None	1.5 MW	1.0 MW	<ul style="list-style-type: none"> <li>• Fuel cells operating on non-renewable fuel and utilizing waste heat recovery</li> </ul>
Level 3-R	\$1.50/W	40%	None	1.5 MW	1.0 MW	<ul style="list-style-type: none"> <li>• Micro-turbines, internal combustion engines and small gas turbines operating on renewable fuel</li> </ul>
Level 3-N	\$1.00/W	30%	None	1.5 MW	1.0 MW	<ul style="list-style-type: none"> <li>• Micro-turbines, internal combustion engines and small gas turbines operating on non-renewable fuel, utilizing waste heat recovery and meeting the reliability criteria</li> </ul>

<sup>11</sup> Maximum system size is 1.5 MW, however, output capacity above the first 1.0 MW is not eligible for incentives. Reference CPUC Decision 02-02-026 dated February 7,2002.

### 3.1.1 Calculating the Incentive

Incentives for a proposed system containing equipment listed in a single technology Level are calculated per the following steps.

1. The Applicant multiplies the capacity of the generating system by the incentive rate for the Incentive Level (1, 2, 3-R or 3-N).
2. The Applicant multiplies the eligible project cost, after subtracting any other rebates or incentives, by the maximum percent of eligible project cost allowed for the same Incentive Category.
3. The smaller value calculated in [1] or [2] is the incentive amount.

#### Example #1: Single System Level 3-N Technology

*An Applicant proposes to install a 75 kW natural gas fueled microturbine with waste heat recovery at a customer Site to provide a portion of the facilities' peak (maximum) electric demand. The total eligible project costs are \$75,000 for equipment purchase and installation. There are no other incentives included. The Level 3-N incentive for this technology is \$1,000/kW or 30% of the eligible project cost which ever is lower. Multiplying the Level 3-N incentive by the capacity of the generation produces \$75,000. However, 30% of the total eligible project cost is \$22,500. The allowable incentive is \$22,500.*

### 3.1.2 Incentive Limit for Systems with Output Capacity above 1.0 MW

The following method will be used to scale eligible project costs for projects with capacities greater than 1.0 MW, but less than or equal to 1.5 MW.

- a) Divide the Applicant provided eligible project costs by the Applicant provided system capacity, in units of kW, to obtain a unit cost for the system.
- b) Multiply the previously obtained unit cost by 1,000 kW to obtain scaled eligible project costs.
- c) Compare maximum incentive based on 1.0 MW System Size with incentive based on Scaled Eligible Project Cost

#### Level 1 Example:

Applicant provided eligible project cost: \$11,000,000

Applicant provided system capacity: 1,100 kW

Step a: Unit Cost =  $\$11,000,000 / 1,100 \text{ kW} = \$10,000 / \text{kW}$

Step b: Scaled Eligible Project Cost =  $\$10,000 / \text{kW} \times 1,000 \text{ kW} = \$10,000,000$

Step c: Incentive based on 1.0 MW System Size:

$1,000,000 \text{ W} \times \$4.50 / \text{W} = \underline{\underline{\$4,500,000}}$

Incentive based on Scaled Eligible Project Cost:

$$\$10,000,000 \times 50\% = \underline{\$5,000,000}$$

Since incentive is based on the lower of 1.0 MW System Size or Scaled Eligible Project Cost, the incentive in this example is based on 1.0 MW System Size and would be \$4,500,000.

**Level 3-N Example:**

Applicant provided eligible project cost: \$3,000,000

Applicant provided system capacity: 1,500 kW

$$\text{Step a: Unit Cost} = \$3,000,000 / 1,500 \text{ kW} = \$2,000 / \text{kW}$$

$$\text{Step b: Scaled Eligible Project Cost} = \$2,000 / \text{kW} \times 1,000 \text{ kW} = \$2,000,000$$

Step c: Incentive based on 1.0 MW System Size:

$$1,000,000 \text{ W} \times \$1.00 / \text{W} = \underline{\$1,000,000}$$

Incentive based on Scaled Eligible Project Cost:

$$\$2,000,000 \times 30\% = \underline{\$600,000}$$

Since incentive is based on the lower of 1.0 MW System Size or Scaled Eligible Project Cost, the incentive in this example is based on Scaled Eligible Project Cost and would be \$600,000.

**3.2 Hybrid System Incentive Levels**

Program participants can apply for incentives for multiple types of generating technologies installed at one Site. The program defines some of these as “hybrid systems”. See Section 2.4.3 and Definitions for a description of a hybrid system. An example of this situation would be Level 1 and Level 2 technologies, such as photovoltaics and fuel cells operating on natural gas, combined at one Site. As with single technology systems, hybrid systems must meet the eligibility requirements set forth by this program including, but not limited to, size constraints, waste heat utilization and reliability criteria.

A detailed explanation of how to calculate hybrid system incentives may be found in Section 3.2.1, for systems with capacity up to 1.0 MW, and Section 3.2.2 for systems with capacity over 1.0 MW.

**3.2.1 Calculating the Incentive for Hybrid Systems with Output Capacity Up to 1.0 MW**

The total hybrid system incentive is the sum of the incentives for each type of technology in the system up to the maximum allowed percentage of eligible project cost for each technology. Hybrid system project costs are the allowed unique project costs plus a portion of common project costs allocated by the capacity of each technology. Common project costs are those costs shared by more than one technology and are not unique to a single technology in the hybrid system.

Table 3-2a provides an example of the incentive calculation for an example hybrid system consisting of 100 kW Level 1, 200 kW Level 2, 125 kW Level 3-R and 75 kW Level 3-N technologies. Total eligible project costs unique to each technology total \$2,490,000. Common eligible project costs totaling \$400,000 are allocated to each of the technologies by the ratio of individual technology capacity to the total hybrid system capacity. Level 1 and 2 technologies receive their full incentives of \$450,000 and \$500,000 respectively. The level 3-R and 3-N technologies are limited to 40% and 30%, respectively, of their eligible project cost.

**Table 3-2a, Example of Hybrid System Costs**

	Level 1	Level 2	Level 3-R	Level 3-N	Hybrid System Total
1. Incentive Rate (\$/Watt)	\$4.50 (A)	\$2.50 (B)	\$1.50 (C)	\$1.00 (D)	
2. Maximum Incentive (Pct of Project Cost)	50% (E)	40% (F)	40% (G)	30% (H)	
3. Technology Capacity (kW)	<u>100 kW</u> (I)	<u>200 kW</u> (J)	<u>125 kW</u> (K)	<u>75 kW</u> (L)	<u>500 kW</u> (M) I + J + K + L
4. Unique Project Costs	<u>\$1,000,000</u> (N)	<u>\$1,200,000</u> (O)	<u>\$200,000</u> (P)	<u>\$90,000</u> (Q)	
5. Common Project Costs	<u>\$80,000</u> (S) R x I/M	<u>\$160,000</u> (T) R x J/M	<u>\$100,000</u> (U) R x K/M	<u>\$60,000</u> (V) R x L/M	<u>\$400,000</u> (R)
6. Individual Technology Project Cost	<u>\$1,080,000</u> (W) N + S	<u>\$1,360,000</u> (X) O + T	<u>\$300,000</u> (Y) P + U	<u>\$150,000</u> (Z) Q + V	
7. Maximum Potential Incentive	<u>\$450,000</u> (AA) A x I	<u>\$500,000</u> (AB) B x J	<u>\$187,500</u> (AC) C x K	<u>\$75,000</u> (AD) D x L	
8. Pct of Project Cost Limit	<u>\$540,000</u> (AE) E x W	<u>\$544,000</u> (AF) F x X	<u>\$120,000</u> (AG) G x Y	<u>\$45,000</u> (AH) H x Z	
9. Allowed Incentive	<u>\$450,000</u> (AI) Minimum of AA or AE	<u>\$500,000</u> (AJ) Minimum of AB or AF	<u>\$120,000</u> (AK) Minimum of AC or AG	<u>\$45,000</u> (AL) Minimum of AD or AH	<b><u>\$1,115,000</u></b> AI + AJ + AK



**3.2.2 Calculating the Incentive for Hybrid Systems with Output Capacity above 1.0 MW**

When calculating the total eligible incentive for a hybrid system, the incentives are to be calculated sequentially until the 1.0 MW limit is reached, with the Level 1 portion calculated first, then the Level 2 (based on whatever capacity remains under 1.0 MW after that claimed under Level 1), then the Level 3-R (based on whatever capacity remains under 1.0 MW after that claimed under Level 1 and 2) and finally

Level 3-N (based on whatever capacity which might remain under 1.0 MW after subtracting out that claimed under Levels 1, 2 and 3-R).

Table 3-2b provides an example of the incentive calculation for an example hybrid system that is greater than 1.0 MW. The system consists of a 650 kW Level 1 and a 600 kW Level 3-N technologies, which cost \$5,500,000 and \$1,000,000 respectively (excluding \$1,000,000 of common eligible costs). The common eligible project costs totaling \$1,000,000 are allocated to each of the technologies by the ratio of individual technology capacity to the total hybrid system capacity. As shown below, the Level 1 technology receives the full incentive of \$2,925,000. The Level 3-N technology receives a lesser incentive amount.

**Table 3-2b, Example of Hybrid System Costs over 1.0 MW**

	Level 1	Level 2	Level 3-R	Level 3-N	Hybrid System Total
<b>1. Incentive Rate (\$/Watt)</b>	\$4.50 (A)	\$2.50 (B)	\$1.50 (C)	\$1.00 (D)	
<b>2. Maximum Incentive (Pct of Project Cost)</b>	50% (E)	40% (F)	40% (G)	30% (H)	
<b>3. Technology Capacity (kW)</b>	<u>650 kW</u> (I)	<u>0 kW</u> (J)	<u>0 kW</u> (K)	<u>600kW</u> (L)	<u>1250 kW</u> (M) I+J+K+L
<b>4. Capacity used for Incentive Calculation (kW) if M is greater than 1,000 kW</b>	<u>650 kW</u> (N)  N=I	<u>0 kW</u> (O) O=J <b>or</b> O=1,000-N (whichever is less)	<u>0 kW</u> (P) P=K <b>or</b> P=1,000-N-O (whichever is less)	<u>350 kW</u> (Q) Q=L <b>or</b> Q=1,000-N-O-P (whichever is less)	1000 kW (R) N+O+P+Q = 1000 kW
<b>5. Unique Project Costs</b>	<u>\$5,500,000</u> (S)	<u>\$0</u> (T)	<u>\$0</u> (U)	<u>\$1,000,000</u> (V)	
<b>6. Common Project Costs</b>	<u>\$520,000</u> (W) AA x I/M	<u>\$0</u> (X) AA x J/M	<u>\$0</u> (Y) AA x K/M	<u>\$480,000</u> (Z) AA x L/M	<u>\$1,000,000</u> (AA)
<b>7. Individual Technology Project Cost</b>	<u>\$6,020,000</u> (AB) S + W	<u>\$0</u> (AC) T + X	<u>\$0</u> (AD) U + Y	<u>\$1,480,000</u> (AE) V + Z	
<b>8. Maximum Potential Incentive</b>	\$2,925,000 (AF) A x N	<u>\$0</u> (AG) B x O	<u>\$0</u> (AH) C x P	<u>\$350,000</u> (AI) D x Q	
<b>9. Pct of Project Cost Limit</b>	<u>\$3,010,000</u> (AJ) E x AB	<u>\$0</u> (AK) F x AC x (O/J)	<u>\$0</u> (AL) G x AD x (P/K)	<u>\$259,000</u> (AM) H x AE x (Q/L)	
<b>10. Allowed Incentive</b>	\$2,925,000 (AN) Minimum of AJ or AF	<u>\$0</u> (AO) Minimum of AK or AG	<u>\$0</u> (AP) Minimum of AL or AH	<u>\$259,000</u> (AQ) Minimum of AM or AI	<b><u>\$3,184,000</u></b> AN + AO + AP + AQ



### 3.3 Incentive Payment Terms

Applicant will receive a lump sum payment, calculated according to the methods and definitions described herein, approximately 30 days after project has been deemed to satisfy all program requirements according to the Program Handbook. Any customer of an investor-owned electric utility in California is eligible to receive an incentive payment from this program. In addition, contractors or energy service companies who install self-generation units at these customers' Sites are also eligible to receive program

incentives in lieu of customer receipt of the incentives, as long as the customer provides written consent to the Program Administrator.

### **3.4 Incentive Limitations**

Incentive payments for a particular project under the program are limited by a number of factors, including:

- Total project costs
- Incentive Reservation Limitations
- Other Incentives or Rebates

#### **3.4.1 Total Project Costs**

The maximum possible incentive payment for each system is the system size (Watts) multiplied by the applicable dollar per watt incentive rate, up to the specified maximum percentage of eligible project cost. Submittal of project cost breakdowns is required to show eligible and ineligible costs (see Sections 4.3.2 and 4.4.2).

##### **3.4.1.1 Eligible Project Costs**

For the purposes of determining the maximum incentive payment, the following costs may be included in total eligible project cost:

1. Self-generation equipment capital cost
2. Engineering and design costs
3. Construction and installation costs. For projects in which the generation equipment is part of a larger project, only the construction and installation costs directly associated with the installation of the energy generating equipment are eligible. In order to expedite payment of incentive claims, project applicants should task project contractors to clearly break out eligible and ineligible construction and installation costs before (initial contract), during (change orders) and/or after installation (invoices). For example, a turnkey project using an absorption chiller should clearly break out ineligible construction and installation costs associated with the chiller in contractor's scope of work and billing invoices.
4. Engineering feasibility study costs
5. Interconnection costs, including:
  - a. Electric grid interconnection application fees
  - b. Metering costs associated with interconnection
6. Permitting costs

7. Warranty and/or maintenance contract costs associated with eligible project cost equipment (See 2.6.2 for full explanation of eligible costs)
8. Gas line installation costs, limited to the following:
  - a. Costs associated with installing a natural gas line on the customer's Site that connects the serving gas meter or customer's natural gas infrastructure to the distributed generation unit(s).<sup>12</sup>
  - b. Customer's cost for an additional (second) gas service to serve the distributed generation unit if this represents a lower cost than tying to the existing meter or gas service.
  - c. Customer's cost for any evaluation, planning, design, and engineering costs related to enhancing/replacing the existing gas service specifically required to serve the distributed generation unit.
9. Sales tax and use tax
10. On-site system measurement, monitoring and data acquisition equipment.
11. Air emission control equipment capital cost
12. Primary heat recovery equipment, i.e. heat recovery equipment directly connected to the generation system whose sole purpose is to collect the waste heat produced by the power plant. For example, a heat exchanger or heat recovery boiler (a.k.a., heat recovery steam generator, or HRSG) used to capture heat from a gas turbine is an eligible cost (See Section 3.4.1.2 item # 6 for examples of thermal-related costs which are considered ineligible)
13. Heat recovery piping and controls necessary to interconnect primary heat recovery equipment to thermal application equipment at the project Site
14. Projects that are Level 1 fuel cell or Level 3-R, may claim the cost associated with securing a bond to certify use of renewable fuel, described in the Program Contract, as eligible costs.
15. For Level 1 fuel cells and Level 3-R technologies only, the cost of equipment to remove moisture and other undesirable constituents from renewable fuels (e.g. waste gases) that would damage the generation equipment. Such equipment includes but is not limited to "gas skids", dryers/moisture removal and siloxane removal towers.

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<sup>12</sup> In many cases, the Utility requires a separate, Utility owned gas meter, dedicated to the generator to qualify for a generation gas rate schedule. In that case, costs associated with installing a separate gas meter that are in excess of those covered under the applicable gas rules may be included as an Eligible Project Cost.



16. For Level 1 PV applications only, customers may claim certain mounting surface costs as eligible project costs. Costs may include mounting surfaces for the photovoltaic module and/or the materials that provide the primary support for the modules. Only the percentage of mounting surface directly under the photovoltaic module is eligible. Roof membranes, roof decking or other materials used only to provide a weather or fire barrier to the building are ineligible. The applicant will need to provide documentation to justify all eligible costs claimed and all final eligible costs are subject to program administrator's approval. See Appendix B for more information.

### **3.4.1.2 Ineligible Project Costs**

The following costs may not be included as eligible project costs for the purpose of determining the maximum possible incentive payment:

1. Electric grid interconnection costs as follows:
  - a. Any electrical facility extension or modifications on the utility side of the meter.
  - b. In the absence of electrical facilities near the Site, the cost of any new electrical facilities on the utility side of the meter.
2. Gas distribution or transmission system upgrades on the utility side of the meter.
3. Operating and maintenance costs not covered by the warranty or maintenance contract requirements of the program.
4. Support structures (roofs) for non-free standing equipment
5. Electricity storage devices (e.g., batteries, flywheels, etc.)
6. Costs associated with adding or modifying thermal application equipment for the purpose of utilizing waste heat recovered from a self-generation system. For example, cost of adding or modifying absorption chillers (indirect or direct fired), boilers, furnaces, secondary heat exchangers, thermal storage tanks or vessels including pumps, cooling towers, and piping or any other ancillary equipment.
7. Cost of Capital is ineligible. This includes Allowance for Funds Used During Construction (AFUDC), interest on loans, bond costs, carrying charges or other interest costs used to finance capital projects.
8. Any ongoing expenses, costs not paid up-front, are ineligible. This would include, but is not limited to such ongoing costs as maintenance fees, future taxes, recurring permit fees, etc.
9. Any equipment not located within the Site where the generating equipment is located.

10. Funds paid by Applicant / Host Customer into an escrow account for the purposes of paying eligible projects costs after completion of the project are ineligible. This includes costs for future maintenance fees, future taxes, recurring permit fees, etc.
11. For Level 2 and Level 3-N technologies only, the cost of equipment to remove moisture and other undesirable constituents from fuels that would damage the generation equipment. Such equipment includes but is not limited to “gas skids”, dryers/moisture removal and siloxane removal towers.
12. Equipment required to produce a usable fuel from organic material.
13. Fuel cleanup and processing equipment for waste gases derived from fossil fuel drilling operations.
14. Other ineligible costs include items that are not specifically required for a given eligible system installation. These ineligible costs include, but are not limited to, tree trimming, re-roofing, roof repairs or roof reinforcement and landscaping.
15. Fuel producing equipment such as anaerobic digesters, gasification or pyrolysis systems.

#### **3.4.1.3 PV Carports and Similar Structures:**

Structures to support photovoltaic equipment are considered eligible costs provided the equipment is new and the sole function of the structure is to support photovoltaic modules. If the photovoltaics modules were removed and the remaining structure would serve no useful purpose (e.g. create shade, housing equipment or housing animals) then the sole function of the structure is to support photovoltaic modules.

New or existing photovoltaic equipment support structures that are not considered eligible costs under the Program include, but are not limited to –

- Structures with walls
- Partially or fully enclosed buildings
- Roofs
- Other structures not built for the sole purpose of supporting the PV modules.

#### **3.4.2 Incentive Reservation Limitations**

There are restrictions on the amount of incentive funding an Applicant can reserve and receive. Applicants can reserve up to 1.0 MW per program year of incentive funding for a single corporate or government parent Host Customer at any one time within a given investor owned utility’s service territory. There are no reservation limits for third party contractors, vendors, or ESCOs applying to the program. However, project size cap limits per Site and corporate or governments parents incentive limits are in force for all projects. Table 3-3 summarizes the limitations on project size. Table 3-4 summarizes the limitations on project size used for calculating incentive amounts.

**Table 3-3 Project Size Caps**

Time Period	Project Site	Corporate or Government Parents <sup>13, 14</sup>	Contractor, Vendors, ESCO
Calendar Year	1.5 MW	1.5 MW	None
Program Duration (2001-2004)	1.5 MW	6.0 MW	None

**Table 3-4 Incentive Limit Caps**

Time Period	Project Site	Corporate or Government Parents	Contractor, Vendors, ESCO
Calendar Year	1.0 MW	1.0 MW	None
Program Duration (2001-2004)	4.0 MW	4.0 MW	None

**Example #1: Multiple System Types at Multiple Sites Owned by Same Corporate Parent**

Assume an Applicant intends to install two (2) 60 kW micro-turbines at Site A and a 200 kW fuel cell operating on natural gas at Site B. The Applicant can request a reservation for the projects at each Site for a total of 320 kW of incentive funding, since the total amount of generation equipment which will be installed falls under the 1.5 MW cap for each project Site (Site A and Site B) and for corporate or government parents.

**Example #2: Multiple Site Incentive Calculation for Same Corporate Parent**

To calculate the maximum incentive dollars for the Applicant in Example #1, the incentive levels for each type of equipment must be considered. At Site A, the micro-turbines are a Level 3-N technology and receive an incentive of \$1.00 per Watt up to 30% of the total eligible project cost. So, the maximum incentive that the Site A micro-turbines can receive is (\$1.00 per Watt) x (120,000 Watts) = \$120,000, assuming that the eligible project cost at Site A is at least \$400,000. At Site B, the fuel cell operating on natural gas is a Level 2 technology and receives an incentive of \$2.50 per Watt up to 40% of the total

<sup>13</sup> These caps are established for each investor-owned utility's territory.

<sup>14</sup> State Government Parents are defined as: University of California, California State University, Department of Corrections, Department of General Services, the combination of the Department of Developmental Services and Cal Trans, the combination of the California Youth Authority and the Department of Mental Health, and all other state agencies and departments. Federal Government Parents are defined as Air Force, Army, Navy, Marines, Postal Service, General Services Administration, and all other federal agencies or departments. Local Government Parents (e.g., cities, counties, school districts, or water districts) are each treated as individual Parents.

eligible project cost. So, the maximum incentive that the Site B fuel cell can receive is (\$2.50 per Watt) x (200,000 Watts) = \$500,000, assuming that the eligible project cost at Site B is at least \$1,250,000. Therefore, the maximum incentive dollars the Applicant could receive for the projects at Site A and Site B would be \$120,000 + \$500,000 = \$620,000.

### **3.4.3 Other Incentives or Rebates**

Customers may not receive SGIP incentives for the same self-generation equipment from more than one SGIP Administrator (e.g., PG&E and SoCalGas, SCE and SoCalGas, etc.) who generally serve the same service territory and customers.

For projects receiving incentives under other programs offered by state, regional, federal or local entities (including utility distribution companies), the amount of the incentive must be subtracted from the Total Eligible Project Cost (Section 3.4.1). In no event, can the combined incentives received under this program and other funding sources exceed the out-of-pocket expenses (i.e. Total Eligible Project Cost) for the project. Applicants are required to disclose information about all other incentives they may receive including post-installation incentives or rebates. Program Administrators will enter applications into a statewide database that will permit universal tracking of applications for this and other programs, such as, but not limited to the CEC's Emerging Renewables Program. Tax credits are not considered an incentive that must be disclosed under this requirement.

#### **Example #1: Incentive Calculation for System Receiving Incentives from Other Programs**

A customer is installing a 1.0 MW fuel cell, operating on renewable fuel, which is estimated to cost \$10 million. The Level 1 incentives for this technology are \$4.50/watt or 50 percent of the total eligible project cost, whichever is less. The project received a rebate of 20% of the project costs (\$2 million) from another program *other than the SGIP*. Under the SGIP, this project would be eligible for an incentive of \$4 million (calculated by subtracting the other incentive (\$2 million) from the Total Eligible Project Costs (\$10 million), and multiplying the difference by 50%), as follows:

$$\text{Incentive based on Total Eligible Project Cost} = 50\% \times (\$10,000,000 - \$2,000,000) = \$4,000,000$$

$$\text{Incentive based on System Size} = 1,000,000 \text{ W} \times \$4.50 / \text{W} = \$4,500,000$$

Since incentive is based on the lower of System Size or Eligible Project Cost, the incentive in this example is based on the Eligible Project Cost and would be \$4,000,000.

#### **Example #2: Incentive Calculation for Systems with Output Capacity above 1.0 MW and Receiving Incentives from Other Programs**

A customer is installing a 1.2 MW fuel cell, operating on natural gas, which is estimated to cost \$7 million. The Level 2 incentives for this technology are \$2.50/watt or 40% of the Total Eligible Project Cost, whichever is less. The project received a \$1 million rebate from another program. Under the SGIP, the incentive would be calculated as follows:

Step a: Net Eligible Project Cost = \$7,000,000 - \$1,000,000 = \$6,000,000

Step b: Unit Cost = \$6,000,000 / 1,200 kW = \$5,000 / kW

Step c: Scaled Eligible Project Cost = \$5,000 / kW x 1,000 kW = \$5,000,000

Step d: Incentive based on 1.0 MW System Size:

$$1,000 \text{ kW} \times \$2.50 / \text{W} = \$2,500,000$$

Incentive based on Scaled Eligible Project Cost:

$$\$5,000,000 \times 40\% = \$2,000,000$$

Since the incentive is based on the lower of 1.0 MW System Size or Scaled Eligible Project Cost, the incentive is based on the Scaled Eligible Project Cost and would be \$2,000,000.

#### **4. APPLICATION PROCESS**

The process of applying for incentives in the program is intended to be straightforward, however the process does require careful attention to detail. Incomplete or incorrect applications will be returned, so it saves time to follow the instructions carefully. Applicants may contact the Program Administrator for assistance in completing their applications. See Section 7 for contact information on each of the Program Administrators.

##### **4.1 Overview of the Application Process**

To receive an incentive payment through the SGIP, Applicants must submit the appropriate applications and supplemental material at specific milestones. While the application process is identical for all four incentive levels (See Table 2-1), there are a few minor differences in the application and the required attachments for each. The overall application process is illustrated in Figure 4-1.

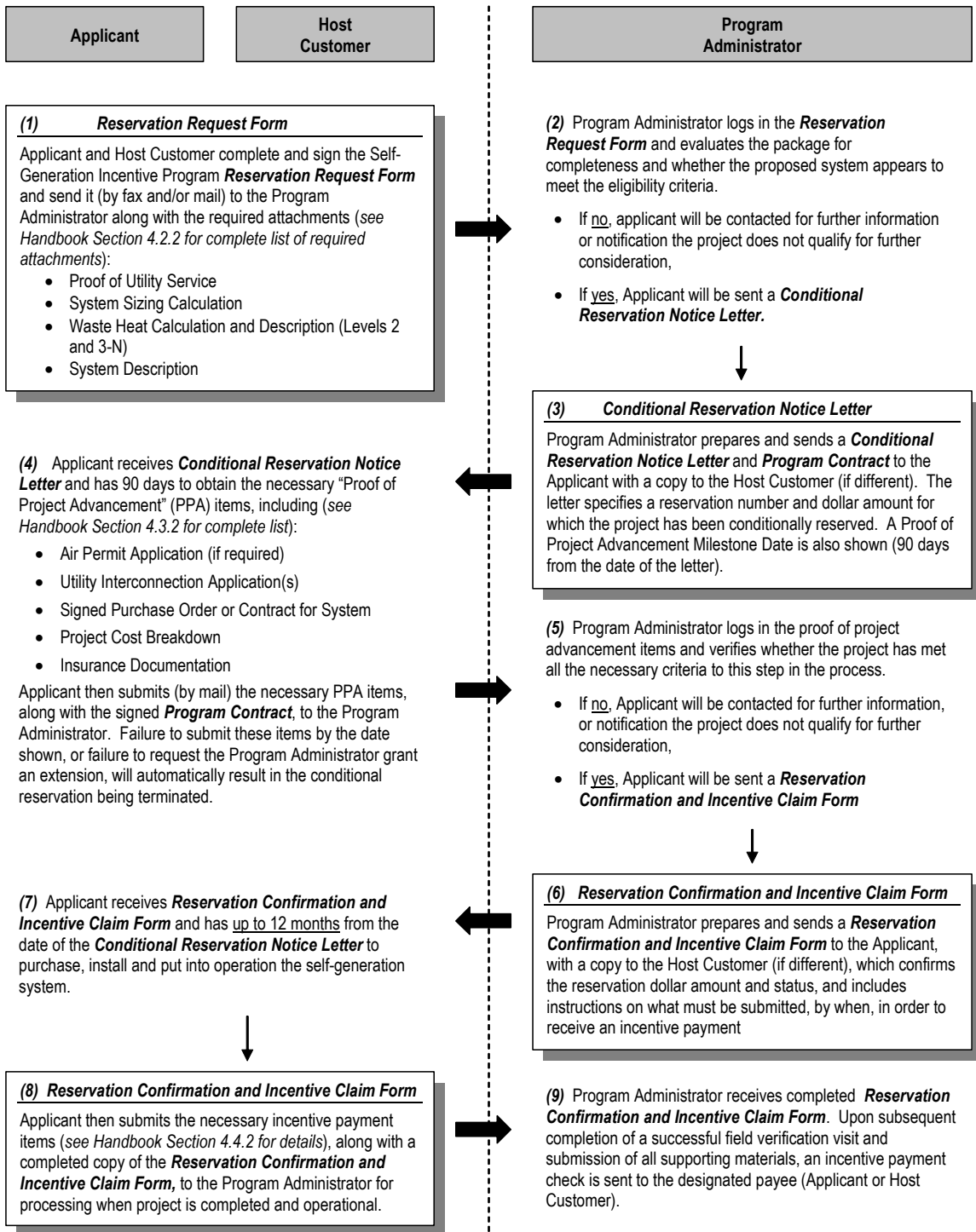


Figure 4-1 SGIP Application Process Overview

## **4.2 Reserving an Incentive**

The Program Administrator recognizes that project planning requires some degree of certainty that a specific incentive amount will be available upon successful project completion. Under the SGIP Applicants can reserve a specified incentive amount in advance for up to one year, provided program requirements are met during the reservation period. The initial conditional reservation period is 90 calendar days. Within that period, Applicants must demonstrate some project advancement and submit a completed and signed copy of the SGIP Contract to keep their reservation active. Applicants who fail to demonstrate project advancement, or do not submit a signed SGIP Contract at the 90-day milestone, will have their incentive reservation cancelled.

SGIP funds are available on a first-come, first-served basis throughout the calendar year (January 1 through December 31). Reservations received after total funds have been committed for a calendar year will be placed on a waiting list in the event that more funding becomes available (either through an approved shift in funds between categories or project cancellations). Applicants on the waiting list who are not made eligible for funding in the program year in which they applied will have to reapply the following program year.

### **4.2.1 Reservation Request Form**

To reserve a specified incentive amount, Applicants must submit the Reservation Request Form and all required attachments.

Applicants seeking incentives for projects that include technologies from two or more different incentive levels (hybrid projects) must submit one application for each technology included in the project. For example, an Applicant seeking incentives for a hybrid fuel cell and photovoltaic project would have to submit one Reservation Request Form for the photovoltaic portion of the project and another Reservation Request Form for the fuel cell portion of the project. For more information on hybrid systems, see Sections 2.4.3, 3.2 and 3.2.1.

Reservation Request Forms and instructions on completing these forms can be found in Section 7.1. Blank forms also can be obtained by calling or visiting the website of the Program Administrator in your area. See Section 7 for a list of Program Administrators.

### **4.2.2 Required Attachments**

In addition to a completed Reservation Request Form, with original signatures of Applicant and Host Customer, all Applicants (Levels 1, 2 and 3) applying for incentives must provide a copy of the following:

- **Proof of Utility Service** – Project eligibility requirements restrict participation in the project to customers who are located in the service territory of one of the major investor-owned utilities and physically connected to the electric utility transmission and distribution system (See



Section 2 for more information on project eligibility). To demonstrate proof of utility service and utility service territory, Applicants must submit a copy of a recent utility bill.

- **System Sizing Calculation** - To confirm that participating distributed generation systems will not exceed the capacity of the Host Customer's 12-month peak (maximum) electrical demand (for photovoltaic and wind turbine systems, will not exceed 200% of Host Customer's 12-month peak "maximum" electrical demand), applicants must submit a copy of the data and calculations used to determine system size.
- **Project Cost Breakdown** – It is recommended, but not required, that the Applicant submit a cost breakdown with the Reservation Request Form. Applicants are required to use the Project Cost Breakdown Worksheet (spreadsheet), available from Program Administrator's website or by e-mail request, unless waived by the Program Administrator.
- **System Description** – Applicants are required to submit a brief summary of the generation project. It should include its technology, size, use of thermal energy, ownership, location on the project Site, etc. Both photovoltaic and wind turbines systems may be required to submit a comparison of space required for generation system versus space available for generation system. Applicants are required to use the System Description Worksheet, available from Program Administrator's website or by e-mail request, unless waived by the Program Administrator.
- **Other Funding Sources** – Projects, which may receive funding from sources other than this program, must submit documentation identifying funding source and amount of funding. This funding may be from any other source, and received before, during or after equipment installation.

#### **4.2.3 Additional Attachments for Level 1 Fuel Cells and Level 3-R Technologies**

Level 1 Fuel Cells and Level 3-R applications must also submit, along with all of the attachments described in 4.2.2, the following with their Reservation Request Form:

- **Proof of Adequate Renewable Fuel** – Applicant must submit an engineering survey or study confirming that there is adequate on-site renewable fuel (i.e., adequate flow rate) for continuous operation of the self-generation unit for the term of the project's required warranty/maintenance period.

#### **4.2.4 Additional Attachments for Level 2 and 3-N Technologies**

Level 2 and 3-N applications must submit the attachments described in 4.2.2 as well as the following:

- **Waste Heat Recovery Calculation/Justification** -- Applicant must submit a system description, a copy of the engineering calculations, data used, and all assumptions used in the calculation of system efficiency to demonstrate compliance with the Program's waste heat utilization requirements (PU Code 218.5). See Section 2.4.9 for more information on waste heat recovery.

Level 3-N applications also must submit:

- **Power Factor (PF) Specification** – Applicant must submit self-generating facility design specifications and/or manufacturer's specifications which show that the system will be capable of operating between 0.95 PF lagging and 0.90 PF leading.

#### **4.2.5 Additional Attachments for Public Entities**

Any Public Entity (see Section 6 for definition) applying for solar energy incentives under this program, must certify that they have voided any existing law, under their authority, that prohibits or restricts the installation or use of a solar energy system in accordance with the requirements set forth in AB1407. Failure to do so prevents Public Entities from participating in this program.

#### **4.2.6 Additional Attachments for Leased Projects**

All leased projects must provide a copy of the proposed or executed lease agreement.

#### **4.2.7 Submitting Your Reservation Request Form**

Once the Reservation Request Form is complete and all the required attachments are secured, Applicants must submit their application packet to the Program Administrator. Applicants should submit all forms and required attachments by fax or mail to the Program Administrator. See Section 7 for a list of Program Administrators. Applicants who initially fax a copy of the application and required attachments must also mail a hardcopy with original signatures on all required forms. It is suggested that a form of registered mail delivery be used to confirm receipt of the application materials.

#### **4.2.8 Reservation Request Screening Process**

Once received, the Program Administrator will review the form for completeness and eligibility. Applications will also be screened to ensure that the project has not applied for incentives through other SGIP Administrators or other state- or local-government-sponsored incentive programs (e.g., CEC Emerging Renewable Energy Program). See Section 3.4.3 for details on how this program interacts with other incentive programs.

#### **4.2.9 Incomplete Reservation Request Form**

If program applications are incomplete, the Program Administrator will request the information necessary to process that application. Applicants have 30 days to respond with the necessary information. If after 30 days, the Applicant has not submitted the requested information the applications will be returned to the

submitting party and not processed further unless resubmitted with the required information. Resubmitted application packets will be treated as a new application and processed in normal sequence along with other new applications.

#### **4.2.10 Approved Reservation Request Form**

Upon approval by Program Administrator of the reservation request package (Reservation Request Form and required attachments), the Applicant will receive a Conditional Reservation Notice Letter and a Self Generation Incentive Program Contract. Incentive funds are not reserved until the Program Administrator receives all information and documentation required for the Reservation Request Form and the project is approved.

### **4.3 Conditional Reservation Notice Letter**

The Conditional Reservation Notice Letter notifies the Applicant that a specific incentive amount is conditionally reserved for a self-generation project. The letter will list the approved incentive amount and the project advancement milestone date. All reservations are conditional until the Applicant submits Proof of Project Advancement (PPA) documentation and a signed Program Contract on or before the project advancement milestone date. The Conditional Reservation Notice Letter also will list the required information that Applicants must submit by the project advancement milestone date to finalize their reservation and to maintain an active reservation.

#### **4.3.1 Reservation Period**

Applicants can reserve a specific incentive amount for up to 12-months. Once a Reservation Request Form is complete and determined to be eligible, the Program Administrator will conditionally reserve a specific dollar amount for a specified project system size. The initial reservation is only valid for 90 calendar days. Within 90 calendar days of the date the Conditional Reservation Letter was issued, Applicants must satisfy the Proof of Project Advancement criteria, including a signed SGIP Contract. Once the Applicant has successfully demonstrated proof of advancement, the Program Administrator will issue a Reservation Confirmation and Incentive Claim Form with an expiration date of 12-months from the date of the Conditional Reservation Notice Letter.

#### **4.3.2 Proof of Project Advancement**

Within 90 calendar days of the date on the Conditional Reservation Letter, Applicants must submit the following information to demonstrate to the Program Administrator that the project is progressing and that there is an increased commitment to complete the project.

- **Air Permit Application** – Where applicable Applicants must submit copies of any required air pollution permitting applications, such as a Permit to Construct. This must include proof of payment for any associated application or permit fees.

- **Electrical Interconnection Application** – Applicants show evidence that an application to interconnect a generating facility to the local electric utility has been submitted. For more information on the utility interconnection process, see Section 5.1.
- **Purchase Order or Contract** – Applicants must submit a copy of an executed equipment purchase order or executed contract for the project. All leased projects must provide a copy of the executed lease agreement, performance guarantee contracts, or any other agreement pertaining to this project.
- **Revised Sizing or Efficiency Calculations** – The Applicant must submit a thorough description of any changes that have occurred in the system design effecting size, efficiency or project cost since the initial application submittal.
- **SGIP Contract** – To be submitted with original signatures. An example contract may be found in Section 10 of this handbook.
- **Insurance Documentation** – Applicant and Host Customer must meet the proof of insurance in accordance with Section 11.0 and Appendix D of the SGIP Contract.
- **Project Cost Breakdown** - All projects including turnkey and lease projects must submit a breakdown of known and estimated project cost elements, including eligible and ineligible costs. For a list of eligible and ineligible project costs, see Section 3.4.1. Applicants are required to use the Project Cost Breakdown worksheet (spreadsheet), available from Program Administrator's website or by e-mail request. The Program Administrator reserves the right to revise conditional reservation amount pending a review and approval of eligible project costs.

#### **4.3.3 Additional Attachments for Level 1 Fuel Cells and Level 3-R Technologies**

Level 1 Fuel Cells and Level 3-R applications must also submit the following with their Proof-of-Project Advancement:

- **Fuel Cleanup Equipment Purchase Order** – Applicant must submit a purchase order for renewable fuel cleanup equipment.
- **Renewable Fuel Use Affidavit** – Applicants must submit a signed SGIP affidavit (see Section 9) that they will not switch to fossil fuel for a period of three years for Level 3-R technologies or five years for Level 1 fuel cells, or the life of the equipment, whichever is shorter.

#### **4.3.4 Reservation Confirmation and Incentive Claim Form**

Once Applicants have demonstrated project advancement and provided a signed Program Contract, the Program Administrator will return executed copy(ies) of Program Contract and issue a Reservation Confirmation and Incentive Claim Form. This form will list the specific reservation amount and the reservation expiration date. Upon project completion and prior to the reservation expiration date,

Applicants must submit a completed Reservation Confirmation and Incentive Claim Form along with all of the necessary documentation to request an incentive payment.

#### **4.3.5 Proof of Project Advancement Extensions**

An extension of the Project Advancement Milestone Date may be granted up to a maximum of 90 days at the Program Administrator's discretion. Any extension granted does not extend the Reservation Expiration Date. Applicants must demonstrate that failure to submit Proof of Project Advancement was for reasons beyond their control. If the Project Advancement Milestone Date expires and no extension is granted, the application is considered terminated. Applicants may reapply for an incentive, but such re-applications will be processed in normal sequence along with other new applications.

#### **4.4 Requesting an Incentive Payment**

Once an eligible generating system is installed and operational, Applicants can claim payment of the incentive amount listed on their Reservation Confirmation and Incentive Claim Form. A generating system is considered "completed" when it is completely installed, interconnected, permitted and capable of producing electricity in the manner and in the amounts for which it was designed. Payment will be disbursed once the Program Administrator verifies that the generating system is "completed" and meets all the eligibility requirements of the program.

##### **4.4.1 Reservation Confirmation and Incentive Claim Form**

To request an incentive payment, the Applicant completes and submits the Reservation Confirmation and Incentive Claim Form. A copy of the Reservation Confirmation and Incentive Claim Form and instructions on completing the form can be found in Section 8.

Please note that no incentive payment will be made until the Program Administrator has verified by inspection that the system is operational and interconnected. See Section 4.4.9.

##### **4.4.2 Required Attachments**

In addition to the completed Reservation Confirmation and Incentive Claim Form, Applicants must submit the following attachments when requesting incentive payment:

- **Proof of System Interconnection** – A copy of the signed letter from their utility granting the distributed energy system owner permission to operate in parallel with the electric utility distribution or transmission system. For questions on the interconnection process, see Section 5.1.1.
- **Final Building Inspection Report** – A copy of their final building inspection report demonstrating that the project meets all codes and standards of the permitting jurisdiction. Contact your local permitting jurisdiction to learn about permitting requirements.

- **Final Air Permitting Documentation** – For those technologies that require an air permit, Applicants must submit a copy of the final documentation indicating compliance with all applicable air pollution regulations. Typically, this is a Permit to Operate issued by the local air district.
- **Final Project Cost Breakdown and Documentation** - A final project cost breakdown worksheet, along with corresponding documentation showing appropriate proof of payment substantiating the claimed eligible project cost. At the administrator's discretion, the documentation may include items such as paid itemized invoices, cancelled checks with matching invoices/purchase orders/quotations/contracts, account statement from vendor etc. Applicants are encouraged to submit a summary spreadsheet, which links invoices and payments with the eligible and ineligible line item costs on the Project Cost Breakdown Worksheet (spreadsheet), available from Program Administrator's website or by e-mail request. The Program Administrator reserves the right to withhold final incentive payment pending review and approval of eligible project cost and receipt of supporting documentation. For a list of eligible project costs, see Section 3.4.1. The Program Administrator may periodically audit Applicant's records, see Section 14.0 of the SGIP Contract.
- **Proof of Warranty** – Proof of a warranty, extended warranty and/or maintenance agreement in accordance with Section 2.6 of this handbook.
- **Planned Maintenance Coordination Letter (Level 3-N Technologies only)** – Applicants with facilities sized greater than 200 kW must submit a maintenance coordination letter to the Host Customer's electric utility. A copy of the coordination letter must also be sent to the Administrator which shows they will schedule planned maintenance only between October and March and, if necessary, only during off-peak hours and/or weekends during the months of April to September (see Section 2.5). A sample letter can be found in Section 13.

#### **4.4.3 Any Changes to the Proposed System**

The Program Administrator will expect a system to be installed as described in the Reservation Confirmation and Incentive Claim Form, but recognizes that minor changes may result during installation and that substantive changes may be necessary in extraordinary circumstances. Any changes, such as increases and decreases in the size of the system or changes in components of the system must result in a system which still meets all eligibility requirements and be documented on the Reservation Confirmation and Incentive Claim form.

#### **4.4.4 Substantive Changes to the Proposed Project**

Substantive changes, such as change of system purchaser, incentive payment recipient, project location, changes in equipment type, or expiration date of reservation require prior approval by the Program Administrator for the reservation to remain enforced. Requests for substantive project changes must be requested in writing. Each request must describe the need for the change and must document the following:

- Circumstances beyond the control of the reservation holder that prevent the system from being installed as described under the reservation.
- Neither the Applicant nor the Host Customer knew or had reason to know of the above bulleted circumstances at the time of the Reservation Start Date.
- Neither the Applicant nor the Host Customer has incurred verifiable costs or expenses, either through the purchase of system equipment or by other construction costs expressly for the purpose of installing the reserved system, equaling no less than 25 percent of the reserved system's total cost, and said costs or expenses are unrecoverable unless the requested change is approved.
- There are no other known obstacles in the way of completing the project.
- The requested change would otherwise meet all of the eligibility requirements of the SGIP.

#### **4.4.5 Extending the Confirmed Reservation Expiration Date**

A request to change the expiration date of the reservation will be limited to 180 calendar days of additional time. Any request must include a written explanation. The Program Administrator will notify the Applicant of a decision on the requested system changes in approximately 10 days of receiving a complete request. Approval of a request for a change in purchaser location or expiration date will not change or modify any other reservation condition.

#### **4.4.6 System Changes Affecting Incentive Amount**

If any change results in the installed system differing in its rated electrical output from the system originally specified in the Reservation Request Form, a new incentive payment amount will be calculated. If the installed system is smaller in output and its eligible costs are lower than those specified in the Reservation Confirmation and Incentive Claim Form, the Applicant will receive the smaller incentive amount.

If the installed system is larger or more expensive than that originally specified in the Reservation Confirmation and Incentive Claim Form, Program Administrator may accept the revised incentive as reported in the submitted Reservation Confirmation and Incentive Claim form. There is no guarantee that Applicants who increase the size of the system originally stated in the Reservation Request Form will receive the higher incentive amount. If all available funds are reserved for other projects, the Program Administrator cannot raise the originally determined incentive amount.

#### **4.4.7 Submitting the Incentive Claim Form**

The completed Reservation Confirmation and Incentive Claim Form must be submitted to the Program Administrator by fax or mail by 5 p.m. on or before the Reservation Expiration Date, together with copies of the final building inspection report, final equipment and installation invoice, proof of warranty and proof

of permission to run in parallel. Both Applicant and Host Customer must sign the Reservation Confirmation and Incentive Claim Form. Applicants can submit the Reservation Confirmation and Incentive Claim Form with all required attachments by mail or fax. Applicants who initially fax a copy of the form, with required attachments, must mail a hardcopy with original signatures on all required forms. Some form of registered mail is suggested to confirm receipt of the Reservation Confirmation and Incentive Claim Form.

#### **4.4.8 *Incomplete Reservation Confirmation and Incentive Claim Forms***

Incomplete forms will be returned to Applicants with a request for the required information. If Applicants fail to submit the required information within 14 calendar days after the reservation expiration date, the reservation may be cancelled.

#### **4.4.9 *Field Verification Visit***

Upon receipt of a complete Incentive Claim Form package, the Program Administrator will conduct a field verification visit to verify that the project system is operational, interconnected and conforms to the eligibility criteria of the program. If the project is a Level 1 fuel cell or Level 3-R technology, the availability and flow rate of the renewable fuel will be demonstrated by Applicant/Host Customer. The Program Administrator also will verify system capacity to calculate final incentive amount.

#### **4.4.10 *Incomplete or Ineligible Projects***

If the final inspection process determines that the system is not eligible, the Program Administrator will notify the Applicant and describe the reasons for system ineligibility. The Applicant will have 14 calendar days to bring the system into compliance. A subsequent inspection visit will be conducted to determine final approval.

#### **4.4.11 *Incentive Check***

Upon final approval of the incentive claim form documentation and completed field verification visit, the Program Administrator will issue the incentive check in approximately 30 days. Payment will be made to the Applicant or Host Customer, as indicated on the Confirmation and Incentive Claim Form, and will be mailed to the address provided. Payment may be assigned to a third party upon designation and approval by both the Applicant and Host Customer. The incentive check issued constitutes final and complete payment.



## 5. OTHER INSTALLATION REQUIREMENTS & CONTINUING SITE ACCESS REQUIREMENTS

### 5.1 Connection to the Utility Distribution System

All distributed generation systems receiving incentives under the SGIP must be connected to the local electric utility's distribution system. The interconnection, operation, and metering requirements for generating systems shall be in accordance with the local electric utility rules for customer generating facility interconnections. In order to connect a generating system to the utility distribution system, Applicants will be required to execute certain documents such as, but not limited to, an "Application to Interconnect a Generating Facility" and a "Generating Facility Interconnection Agreement" with the local electric utility. Applicants will be required to submit a copy of these documents within 90 calendar days of the date the Conditional Reservation Letter was issued (see Section 4.3.2). Applicants will also be required to submit a copy of the fully executed Generating Facility Interconnection Agreement and the utility's written certification of interconnection and parallel operation to the Program Administrator prior to the Reservation Expiration Date.

#### 5.1.1 How to Apply For Interconnection of Self Generation Systems

For more information on electric grid and/or natural gas pipeline interconnections, please contact your local utility (investor owned utilities are listed below). It is the sole responsibility of the SGIP Applicant to seek and obtain approval to interconnect the self-generation system to a utility's distribution system. Applicants in the SGIP should immediately contact the utility to seek guidance on how to apply for interconnection. Contact information is listed below.

#### **Pacific Gas & Electric (PG&E)**

Website: [www.pge.com/gen](http://www.pge.com/gen)

Email: [gen@pge.com](mailto:gen@pge.com)

Phone: (415) 972-5676 (PG&E Generation Interconnection Hotline)

#### **San Diego Gas & Electric (SDG&E)**

Website: [www.sdge.com/business/self\\_generation.shtml](http://www.sdge.com/business/self_generation.shtml)

<b>Contact information for photovoltaics and wind systems:</b>	
<b>Teresa Davies, CP52F</b> San Diego Gas & Electric PO Box 129831 San Diego, CA 92123-9749 Phone: (858) 636-5585 Email: <a href="mailto:tdavies@semprautilities.com">tdavies@semprautilities.com</a>	<b>Ken Parks, CP52F</b> San Diego Gas & Electric PO Box 129831 San Diego, CA 92123-9749 Phone: (858) 636-5581 Email: <a href="mailto:kparks@semprautilities.com">kparks@semprautilities.com</a>

<b>All other systems:</b>	
<b>Barbara McClain</b> , CP42L San Diego Gas & Electric PO Box 129831 San Diego, CA 92123-9749 Phone: (858) 654-1104 Email: <a href="mailto:selfgensd@semprautilities.com">selfgensd@semprautilities.com</a>	<b>Martha Garibay</b> , CP42K San Diego Gas & Electric PO Box 129831 San Diego, CA 92123-9749 Phone: (858) 654-1281 Email: <a href="mailto:selfgensd@semprautilities.com">selfgensd@semprautilities.com</a>

**Southern California Edison (SCE)**

Gerome Torribio  
Southern California Edison  
2244 Walnut Grove Avenue  
Rosemead, Ca 91770  
Phone: (626)302-9669  
E-mail [Gerome.Torribio@sce.com](mailto:Gerome.Torribio@sce.com)

**Southern California Gas Company (SoCalGas)**

[www.socalgas.com](http://www.socalgas.com)  
Residential Customers: (800) GAS-2200  
Business Customer: (800) GAS-2000

**5.2 Electrical Metering**

Applicants must be aware of the electric metering requirements for their proposed system. This section discusses those requirements.

**5.2.1 Electrical Metering Requirements**

Every system installed under the program shall be equipped with a dedicated, recording, time-of-use or interval meter to measure and record electrical generation output (i.e. Net Generation Output Meter). Many installations will require this type of electrical metering as a condition of interconnection with the utility grid. In the case of investor owned electric utilities, this means compliance with their filed CPUC Rule 21, Generating Facility Interconnections. Specifications for the net generator output meter can be found on the Program Administrator or the electric utility website.

**5.2.2 Electrical Metering Equipment Specifications and Installation**

The electric utility will specify and install the required equipment for electrical metering of generating system output after its review and approval of the Application to Interconnect a Generating Facility.

### **5.2.3 Electrical Metering Equipment Cost**

Costs for metering normally required by the utility in accordance with its rules shall be borne by the utility customer. Costs for metering not normally required by the utility's rules, but required, as a condition of receiving incentives under the program, shall be borne by the Program Administrator.

### **5.3 Other Energy Metering Requirements**

The CPUC requires that Level 2 and 3 installations be evaluated for compliance with program requirements for efficiency and waste heat recovery, and use of renewable/non-renewable fuels. As a condition of receiving incentive payments in the program, Applicants agree to allow the Program Administrator, or the Administrator's independent third-party consultant, to conduct measurement and evaluation activities on a completed installation. All labor and material costs for instrumentation and data collection required for the program evaluation will be borne by the Program Administrator. Results of measurement and evaluation activities will have no bearing on the incentive payment received, with the exception of some projects utilizing renewable fuels (Level 1 fuel cells and Level 3-R).

### **5.4 Renewable Fuel Metering Requirements**

All Level 1 fuel cell and Level 3-R technologies require metering of renewable fuel consumption (in energy units). Costs for metering normally required by the utility in accordance with its rules shall be borne by the utility customer. Costs for metering not normally required by the utility's rules, but required, as a condition of receiving incentives under the program, shall be borne by the Program Administrator.

### **5.5 Measurement and Evaluation (M&E) Activities**

As a condition of receiving incentive payments under the program, Applicants and Host Customers agree to participate in Measurement and Evaluation (M&E) Activities as required by the CPUC. M&E Activities will be performed by the Administrator's independent third-party consultant and include but are not limited to telephone interviews, on-site visits, a written M&E Monitoring Plan, collection of data from installed system monitoring equipment and/or the installation of additional system monitoring equipment.

#### **5.5.1 Measurement & Evaluation (M&E) System Monitoring Data and Equipment Installations**

For systems with Applicant, Host Customer, 3<sup>rd</sup> Party, or utility installed monitoring equipment, the Applicant and Host Customer agree to provide system monitoring data (including but not limited to electric, gas, thermal and/or other relevant fuel input data) to the M&E consultant. Furthermore, the Applicant and Host Customer agree to cooperate with the installation of any additional monitoring equipment that the M&E consultant may deem necessary.

#### **5.5.2 Disposition of Program Metering Equipment**

Upon completion of the installation of M&E metering equipment at the Site, the Program Administrator will offer all M&E metering equipment to the owner of the generator (Host Customer, Applicant or 3<sup>rd</sup> party) for

transference after all M&E activities. If the generator owner accepts the M&E metering equipment, the Program Administrator will provide an Equipment Transfer Agreement (see sample in Section 14) with a schedule of equipment at the Site. The Equipment Transfer Agreement must be signed by both the generator owner and the Program Administrator.

If the generator owner does not wish to accept the M&E metering equipment, the Program Administrator will remove the M&E metering equipment at the Program's expense.

## **6. DEFINITIONS AND GLOSSARY**

### **AB 970:**

Assembly Bill 970, signed by Governor Davis on September 6, 2000. This legislation required the CPUC to initiate certain load control and distributed generation activities, which resulted in the SGIP.

### **AB 1407:**

Assembly Bill 1407, signed by Governor Davis on September 3, 2003. This legislation voids and makes unenforceable any existing covenant, restriction, or condition contained in any deed, contract, security instrument, or other instrument affecting real property, as specified, that prohibits or restricts the installation or use of a solar energy system. Any Public Entity (see definition) may not receive funds from a state-sponsored grant or loan program, including the SGIP, for solar energy if it fails to comply with these requirements and would require a Public Entity to certify that it is meeting these requirements when applying for these grants or loans.

### **AB 1685:**

Assembly Bill 1685, signed by Governor Davis on October 12, 2003. This legislation requires the commission, in consultation with the Energy Commission, to administer, until January 1, 2008, a self-generation incentive program for distributed generation resources in the same form that exists on January 1, 2004, but requires that combustion-operated distributed generation projects using fossil fuels commencing January 1, 2005, meet a NOx emission standard, and commencing January 1, 2007, meet a more stringent NOx emission standard and a minimum efficiency standard, to be eligible for incentive rebates under the program. The bill establishes a credit for combined heat and power units that meet a certain efficiency standard. The bill also revises the definition of an ultra-clean and low-emission distributed generation to include electric generation technologies that commence operation prior to December 31, 2008.

### **Applicant:**

The entity applying to receive incentive funds under this program. Some Applicants, such as ESCOs, can apply for and receive incentive funding and do not have to own the generation equipment or operate the Site(s) where the generation equipment will be installed. However, this arrangement must be disclosed to the entity that will own the generation equipment and/or operate the Site(s) where the generation equipment will be installed.

### **Backup Generators:**

Operate as short-term temporary replacement for electrical power during periods of utility power outages. In addition to emergency operation they ordinarily only operate for testing and maintenance. Backup generators do not produce power to be sold or otherwise supplied to the grid or provide power to loads that are simultaneously serviced by a utility electric grid. Backup generators only service customer loads that are isolated from the grid either by design or by manual or automatic transfer switch.

**Calendar Days:**

All dates and schedules in this program are measured in calendar days, which includes all days of the week.

**CEC:**

California Energy Commission

**Corporate Parent:**

For private sector entities, the holding company of the utility customer of record who is listed as the Host Customer on the project application. In addition, other business relations such as franchises or building associations will be handled as Corporate Parents and will be held to the same limitations and caps as Corporate Parents.

**CPUC:**

California Public Utilities Commission

**Diesel Cycle:**

A diesel cycle engine uses compression ignition rather than spark igniting to ignite the fuel air mixture in the continuous production of power. Compression ignition occurs when the air, within the engine cylinder, is compressed by the piston to a high pressure and temperature. Fuel is then injected into the cylinder where it is ignited by the elevated air temperature. By contrast, a spark ignition engine uses an electric spark to ignite the compressed fuel air mixture, already within the cylinder.

**Electric Utility:**

The local electric transmission and distribution service provider.

**ESCO:**

Energy Service Company (ESCO), a business entity that designs, builds, develops, owns, operates or any combination thereof self-generation projects for the sake of providing energy or energy services to a Host Customer.

**Fuel Cell:**

Power plants that produce electricity through an electrochemical reaction with a fuel source resulting in extremely low emissions and hot water or steam.

**Gas Service:**

The gas line from the Utility's distribution main to the serving gas meter

**Government Parent:**

A Government parent is divided into federal, state, and local government parents. Federal government parents include the Air Force, Army, Navy, Marines, Postal Service, General Services Administration, and all other Federal agencies or departments. State government parents include the University of California, California State University, Department of Corrections, Department of General Services, the combination

of the Department of Developmental Services and CalTrans, the combination of the California Youth Authority and the Department of Mental Health, and all other state agencies and departments. Local government parents include cities, counties, school districts, and water districts.

**Host Customer:**

An entity that meets all of the following criteria: 1.) has legal rights to occupy the Site, 2.) is a customer of PG&E, SCE, SoCalGas or SDG&E at Site, 3.) receives electric service from and is connected to the electric grid, 4.) is the electric customer of record at Site and 5.) is the recipient of the net electricity generated from the self-generation equipment.

**Hybrid System:**

A self-generation system that combines more than one type of distributed generation technology and is located behind a single electric utility service meter.

**Investor Owned Utility:**

For purposes of this program, this refers to Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Edison Company and Southern California Gas Company.

**Inverter:**

An electric conversion device that converts direct-current (DC) electricity into alternating current (AC) electricity.

**Inverter Efficiency:**

The AC power output of the inverter divided by the DC power input.

**ISO:**

International Standards Organization

**Maximum Site Electric Load:**

The peak (maximum) kW demand at the Site, regardless if served by the existing generator, the local utility or a combination of the two.

**Micro-turbines:**

Small-scale combustion turbines ranging from 30 kW to 100 kW in size. Larger sizes are expected in the near future.

**Parallel Operation:**

The simultaneous operation of a self-generator with power delivered or received by the electrical utility while interconnected to the grid. Parallel Operation includes only those generators that are interconnected with the electric utility distribution system for more than 60 cycles.

**PG&E:**

Pacific Gas and Electric Company

**Power Purchase Agreements:**

An agreement for the sale of electricity from one party to another, where the electricity is generated and consumed on the Host Customer Site. Agreements that entail the export and sale of electricity from the Host Customer Site do not constitute on-site use of the generated electricity and therefore are ineligible for the Program.

**Power Rating:**

The rated electric generating capacity of the power plant expressed in watts, kilowatts or megawatts.

**Program Year:**

January 1 through December 31.

**Project Advancement Milestone Date:**

The Project Advancement Milestone Date is the date by which Applicants must submit required information to demonstrate that their project is moving forward.

**Project Completion Date:**

For purposes of this program, the project completion date will be determine when the Host Customer receives permission, from the electric utility, to operate in parallel.

**PTC:**

The PVUSA Test Conditions that specify the conditions for rating the power of photovoltaic systems at 1,000 W/m<sup>2</sup> irradiance, 20°C ambient temperature and 1 m/sec wind speed.

**Public Entity:**

Includes the state, the Regents of the University of California, a county, city, city and county, district, public authority, public agency, and any other political subdivision or public corporation in the state or any entity acting on behalf of these agencies when acquiring real property, or any interest therein, in any city or county for public use, and any person who has the authority to acquire property by eminent domain under state law.<sup>15</sup>

**PV:**

Photovoltaic, a technology that uses a semiconductor to converts light directly into electricity.

**Renewable Fuel:**

A renewable fuel is a non-fossil fuel resource other than those defined as conventional in Section 2805 of the Public Utilities Code, that can be categorized as one of the following: solar, wind, gas derived from biomass, digester gas, or landfill gas. A facility utilizing a renewable fuel may not use more than 25 percent fossil fuel annually, as determined on a total energy input basis for the calendar year.

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<sup>15</sup> Source: CALIFORNIA CODES - GOVERNMENT CODE SECTION 7260-7277



**Reservation Expiration Date:**

The Reservation Expiration Date is one year after the Reservation Start Date.

**SCE:**

Southern California Edison

**SDG&E:**

San Diego Gas and Electric

**SDREO:**

San Diego Regional Energy Office

**Self-Generation Facility:**

For the purposes of complying with the reliability criteria, a Self-Generating Facility is an on-site power generator that does not exceed the load at that facility which includes the prime mover (turbine or engine), generator, primary heat recovery equipment, and auxiliary equipment.

**Site:**

A single business enterprise or home located on an integral parcel or parcels of land undivided by a public road or thoroughfare regardless of the number of meters serving that Site. Separate business enterprises or homes on a single parcel of land undivided by a highway, public road, thoroughfare or railroad would be considered for purposes of this program as separate Sites.

**SoCalGas:**

Southern California Gas Company

## 7. PROGRAM CONTACT INFORMATION

Potential Applicants can receive more information and apply for incentive funding through the following Program Administrators<sup>16</sup>:

### **Pacific Gas & Electric (PG&E)**

Website: [www.pge.com/selfgen](http://www.pge.com/selfgen)  
Email Address: [selfgen@pge.com](mailto:selfgen@pge.com)  
Telephone: (415) 973-6436  
Fax: (415) 973-2510  
Mailing Address: Self-Generation Incentive Program  
P.O. Box 770000  
Mail Code B29R  
San Francisco, CA 94177-001

### **San Diego Regional Energy Office (SDREO)**

Website: [www.sdenergy.org/selfgen](http://www.sdenergy.org/selfgen)  
Contact Person: Nathalie Osborn, Program Manager  
Telephone: (858) 244-1193  
Fax: (858) 244-1178  
Email: [selfgen@sdenergy.org](mailto:selfgen@sdenergy.org)  
Address: San Diego Regional Energy Office  
Attn: SELFGEN Program Manager  
8520 Tech Way Suite 110  
San Diego, CA 92123

### **Southern California Edison (SCE)**

Website: [www.sce.com/sqip](http://www.sce.com/sqip)  
E-mail: [greenh@sce.com](mailto:greenh@sce.com)  
Address: Program Manager Self-Generation Incentive Program  
Southern California Edison  
2131 Walnut Grove Avenue, 3rd Floor, B 10  
Rosemead, California 91770  
Telephone: 1-800-736-4777  
Fax: (626) 302-6253

### **Southern California Gas Company (SoCalGas)**

Website: [www.socalgas.com/business/selfgen](http://www.socalgas.com/business/selfgen)  
E-Mail: [selfgeneration@socalgas.com](mailto:selfgeneration@socalgas.com)  
Telephone: 1-866-DG-REBATE (1-866-347-3228)  
Fax: (213) 244-8222  
Address: Self-Generation Incentive Program Administrator  
Southern California Gas Company  
555 West Fifth Street, GT22H4  
Los Angeles, CA 90013-1011

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<sup>16</sup> Potential Applicants with eligible projects located in the service territory of both Southern California Edison and the Southern California Gas Company can apply for incentive funding to either Program Administrator.

**8. SAMPLE RESERVATION REQUEST FORM**

Please contact SGIP Administrators for assistance in completing your Reservation Request Form. Also, please check the Program Administrators SGIP website for additional information and to download the latest forms.

# SELF-GENERATION INCENTIVE PROGRAM Reservation Request Form

Reservation Number: \_\_\_\_\_ (leave blank)

## 1. Applicant Information

Company Name: \_\_\_\_\_  
 Tax Payer ID: \_\_\_\_\_  
 Contact Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 E-mail: \_\_\_\_\_

## 2. Host Customer Data

Company Name: \_\_\_\_\_  
 Tax Payer ID: \_\_\_\_\_  
 Contact Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Facility Address  
 (If different) \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 E-mail: \_\_\_\_\_  
 Electric Utility: \_\_\_\_\_  
 Electric Utility Account Number: \_\_\_\_\_  
 Gas Utility: \_\_\_\_\_  
 Gas Utility Account Number: \_\_\_\_\_

Attach a copy of a recent electric billing statement. Host Customer must be the customer of record whose name appears on the electric bill.

## 3. Host Customer Demand

Host Customer highest peak maximum demand \_\_\_\_\_ kW  
 over the past 12 months:  
 Existing Demand Reduction Obligation \_\_\_\_\_ kW  
 (from other interruptible/curtailmeable/demand  
 reduction programs or utility tariffs)  
 Estimated Future Added Demand \_\_\_\_\_ kW  
 (documentation supporting added demand  
 estimates must be provided)  
 Net Host Customer Peak Demand = \_\_\_\_\_ kW  
 Demand Reduction Program/Tariff: \_\_\_\_\_

## 4. Generating System Information

Level	
1	<input type="checkbox"/> Fuel Cell (Renewable Fuel) <input type="checkbox"/> PV <input type="checkbox"/> Wind
2	<input type="checkbox"/> Fuel Cell (Non-Renewable Fuel)
3-R	(Renewable Fuel) <input type="checkbox"/> IC Engines <input type="checkbox"/> Small/Micro-turbines
3-N	(Non - Renewable Fuel) <input type="checkbox"/> IC Engines <input type="checkbox"/> Small/Micro-turbines
	Fuel Type: _____
	<input type="checkbox"/> Hybrid*

\* Please check the Hybrid box if more than one type of generator technology is proposed and include a separate reservation request form for each generation technology.

Manufacturer: \_\_\_\_\_  
 Model Number: \_\_\_\_\_  
 Power Rating\*\* (Watts/Unit) \_\_\_\_\_  
 Number of Units: \_\_\_\_\_  
 Total System Output (Watts): \_\_\_\_\_  
 (Number of Units x Power Rating\*\*)  
 PV & Wind systems: provide following information for the Inverter:  
 Inverter Manufacturer/Model No: \_\_\_\_\_  
 Number of Inverters \_\_\_\_\_  
 Inverter Efficiency: \_\_\_\_\_

\*\* Power Rating for PV = PTC x Inverter Efficiency; for Fuel Cells, Micro-turbines, IC Engines = At ISO Conditions; for Wind = Max. Point on Manufacturers Power Curve ≤ 30 MPH.

## 5. Other Incentives

Have you applied or plan to apply for other rebates, financial incentives or equipment incentives?  Yes  No  
 If yes provide amount(s): \$ \_\_\_\_\_  
 Provide source, type, and reservation #: \_\_\_\_\_

## 6. Incentive Calculation

Total Eligible Project Costs: \$ \_\_\_\_\_  
 Less other incentive(s):  
 (as per Item G, page 2) \$ - (\_\_\_\_\_)   
 Total eligible project costs  
 (other incentives subtracted):  
 \$ = \_\_\_\_\_  
 Self-Generation Program incentive amount:  
 Calculated based on the lesser of:  
 Per watt or  % of eligible project cost  
 Requested Self-Generation Program  
**incentive amount** \$ = \_\_\_\_\_

**APPLICANT & HOST CUSTOMER AGREEMENTS**

The undersigned agree that -

- A. Applicant and Host Customer agree to release the Program Administrator, its affiliates, subsidiaries, current and future parent company, officers, managers, directors, agents, and employees from all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise), which arise from or are in any way connected with any: (1) injury to or death of persons, including but not limited to employees of the Program Administrator, Host Customer, or Applicant; (2) injury to property or other interests of the Program Administrator, Host Customer, Applicant, or any third party; (3) violation of local, state, or federal common law, statute, or regulation, including but not limited to environmental laws or regulations, natural resources; (4) generation system performance shortfall; so long as such injury, violation, or shortfall (as set forth in (1) - (4) above) arises from or is in any way connected with the Project, including Applicant's performance of or failure to perform the Project, however caused, regardless of any strict liability or negligence of the Program Administrator, its officers, managers, or employees.
- B. Host Customer understands that the Program Administrator has made no warranty or representation regarding the qualifications of the Applicant, and that the Host Customer is solely responsible for the selection of the Applicant to implement the Project. Host Customer understands that the Applicant may be an independent contractor and is not authorized to make any representations on behalf of the Program Administrator.
- C. The Host Customer agrees that the Program Administrator will have no role in resolving any disputes between it and the Applicant.
- D. The Host Customer has the authority to contract, on behalf of the legal owners of the Project Site, for installation of the generating system, or has obtained the permission of the legal owner of the Project Site to install the generating system under contract with the Applicant.
- E. Host Customer understands that the Program requires inspections and measurements of the performance of the proposed generating system. Host Customer shall permit Program Administrator, its employees, contractors, and agents, during normal business hours, to: (a) install all necessary performance measurement equipment on the System in order to enable Program Administrator to accomplish performance evaluations; and (b) demonstrate, inspect, monitor, and photograph the System. These data and field measurement documentation are not for purposes of enforcement and shall not be released to outside parties, except as may be required by the California Public Utilities Commission (CPUC).
- F. Host Customer shall use its best efforts to accommodate the scheduling requirements of Program Administrator and its agents for all field measurements. Host Customer shall agree to allow all information provided as part of the reservation claim process to be entered into a statewide database that will permit tracking of application for this and other incentive programs. Access to this database will be limited to Program Administrators and the CEC.
- G. The Applicant and Host Customer understand that other program rebates, grants, financial incentives, post-installation agreements and performance payments are "other incentives" and must be accounted for in Section 5 of this application.
- H. The undersigned declare under penalty of perjury under the laws of the State of California that 1) the information provided in this form is true and correct to the best of my knowledge, 2) the above described generating system is new and intended to offset part or all of the Host Customer's electrical needs at the site of installation, 3) the site of installation is located within the utility's service territory, 4) the self generating equipment is not intended to be used as a backup generator, and 5) the Host Customer has received a copy of this completed form.

**Total System Output:** \_\_\_\_\_ **Watts**

**Requested Incentive Amount:** \$ \_\_\_\_\_

**Payment should be made to:**  **Applicant**  **Host Customer**

<b>Applicant</b>	<b>Host Customer (if different than Applicant)</b>
Print Name _____	Print Name _____
Title _____	Title _____
Signature _____ Date _____	Signature _____ Date _____

**Reservation will not be processed without the required attachments.**

Note: See instructions in the Self-Generation Incentive Program Handbook for completing this form. This form must be typed or hand written neatly. If all required attachments are not included at the time of submission, the application will be returned to the applicant.

*Rev 4 January 17, 2004*

**9. SAMPLE RENEWABLE FUEL USE AFFIDAVIT**

Please contact the SGIP Administrators for assistance in completing your Renewable Fuel Use Affidavit. Also, please check the Program Administrator’s SGIP website for additional information and to download the latest forms.

**SELF-GENERATION INCENTIVE PROGRAM  
RENEWABLE FUEL AFFIDAVIT**

By signing this affidavit (“Affidavit”), Applicant, \_\_\_\_\_ and Host Customer, \_\_\_\_\_, with respect to that self-generation project (“Project”) at \_\_\_\_\_, which is partially funded by \_\_\_\_\_ **Self-Generation Incentive Program** (“Program”) under Reservation Number \_\_\_\_\_ as a Level 1 or Level 3-R project, each certify and declare under penalty of perjury under the laws of the State of California that each of the statements in the paragraphs below are true and correct.

1. “Term of Affidavit” begins the day Project becomes operational and connected to the electric utility’s grid and expires three years later if it is a Level 3-R project or five years later if it is a Level 1 project.
2. The Project shall comply with the Program renewable fuel requirements. The length of this commitment shall be the same as the equipment warranty requirement for Project’s level as defined in the Self Generation Incentive Program Handbook.
3. Suitable onsite renewable fuel for the Project is available for continuous operation of the self-generation unit for at least the Term of Affidavit described herein.
4. Applicant and Host Customer shall use fossil fuel for no more than 25% of its total annual fuel requirements for the Project in any calendar year.

Each of the undersigned certifies under penalty of perjury that the foregoing is true and correct and that each is duly authorized to the Affidavit.

**[HOST CUSTOMER]**

**[APPLICANT]**

*Signature:* \_\_\_\_\_

*Signature:* \_\_\_\_\_

*Name Printed:* \_\_\_\_\_

*Name Printed:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Date:* \_\_\_\_\_  
*Place*

*Date:* \_\_\_\_\_  
*Place*

All communications under Affidavit shall be forwarded directly to:

**Program Administrator  
Self-Generation Incentive Program**

## **10. SAMPLE PROGRAM CONTRACT**

Please contact the SGIP Administrator for assistance in completing your Program Contract. Also, please check the Program Administrator's SGIP website for additional information and to download the latest forms.

## **SELF-GENERATION INCENTIVE PROGRAM CONTRACT**

BETWEEN **PROGRAM ADMINISTRATOR, HOST CUSTOMER, AND APPLICANT**

This Contract is made by and between **Company Name** (Applicant), organized and existing under California law, jointly and severally with **Company Name** (Host Customer), organized and existing under California law, and **Southern California Edison** (Program Administrator), a California non-profit organization.

**1.0 PROGRAM OVERVIEW AND PROJECT DESCRIPTION** - The Self-Generation Incentive Program (Program), authorized by the California Public Utilities Commission (CPUC) in Decision 01-03-073, encourages the installation of several types of self-generation technologies, both renewable and non-renewable, at customer sites in California. The Program offers differential incentives for self-generation technologies (SG Unit(s)) differentiated by their fuel type, air emissions characteristics, and system costs. The Program, to be funded by California investor-owned utility customers, is administered by Program Administrator for customers within its service territory, under the auspices of the CPUC. Customers who participate in the Program must be current electric or gas distribution customers of Program Administrator who pay the Public Goods Charge (PGC) or gas Demand Side Management (DSM) surcharge. Customers can participate either by hiring a separate entity to act as Applicant, or by submitting their own Application. Applicants acting on behalf of customers must include the Host Customer's signature on the Reservation Request Form, Appendix A.

**1.1** The Program provides four levels (Level 1, Level 2, Level 3-R and Level 3-N) of incentive payments, subject to the availability of Program funds. The different levels of payments and other details are set forth in detail in D. 01-03-073 and in Appendix C. Installation and operation of the SG Unit(s) must be verified by Program Administrator or its designees in accordance with this Contract before incentive payments can be made. Applicant and Host Customer, as defined in the Appendix C, Self-Generation Incentive Handbook, Section 6, must also agree to permit the Program's Measurement and Evaluation (M&E) consultant to measure and verify the amount of energy production in accordance with the M&E consultant's approved M&E Plan, as described in the Program Handbook, Appendix C, Section 5.3. Finally, Applicant and Host Customer must also agree to provide any additional cost information requested by Program Administrator in order to substantiate total qualifying project cost.

**1.2** The Program requires that the SG Unit(s) be covered by warranties of three, or in some cases five, years depending on the type of SG Unit(s) involved.

**1.3** This Contract is limited to Application No. \_\_\_\_\_ attached to this Contract as Appendix A. If all Program and Contract terms and conditions are complied with, Program Administrator will pay Applicant incentives based on the incentive guidelines set in forth D.01-03-073 and in Appendix C. Program Administrator reserves the right to modify or cancel the incentive offer if Applicant's actual installation of SG Unit(s) differs from the proposed installation described in Appendix A. SG Unit(s) must also be installed by the date shown on the Reservation Confirmation and Incentive Claim Form, Appendix B, issued by Program Administrator.

**2.0 DOCUMENTS INCORPORATED BY REFERENCE** - The following documents set forth additional terms, conditions and requirements of this Contract:

Appendix A – Self-Generation Incentive Program Reservation Request Form



- Appendix B – Self-Generation Incentive Program Reservation Confirmation and Incentive Claim Form
- Appendix C – Self-Generation Incentive Program Handbook, Revision 4 dated January 17, 2004, or as amended by published interim changes.
- Appendix D – Insurance Requirements
- Appendix E – Renewable Fuel Affidavit

Applicant, and Host Customer if different, each acknowledges having received, read, and agreed to be bound by Appendices A, B, C, D, and E, copies of which were previously provided to Applicant and Host Customer, as the case may be, and the terms of which are incorporated herein by reference as though set forth in full. Should a conflict exist between this Contract and these Appendices, this Contract shall control.

**3.0 SUBMITTAL REQUIREMENTS FOR PAYMENT** - As a condition of payment, the Applicant or Host Customer, as the case may be, shall submit to Program Administrator, within the deadlines established by Program Administrator, the documents listed below and described in detail in Appendix C, Section 4.0. Each document requires review and Program Administrator's written approval before Applicant or Host Customer, as the case may be, may move to the next stage of the application process.

**3.1 The Self-Generation Incentive Program Reservation Request Form** (Appendix A or "Request Form") describes the Project, lists the SG Unit(s) that will be installed in the Project, and estimates its size (in projected kW which it will produce) and its costs (including interconnection fees and in some cases warranty costs). When Applicant or Host Customer, as the case may be, submit Request Form to Program Administrator, it shall include the items listed in Appendix C, Section 4.2. Program Administrator will review the Reservation Request Form and, if the Project appears to meet eligibility requirements, Program Administrator will make a conditional reservation of funds for the Project and will send Applicant or Host Customer, as the case may be, a Conditional Reservation Notice Letter, the description of which is in Appendix C, Section 4.3.

Additionally, Level 3-R and Level 1 Fuel Cells running on renewable fuel must submit the following information:

- Host Customer or Applicant, as the case may be, must demonstrate the availability of an adequate average flow rate of renewable fuel to produce electricity at the SG Unit's full rated capacity, or an appropriate de-rated capacity if supplemented with fossil fuel.

**3.2 Proof of Project Advancement.** Within 90 calendar days of the date on the Conditional Reservation Notice Letter, Applicant or Host Customer, as the case may be, must submit the following information to demonstrate to Program Administrator that the Project is progressing and that there is a substantial commitment to complete the Project.

- **Air Pollution Permitting** – Applicant or Host Customer, as the case may be, must submit copies of any required air pollution permitting applications, such as a Permit to Construct. This must include proof of payment for any associated application or permit fees.
- **Electrical Interconnection Application** – Applicant or Host Customer, as the case may be, must submit a complete Application To Interconnect A Generating Facility to the local electric utility. For more information on the utility interconnection process, see Appendix C, Section 5.1.

- **Purchase Order** – Applicant or Host Customer, as the case may be, must submit purchase orders for the SG Unit(s) as soon as they are issued, and in no event later than 90 calendar days from the date of the conditional Reservation Notice Letter. If any purchase orders are revised, copies of the revised purchase orders must be submitted as soon as they are issued.
- **Project Cost Breakdown** - Applicant or Host Customer, as the case may be, must submit a breakdown of known and estimated project cost elements used to determine total project cost as submitted in the initial application. Applicants or Host Customer, as the case may be, are encouraged to use a Project Cost Breakdown worksheet (spreadsheet), available from Program Administrator web site or by e-mail request.
- **Revised Sizing or Efficiency Calculations** – If anything has changed since the initial submittal of these calculations, they should be revised and resubmitted by Applicant or Host Customer, as the case may be, at this time.
- **Self-Generation Incentive Program Contract**, including proof of insurance in accordance with Section 11.0 below.

Additionally, Level 3-R and Level 1 Fuel Cells running on renewable fuel must submit the following information:

- **Equipment Purchase Order** that indicates the fuel cleanup equipment as a separate invoice item.
- **Renewable Fuel Affidavit** – For a [Level 3-R or Fuel Cells running on a renewable fuel] Project, Applicant and Host Customer must each execute and submit the Renewable Fuel Affidavit, a form of which is attached hereto as Appendix E.

After Program Administrator reviews the Proof of Project Advancement items and determines that the Project has met all the necessary criteria, Program Administrator will send Applicant or the Host Customer, as the case may be, the **Reservation Confirmation and Incentive Claim Form (“Claim Form”)**. This Claim Form will list the specific reservation amount and the reservation expiration date.

**3.3** Upon Project completion, and prior to the reservation expiration date, Applicant or Host Customer, as the case may be, must complete and submit the Claim Form to request an incentive payment. In addition to the completed Claim Form, Applicants must submit the following attachments when requesting incentive payment:

- **Proof of System Interconnection** – Applicant or Host Customer, as the case may be, must submit a copy of the signed letter from their utility granting the distributed energy system owner permission to operate in parallel with the electric utility transmission and distribution system. For questions on the interconnection process, see Appendix C, Section 5.1.1.
- **Final Building Inspection Report** – Applicant or Host Customer, as the case may be, must submit a copy of their final building inspection report demonstrating that the Project meets all codes and standards of the permitting jurisdiction. Contact your local permitting jurisdiction to learn about permitting requirements.
- **Final Air Permitting Documentation** – For those technologies that require an air permit, Applicant or Host Customer, as the case may be, must submit a copy of the final documentation indicating compliance with all applicable air pollution regulations.
- **Final Equipment and Installation Invoice** – Applicant or Host Customer, must submit a copy of invoices demonstrating final eligible Project costs. For a list of eligible Project costs, see Appendix C, Section 3.4.1.

- **Proof of Warranty** – Applicant or Host Customer, as the case may be, must submit proof of warranty for the distributed energy technology used in their Project. This could include a manufacturer's warranty statement or extended maintenance and service contract terms and conditions.
- **Planned Maintenance Coordination Letter** (Level 3-N only) – Applicants with facilities sized greater than 200 kW must submit a copy of a coordination letter to the administrator which shows they will schedule planned maintenance between October and March and, if necessary, only during off-peak hours and/or weekends during the months of April to September.

**3.4** The **Field Verification Visit** by the Program Administrators or their contractors will verify that the SG Unit(s) have been installed and are operating in accordance with the Request Form, Claim Form and required accompanying information. No incentive payment can be made until the Field Verification Visit has been satisfactorily completed. The terms and conditions for the Field Verification Visit are set forth in Section 4.1 below.

**4.0 INSPECTIONS AND MEASUREMENT & EVALUATION (M&E) ACTIVITIES** - As a condition of receiving incentive payments, Applicant and Host Customer must ensure that Program Administrator and the Program M&E consultant have access to the Project Site(s) for all Field Verification Visits summarized below and described in detail in Appendix C, Sections 4.4.9 and 5.5. Incentive payments will not be made if the Field Verification Visit shows that the SG Unit(s) have not been installed or are not operational in accordance with the Request Form, Claim Form and required accompanying information.

**4.1** At the **post-installation Field Verification Visit**, Program Administrator or its authorized agent checks installed SG Unit(s) to verify that the SG Unit(s) described in Appendix A have been installed and are operating in accordance with the Request Form, Claim Form and accompanying information. During the Field Verification Visit, Applicant and Host Customer must provide access to the SG Unit(s) and must demonstrate the operation of the SG Unit(s). During the Field Verification Visit, Applicant and Host Customer must ensure that someone is present that is knowledgeable about the SG Unit(s) and their operation.

**4.2** Applicant and Host Customer must also agree to **Field Verification Visits and interviews**, as necessary for Measurement and Evaluation as discussed in Appendix C, Sections 5.5 and under the M&E Plan submitted by the Program's M&E consultant. The same terms and conditions specified in Section 4.1 will apply to such further Field Verification Visits.

**4.3** The Applicant and Host Customer agreed to participate in M&E activities as discussed in Appendix C, Sections 5.5 and 5.5.1. For systems with Applicant, Host Customer and/or 3<sup>rd</sup> Party installed monitoring equipment, the Applicant and Host Customer agree to provide system monitoring data (including but not limited to electric, gas, thermal and/or other relevant fuel input data) to the M&E consultant. Furthermore, the Applicant and Host Customer agree to cooperate with the installation of any additional monitoring equipment that the M&E consultant may deem necessary in its sole discretion.

**5.0 PAYMENT** - The total incentive payment shall not exceed the Total Incentive reserved in the Claim Form under CONFIRMATION OF INCENTIVE RESERVATION. The Incentive Payment will be made payable to Applicant or Host Customer, as the Applicant and Host Customer shall designate in writing, only after the appropriate documents have been submitted (within the deadlines established by Program Administrator) and approved, and the first Field

Verification Visit has been satisfactorily completed, in accordance with the Program rules set forth in Appendix C. Program Administrator's determination of the incentive amount is final and Applicant and Host Customer each agree to accept this determination.

**5.1** Applicant and/or Host Customer may designate in writing a third party to whom Program Administrator shall make approved incentive payments.

**6.0 REVIEW AND DISCLAIMER** - Program Administrator's review of the design, construction, installation, operation or maintenance of the Project or the SG Unit(s) is not a representation as to their economic or technical feasibility, operational capability, or reliability. Applicant and Host Customer each agrees that neither of them will make any such representation to any third party. Applicant and Host Customer are solely responsible for the economic and technical feasibility, operational capability, and reliability of the Project and the SG Unit(s).

**7.0 RENEWABLE FUEL LEVELS** - For Level 3-R and Level 1 fuel cells running on renewable fuel, Applicant and Host Customer shall not, for the applicable period described below or the life of the applicable SG Unit, whichever is shorter, use fossil fuel for more than 25% of its total annual fuel requirements for such SG Unit in any calendar year.

- Five years for Level 1 fuel cell(s).
- Three years for Level 3-R.

**7.1** In the event the Applicant or Host Customer fails to comply with Section 7.1 above, then Applicant and Host Customer shall, within 30 days of receipt of a written demand from Program Administrator, reimburse Program Administrator all incentive payments paid by Program Administrator pursuant to the Program and this Contract. Such reimbursement shall be in the form of a certified check or cash payable to Program Administrator.

**7.2** In order to ensure reimbursement in the event the Applicant or Host Customer fails to comply with Section 7.1 above, the Program Administrator may from time to time require a bond or other forms of security acceptable to Program Administrator. Acceptable forms of security include cash deposit, irrevocable letter of credit, surety bond from an "A" rated company by A.M. Best, assignment of certificate of deposit, or corporate guarantee (guarantor subject to creditworthiness review).

## **8.0 TERMS AND TERMINATION**

**8.1** The Term of this Contract shall begin on the last date that a party signs it, and shall terminate no later than the length of the required warranty, for Levels 1& 2 is five years, for Level 3-R and 3-N is three years, unless terminated earlier pursuant to this Contract, or unless modified by order of the CPUC or by written agreement of the parties.

**8.2** The Contract may be terminated by Program Administrator in the event (a) Applicant or Host Customer fails to perform a material obligation under this Contract and Applicant or Host Customer fails to cure such default within 15 days of receipt of written notice from Program Administrator, or (b) any statement, representation or warranty made by Applicant or Host Customer in connection with the Program or this Contract is false, misleading or inaccurate on the date as of which it is made.

**8.3** The termination of this Contract shall not operate to discharge any liability, which has been incurred by either party prior to the effective date of such termination.

**9.0 ASSIGNMENT**- Applicant and Host Customer consent to Program Administrator's assignment of all of Program Administrator's rights, duties and obligations under this Contract to the CPUC and/or its designee. Any such assignment shall relieve Program Administrator of all rights, duties and obligations arising under this Contract. Other than Program Administrator's assignment to the CPUC or its designee, neither party shall assign its rights or delegate its duties without the prior written consent of the other party, except in connection with the sale or merger of a substantial portion of its assets. Any such assignment or delegation without written consent shall be null and void. Consent to assignment shall not be unreasonably withheld or delayed. Applicant and Host Customer must provide assurance of the success of a Project if assigned by providing any additional information requested by Program Administrator.

**10.0 PERMITS AND LICENSES** - Applicant and Host Customer, at their own expense, shall obtain and maintain all licenses and permits needed to perform its work on the Project. These costs may be included as eligible project costs for the purpose of determining the maximum incentive payment.

**11.0 INSURANCE** - Applicant and Host Customer shall, at their own expense, maintain the insurance coverage set forth in Appendix D, or an equivalent amount of self-insured coverage satisfactory to Program Administrator, and shall submit proof of such insurance to Program Administrator as part of the Proof of Project Advancement described in Section 3.2 of this Contract.

**12.0 ADVERTISING, MARKETING AND USE OF PROGRAM ADMINISTRATOR'S NAME** - Applicant and Host Customer shall not use Program Administrator's corporate name, trademark, trade name, logo, identity or any affiliation for any reason, including soliciting customers to participate in the Project, without prior written consent of Program Administrator. Applicant and Host Customer shall make no representations to its customers on behalf of Program Administrator.

**13.0 INDEPENDENT CONTRACTOR** - In assuming and performing the obligations of this Contract, Applicant and Host Customer are each an independent contractor and neither shall be eligible for any benefits which Program Administrator may provide its employees. All persons, if any, hired by Applicant or Host Customer shall be their respective employees, subcontractors, or independent contractors and shall not be considered employees or agents of Program Administrator.

**14.0 RIGHT TO AUDIT AND REPORT INFORMATION** - Program Administrator shall be allowed to periodically audit Applicant's and Host Customer's records related to the work done under this Contract, and report the results of its audit to the CPUC or its designee. Applicant and Host Customer must provide all requested Project documents to Program Administrator upon written request, and must, for 5 years following Contract termination, maintain copies of all Project documents, including, but not limited to, Contracts, invoices, purchase orders, reports, and all back-up documents, for Program Administrator's review.

**15.0 INDEMNIFICATION**

**15.1** To the greatest extent permitted by applicable law, Applicant and Host Customer shall each indemnify, defend and hold harmless Program Administrator, its affiliates, subsidiaries, current and future parent company, officers, directors, agents and employees, from and against

all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise), which arise from or are in any way connected with any: (i) injury to or death of persons, including but not limited to employees of Program Administrator, Host Customer, or Applicant; (ii) injury to property or other interests of Program Administrator, Host Customer, Applicant, or any third party; (iii) violation of local, state or federal common law, statute, or regulation, including but not limited to environmental laws or regulations; or (iv) strict liability imposed by any law or regulation; so long as such injury, violation, or strict liability (as set forth in (i) - (iv) above) arises from or is in any way connected with this Contract or Applicant's or Host Customer's performance of, or failure to perform, this Contract, however caused, regardless of any strict liability or negligence of Program Administrator whether active or passive, excepting only such loss, damage, cost, expense, liability, strict liability, or violation of law or regulation that is caused by the negligence or willful misconduct of Program Administrator, its officers, managers, or employees.

**15.2** Applicant and Host Customer each acknowledges that any claims, demands, losses, damages, costs, expenses, and legal liability that arise out of, result from, or are in any way connected with the release or spill of any hazardous material or waste as a result of the work performed under this Contract are expressly within the scope of this indemnity, and that the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from strict liability, or violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs incurred as a result of such releases or spills are expressly within the scope of this indemnity.

**15.3** Applicant and Host Customer each shall, on Program Administrator's request, defend any action, claim or suit asserting a claim which might be covered by this indemnity. Applicant and Host Customer shall pay all costs and expenses that may be incurred by Program Administrator in enforcing this indemnity, including reasonable attorney's fees. This indemnity shall survive the termination of this Contract for any reason.

**16.0 LIMITATION OF LIABILITY** - Program Administrator shall not be liable to Applicant, Host Customer or to any of their respective subcontractors for any special, incidental, indirect or consequential damages whatsoever, including, without limitation, loss of profits or commitments, whether in contract, warranty, indemnity, tort (including negligence), strict liability or otherwise arising from Program Administrator's performance or nonperformance of its obligations under the Contract.

**17.0 VENUE** - This Contract shall be interpreted and enforced according to the laws of the State of California. Sole jurisdiction and venue shall be with the courts in Los Angeles County, California.

**18.0 DISPUTE RESOLUTION** - The parties to this Contract shall attempt in good faith to resolve any dispute arising out of or relating to this Contract promptly by negotiations between a vice president of Program Administrator or his or her designated representative and an executive of similar authority from Applicant and/or Host Customer. Either party must give the other party or parties written notice of any dispute. Within twenty (20) calendar days after delivery of the notice, the executives shall meet at a mutually acceptable time and place, and shall attempt to resolve the dispute. If the matter has not been resolved within thirty (30) calendar days of the first meeting, any party may pursue other remedies, including mediation. All negotiations and any mediation conducted pursuant to this clause are confidential and shall

be treated as compromise and settlement negotiations, to which Section 1152.5 of the California Evidence Code shall apply, and Section 1152.5 is incorporated herein by reference.

Notwithstanding the foregoing provisions, a party may seek a preliminary injunction or other provisional judicial remedy if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo. Each party is required to continue to perform its obligations under this Contract pending final resolution of any dispute arising out of or relating to this Contract.

**19.0 INTEGRATION AND MODIFICATION** - This Contract and its appendices constitute the entire Contract and understanding between the Parties as to its subject matter. It supersedes all prior or contemporaneous contracts, commitments, representations, writings, and discussions between Applicant, Host Customer, and Program Administrator, whether oral or written, and has been induced by no representations, statements or Contracts other than those expressed herein.

NO AMENDMENT, MODIFICATION OR CHANGE TO THIS CONTRACT SHALL BE BINDING OR EFFECTIVE UNLESS EXPRESSLY SET FORTH IN WRITING AND SIGNED BY PROGRAM ADMINISTRATOR'S REPRESENTATIVE AUTHORIZED TO SIGN THE CONTRACT.

Notwithstanding the foregoing, this Contract is subject to such changes or modifications by the CPUC as it may, from time to time, direct in the exercise of its jurisdiction over Program Administrator. Furthermore, this Contract is subject to change or modification by the Program Working Group, as it may from time to time make to the Program in the exercise of its jurisdiction over the implementation of the Program. For purposes of this Contract, the "Program Working Group" shall constitute certain staff of each California investor-owned utility, the San Diego Regional Energy Office, California Energy Commission, the Energy Division of the CPUC, and the CPUC.

**20.0 NO THIRD PARTY BENEFICIARIES** - This Contract is not intended to confer any rights or remedies upon any other persons other than the undersigned parties hereto.

By execution of this Contract, Applicant and Host Customer each certifies the Project meets all Program eligibility requirements, and that the information supplied in Appendix A is true and correct. Applicant and Host Customer further certify that Applicant and Host Customer have read and understand the Self-Generation Incentive Program documents described in Appendix C and agree to abide by the rules and requirements set forth in this Contract and in Appendices B, C & D.

Each of the Applicant and Host Customer declare under penalty of perjury under the laws of the State of California that 1) the information provided in the attached Self Generation Incentive Program Reservation Request Form is true and correct to the best of my/our knowledge, 2) the above SG Unit(s) described in the Self Generation Incentive Program Reservation Request Form are new and intended to offset part or all of the Host Customer's or Applicant's electrical needs at the site of installation, 3) the site of installation is located within the Program Administrator's service territory, 4) the SG Unit(s) are not intended to be used solely as a backup generator, and 5) the Host Customer and the Applicant each has received a copy of this Contract and the completed Reservation Request Form.

In witness whereof, the parties have executed this Contract as of the latest date below.

**APPLICANT**

**HOST CUSTOMER**

Signature: \_\_\_\_\_  
Name \_\_\_\_\_  
Printed: \_\_\_\_\_  
  
Title: \_\_\_\_\_  
Company \_\_\_\_\_  
Name: \_\_\_\_\_  
  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name \_\_\_\_\_  
Printed: \_\_\_\_\_  
  
Title: \_\_\_\_\_  
Company \_\_\_\_\_  
Name: \_\_\_\_\_  
  
Date: \_\_\_\_\_

**PROGRAM ADMINISTRATOR**

Signature: \_\_\_\_\_  
  
Name \_\_\_\_\_  
Printed: \_\_\_\_\_  
  
Title: \_\_\_\_\_  
Company \_\_\_\_\_  
Name: \_\_\_\_\_  
  
Date: \_\_\_\_\_

All communications under this Contract shall be forwarded directly to:

**Southern California Edison  
Self-Generation Incentive Program  
Attn: Howard Green  
2131 Walnut Grove Avenue, 3<sup>rd</sup> Floor, B10  
Rosemead, CA 91770**



## APPENDIX D—INSURANCE COVERAGE REQUIREMENTS

**Workers' Compensation and Employers' Liability:** Worker's Compensation insurance or self-insurance indicating compliance with any applicable labor codes, acts, laws or statutes, state or federal, where Applicant performs work. Employers' Liability insurance shall not be less than \$1,000,000 for injury or death each accident.

**Commercial General Liability:** Coverage shall be at least as broad as the Insurance Services Office (ISO) Commercial General Liability Coverage "occurrence" form, with no coverage deletions. The limit shall not be less than \$1,000,000 each occurrence (\$2,000,000 aggregate) for bodily injury, property damage and personal injury. Coverage shall:

a) By "Additional Insured" endorsement add as insureds Program Administrator, its affiliates, subsidiaries, and parent company, and Program Administrator's directors, officers, agents and employees, with respect to liability arising out of or connected with the work performed by or for the Applicant (ISO Form CG2010 or equivalent is preferred). In the event the Commercial General Liability policy includes a "blanket endorsement by contract," the following language added to the certificate of insurance will satisfy this requirement: Program Administrator, its affiliates, subsidiaries, and parent company, Program Administrator's directors, officers, agents and employees, with respect to liability arising out of the work performed by or for the Applicant are additional insureds under a blanket endorsement;" and

b) Be endorsed to specify that the Applicant's insurance is primary and that any insurance or self-insurance maintained by the Program Administrator shall not contribute with it.

**Business Auto:** Coverage shall be at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, code 1 "any auto." The limit shall not be less than \$1,000,000 each accident for bodily injury and property damage.

**Additional Insurance Provisions:** As part of proof of project advancement documentation, Applicant shall furnish Program Administrator with certificates of insurance and endorsements of all required insurance for Applicant and Host Customer. The documentation shall state that coverage shall not be canceled except after thirty (30) days prior written notice has been given to Program Administrator. The documentation must be signed by a person authorized by that insurer to bind coverage on its behalf and shall be submitted to the Program Administrator at this address:

**Southern California Edison  
Self-Generation Incentive Program  
Attn: Howard Green  
2131 Walnut Grove Avenue, 3<sup>rd</sup> Floor, B10  
Rosemead, CA 91770**

Certain exceptions may be made by the Program Administrator if the insurance requirements are not a business or statutory requirement. Any such exception must be requested by the Applicant or Host Customer and will be reviewed by the Program Administrator on a case-by-case basis.

A copy of all such insurance documents shall be sent to Program Administrator's Contract negotiator and Project Administrator. Program Administrator may inspect the original policies or require complete certified copies at any time. Upon request, Applicant shall furnish Program Administrator the same evidence of insurance for its Subcontractors, as Program Administrator requires of Applicant.

11. SAMPLE INSURANCE DOCUMENTS

<b>CERTIFICATE OF INSURANCE</b>						CERTIFICATE NUMBER
<b>PRODUCER</b> INSURANCE AGENT/BROKER NAME CITY, STATE ZIPCODE		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NOT RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN.				
<b>COMPANIES AFFORDING COVERAGE</b>						
COMPANY A    INSURANCE COMPANY NAME						
COMPANY B    INSURANCE COMPANY NAME						
COMPANY C    INSURANCE COMPANY NAME						
COMPANY D    INSURANCE COMPANY NAME						
<b>INSURED</b> HOST/APPLICANT NAME CITY, STATE ZIPCODE						
<b>COVERAGE</b> This certificate supercedes and replaces any previously issued certificate for the policy period noted below						
CO	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE    X OCCUR OWNERS' & CONTRACTORS PROT	POLICY NUMBER	XX / XX / XX	XX / XX / XX	GENERAL AGGREGATE PRODUCTS - COM/POP AGG PERSONAL & ADV INJURY EACH OCCURRENCE FIRE DAMAGE (Any one fire) MED EXP (Any one person)	\$ 2,000,000 \$ 2,000,000 \$ 1,000,000 \$ 1,000,000
B	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	POLICY NUMBER	XX / XX / XX	XX / XX / XX	COMBINED SINGLE LIMIT BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	\$ 1,000,000
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EACH ACCIDENT AGGREGATE	
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE AGGREGATE	
C	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> COMMERCIAL GENERAL LIABILITY	POLICY NUMBER	XX / XX / XX	XX / XX / XX	<input checked="" type="checkbox"/> WC STAT LIMITS <input type="checkbox"/> OTHER	EL EACH ACCIDENT \$ 1,000,000 EL DISEASE-POLICY LIMIT \$ 1,000,000 EL DISEASE-EACH EMPLOYEE \$ 1,000,000
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS (LIMITS MAY BE SUBJECT TO DEDUCTIBLES OR RETENTIONS)						
Program Administrator, its affiliates, subsidiaries, and parent company, and Program Administrator's directors, officers, agents and employees with respect to liability arising out of the work performed by or for the Applicant and Host Customer are additional insureds if so provided by a blanket endorsement under the General Liability policy, or if by specific endorsement (such as ISO CG2010); and such General Liability policy shall be endorsed to specify that the Applicant's and Host Customer's insurance is primary and that any insurance or self-insurance maintained by Program Administrator shall not contribute with it.						
<b>CERTIFICATE HOLDER</b> PROGRAM ADMINISTRATOR SELF-GENERATION INCENTIVE PROGRAM Street Address City, State ZipCode			<b>CANCELLATION</b> SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER AFFORDING COVERAGE, ITS AGENTS OR REPRESENTATIVES.			
			<b>**AGENTS OR BROKERS SIGNATURE REQUIRED**</b>			
			BY:			
VALID AS OF:						
1. UNDER AUTO LIABILITY, "ANY AUTOS" OR "ALL OWNED, HIRED AUTOS AND NON-OWNED AUTOS" ACCEPTABLE 2. RED FONT IDENTIFIES AREAS ON THE COI THAT YOU MUST INCLUDED						

**INSURED:**

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

**ADDITIONAL INSURED--OWNERS, LESSEES  
OR CONTRACTORS (FORM B)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

**SCHEDULE**

Name of Person or Organization:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" for that insured by or for you.

\_\_\_\_\_  
Signature

Authorized Representative

Similar to "CG 20 10 85"

## **12. SAMPLE INCENTIVE CLAIM FORM**

Please contact the SGIP Administrator for assistance in completing your Incentive Claim Form. Also, please check the Program Administrator's SGIP website for additional information and to download the latest forms

## SELF-GENERATION INCENTIVE PROGRAM Reservation Confirmation and Incentive Claim Form

Reservation Number: \_\_\_\_\_

APPLICANT	HOST CUSTOMER
Company Name: _____	Company Name: _____
Tax Payer ID: _____	Tax Payer ID: _____
Contact Name: _____	Contact Name: _____
Address: _____	Address: _____
_____	_____
Phone _____	Phone _____
E-mail _____	E-mail _____

Payment will be made to:  Applicant  Host Customer  Third Party (Assignment Letter attached)

Tax Status for Payee of Incentive (check one)  Individual/Sole Proprietor  Partnership  Corporation  Exempt

### CONFIRMATION OF INCENTIVE RESERVATION

<b>Reservation Incentive Amount:</b> \$ _____ <b>Self-Generation System Size:</b> _____ kW <b>Facility Address:</b> _____ _____ <b>Reservation Expiration Date:</b> _____	<i>The generating system must be placed in service and a copy of this Claim Form, including all appropriate documentation, must be returned to the Program Administrator. Mailed claim forms must be postmarked by, and faxed Claim Forms will be accepted no later than, the Reservation Expiration Date. This reservation is nontransferable and the generating system must be installed on the Facility Site and sold to the Host Customer listed above and as submitted on the original Reservation Request Form.</i>
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### INCENTIVE CLAIM

The undersigned declare under penalty of perjury under the laws of the State of California that 1) the information provided in this form is true, accurate and complete, 2) the above described generating system is new and intended to offset part or all of the Host Customers electrical needs at the site of installation, 3) the site of installation is located within the Utility's service territory and, the self-generating equipment is not intended as a back-up generator, 4) the Host Customer has received a copy of this completed form, 5) an electrical generating system meeting the terms and conditions of Self Generation Incentive Program has been installed and is operating satisfactorily as of the date stated, 6) the rated electrical output of the generating system and the physical location of the system are as stated above under *Self-Generation Incentive Program Reservation, Confirmation and Incentive Claim Form*, and 7) except as noted below, there were no changes in the information regarding the Host Customer's generating system specifications, installation location or price from that information provided in the Reservation Request Form originally submitted by the undersigned.

### AS-BUILT SYSTEM CLAIM

**Self-Generation System Size:** \_\_\_\_\_ kW  
**Total Eligible Project Costs:** \$ \_\_\_\_\_  
**Requested Incentive Amount:** \$ \_\_\_\_\_  
**Facility Address (if changed):** \_\_\_\_\_  
 \_\_\_\_\_  
 Warranty Period Start Date: \_\_\_\_\_  
 End Date: \_\_\_\_\_

**Tax Liability:** I understand that the incentives may be taxable and if greater than \$600, may be reported to the IRS unless I am exempt from reporting. The Program Administrator may report such rebate payments on IRS Form 1099 unless I have checked corporation or exempt tax status above.

You are urged to consult your tax adviser concerning the taxability of rebates. Program Administrator is not responsible for any taxes that may be imposed on you or your business as a result of your receipt of this rebate.

Provide a description and reason for any changes, exceptions or modifications to the information provided in the above *Confirmation of Incentive Reservation* or *Self-Generation Incentive Program Reservation Request Form* on a separate sheet of paper.

Applicant	Host Customer (if different than Applicant)
Print Name _____	Print Name _____
Title _____	Title _____
Signature _____ Date _____	Signature _____ Date _____

**13. SAMPLE MAINTENANCE COORDINATION LETTER**

*Date*

*Program Manager  
 Self-Generation Incentive Program  
 Southern California Edison  
 2131 Walnut Grove Avenue, 3rd Floor, B 10  
 Rosemead, California 91770*

*Attn: Interconnection Contact*

**Subject: Maintenance Coordination for SGIP Incentive**

Host Customer Site Name			
Host Customer Address			
Generating Facility Identification Number			
SGIP Application Number			
Generator Manufacturer:			
Generator Model:			
Power Rating/Unit:			
Number of Units:			
Total System Rated Output (kW):			

*Dear Program Manager:*

This letter is written to assure you that the generator unit(s) installed and identified above will have a coordinated maintenance cycle per the Self Generation Incentive Program Handbook, Sections 2.5 and 4.4.2. Specifically, maintenance will be scheduled only between October and March and, if necessary, during off-peak hours and/or weekends during the months of April to September. The applicant understands that this is a requirement for facilities sized greater than 200 kW and that this may allow the utility to more accurately schedule load and plan distribution system maintenance.

Sincerely

*Generator Owner Name*

14. **SAMPLE EQUIPMENT TRANSFER AGREEMENT**

**EQUIPMENT TRANSFER AGREEMENT**

This Equipment Transfer Agreement ("Agreement") is entered into by and between *Program Administrator*, a California corporation ("*PA*"), located at *PA Address*, and \_\_\_\_\_, a \_\_\_\_\_ ("*Customer*"), located at \_\_\_\_\_. *PA* and *Customer* may hereinafter be referred to individually as "*Party*" and jointly as "*Parties*." This Agreement shall become in force and binding on both *Parties* as of the date it has been signed by both *Parties*.

**RECITALS**

WHEREAS, the *Parties* entered into a Self-Generation Incentive Program Contract, dated \_\_\_\_\_ ("*Contract*"), whereby *Customer* installed certain self-generation technology ("*SG Units*") at *Customer's* site(s), and *PA* installed certain equipment to monitor the operation of the *SG Units*, as set forth in Exhibit A hereto ("*Equipment*");

WHEREAS, the term of the *Contract* is scheduled to end on \_\_\_\_\_, 200\_ ("*Contract Termination Date*");

WHEREAS, *Customer* desires to acquire all of *PA's* rights, interests, obligations, liabilities and any other indicia of ownership in the *Equipment*; and

WHEREAS, *PA* is willing to transfer *PA's* interest the *Equipment* to *Customer* for consideration of One Dollar (\$1.00).

**AGREEMENT**

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the *Parties* agree, effective as of the *Contract Termination Date*, as follows:

1. In exchange for the purchase price of One Dollar (\$1.00), *PA* hereby transfers to *Customer* all of *PA's* right, title and interest in the *Equipment*, and *Customer* accepts all of *PA's* right, title and interest in the *Equipment*.
2. *PA* warrants that *PA's* title to the *Equipment* as transferred to *Customer* shall be free and clear of any liens or encumbrances.
3. *Customer* hereby assumes all risk of loss of the *Equipment* and accepts the *Equipment* AS IS, WHERE-IS, AND WITH ALL FAULTS, known or unknown.

4. Except as provided in paragraph 2, *PA* DISCLAIMS AND MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH REGARD TO THE EQUIPMENT, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

5. Customer, on behalf of itself, its directors, trustees, partners, employees, affiliates, agents, guests, and each of their agents, affiliates, successors and assigns, hereby releases and shall defend, indemnify and hold harmless *PA*, its affiliates, and each of their officers, agents, employees, assigns and successors in interest from and against, any and all liability, damages, losses, claims, demands, actions, causes of action, costs (including attorney's fees and expenses), or any of them, past, present or future, known or unknown, arising out of or in connection with the Equipment.

6. This Agreement contains the entire agreement and understanding between the Parties regarding the Equipment and merges and supersedes all prior representations and discussions pertaining to the subject matter herein. Any changes, exceptions, or different terms and conditions shall be only by written amendment to this Agreement executed by the Parties.

7. Neither this Agreement nor any interest under it is assignable by Customer, without the prior written consent of *PA*.

8. This Agreement shall be interpreted, governed and construed under the laws of the State of California.

9. The person signing this Agreement represents that he or she is duly authorized to execute this Agreement on behalf of the Party for whom he or she signs, and to fully bind such Party to this Agreement.

*PROGRAM ADMINISTRATOR*

[CUSTOMER]

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**  
**SCHEDULE OF EQUIPMENT**



# APPENDIX A

## LEVEL 3 WARRANTY/MAINTENANCE ILLUSTRATION

### Level 3 System Illustration

Item Description / Component	Coverage (Years)	Upfront Cost	Additional On-Going Cost	SGIP Eligible Cost Calculation	Time ( in Years After Installation Complete)				
					1	2	3	4	5
<b>#1 Standard Equipment Warranty:</b>					<----- SGIP Required Warranty Period ----->				
a. Engine Driver	1	Incl	None	100% Eligible Cost					
b. Generator	5	Incl	None	100% Eligible Cost					
c. Cogeneration System	2	Incl	None	100% Eligible Cost					
<p><b>** IF the standard equipment warranty for any major system component is of insufficient duration to meet the three year minimum requirement, the customer <u>must</u> purchase, if one is available, an extended warranty to bridge the gap before resorting to a maintenance contract to satisfy the warranty requirement.</b></p>									
<b>#2 Extended Warranty:</b>									
a. Engine Driver	4	\$150,000	None	2/4 x \$150,000					
b. Generator	Not Required								
c. Cogeneration System	Not Available								
<p><b>*** IF a customer can show that a standard and/or extended warranty combination is unavailable for a major component to meet the three year minimum warranty requirement, the upfront purchase of an appropriate maintenance contract will be considered an eligible cost for the entire period purchased -- up to a maximum of three years.</b></p>									
<b>#3 Maintenance Contract:</b>									
a. Engine Driver	3	\$100,000	\$6.50/hr	Ineligible Cost					
b. Generator	5	\$25,000	\$0.25/hr	Ineligible Cost					
c. Cogeneration System	5	\$25,000	\$0.01/hr	3/5 x \$25,000					

#### Legend:

= Eligible Cost Period (if paid for upfront).

= Ineligible Cost and Period

#### Footnotes:

- 1) Major system components requiring warranty coverage vary by technology.
- 2) System component costs which include standard equipment manufacturer warranties extending beyond the required minimum coverage period are considered 100% eligible. To the extent that any major system component does not have a standard warranty equal to the SGIP minimum warranty period (e.g., 3 years for Level 3), the Applicant/Host Customer must first purchase an extended warranty to "bridge" the gap which exists, and if one can be shown not to exist, an appropriate maintenance contract (which must be paid for upfront).
- 3) Cogeneration system, for the purposes of computing eligible warranty and maintenance costs, is defined as the primary heat exchanger and associated piping only.

**APPENDIX B**

**ELIGIBLE COSTS FOR LEVEL 1 PV SYSTEMS**

<b>Energy Generating Equipment</b>	<b>PV Mounting Systems (See Section 3.4.1)</b>	<b>Electrical Balance of Systems</b>	<b>Labor</b>
<ul style="list-style-type: none"> <li>• PV modules</li> <li>• PV material</li> </ul>	<ul style="list-style-type: none"> <li>• Fasteners – mechanical hardware, adhesive</li> <li>• Foundation</li> <li>• Free standing support structures/racks/poles</li> <li>• Ballast</li> <li>• Sealant</li> <li>• Tracker assembly</li> <li>• Mounting surface- single-ply membrane, metal roof panels</li> <li>• Module framing<sup>17</sup>, mullion<sup>18</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Inverters</li> <li>• Wiring/conduit</li> <li>• Disconnects/junction boxes</li> </ul>	<ul style="list-style-type: none"> <li>• Labor directly associated with the photovoltaic installation.</li> </ul>

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<sup>17</sup> Module framing does not include building structural support members such as but not limited to roof frames, joists, beams, and columns.

<sup>18</sup> Mullion is defined by Merriam Webster as “a slender vertical member that forms a division between units of a window, door, or screen or is used decoratively.”