

DOCKETED

Docket Number:	22-BSTD-04
Project Title:	2022 Energy Code Photovoltaic and Battery Storage Cost Effectiveness Determinations
TN #:	266526
Document Title:	Dara Yung Comments - CALSSA Comments on Monte Vista Apartments PV Cost Effectiveness & ITC Eligibility
Description:	N/A
Filer:	System
Organization:	Dara Yung
Submitter Role:	Public
Submission Date:	10/13/2025 2:40:16 PM
Docketed Date:	10/13/2025

*Comment Received From: Dara Yung
Submitted On: 10/13/2025
Docket Number: 22-BSTD-04*

CALSSA Comments on Monte Vista Apartments PV Cost Effectiveness & ITC Eligibility

Additional submitted attachment is included below.



October 13, 2025

California Energy Commission
715 P Street Sacramento, CA 95814

RE: Docket 22-BSTD-04, 2022 Energy Code Photovoltaic and Battery Storage Cost Effectiveness Determinations, PV Exemption Request - Turlock Mote Vista Apartments

Thank you for the opportunity to provide comments on the PV exemption request for the Turlock Monte Vista Apartments. The California Solar and Storage Association (CALSSA) is a trade association representing 650 businesses working on solar and energy storage in California. We are providing these comments on the Investment Tax Credit and the potential eligibility of the Turlock Monte Vista Apartments to claim the tax credit, which would improve the cost effectiveness of the project.

The federal Investment Tax Credit (IRS Code Section 48E) is a tech-neutral tax credit which can be applied to solar projects on multifamily buildings so long as the owner of the system is a commercial tax payer. This tax credit is different from the Residential Clean Energy Credit (Section 25D) which is a tax credit for individual tax payers such as a homeowner who purchased their solar.

The Investment Tax Credit provides a 30% tax credit, with projects under 1 MW not being subject to the additional labor requirements that were established in the Inflation Reduction Act. Commercial tax payers are also eligible for adder credits if projects meet certain criteria for location in an energy community, meeting domestic content material thresholds, or being located in a low-income community or serving low-income customers. Projects are eligible for a 10% adder credit for being located in an energy community, being located in a low-income community, or meeting domestic content criteria. Projects serving low-income customers are eligible for a 20% adder credit if the project meets certain requirements. Projects can take multiple adder credits, with the exception of the low-income credits of which only one can be taken.

The 2025 federal budget reconciliation bill, H.R. 1, also known as the "One Big Beautiful Bill" was signed into law on July 4, 2025 and made changes to when the Investment Tax Credit will end and the rules for safe harboring a project under commence construction guidance. Under the new law, commercial projects (including multifamily buildings where the solar is owned by a commercial tax payer) that commence construction on or before July 4, 2026 are eligible for the safe harbor provisions under the new commence construction guidance. Projects that commence construction after July 4, 2026 must be placed in service on or before December 31, 2027. This change in timelines does not apply to energy storage projects, which maintain the Investment Tax Credit through 2033.

Updated commence construction guidance was released in August. The updated commence construction guidance maintains the ability for projects under 1.5 MW to safe harbor a project by

incurring at least 5% of the qualifying project costs. Projects over 1.5 MW are no longer able to use the 5% expenditure test for safe harboring but maintain the ability to safe harbor in other ways. All Investment Tax Credit Eligible projects maintain the ability to safe harbor by meeting “physical work” requirements, which require that physical work of a significant nature either on-site or offsite (such as placing an order for a project-specific transformer) has begun. Projects that safe harbor by commencing construction (either under the 5% expenditure test or the physical work test) on or before July 4, 2026 have until the end of the 4th tax year after projects commenced construction to be placed in service to maintain eligibility for the tax credit. For example, a project that commences construction in 2025 would have until December 31, 2029 to be placed in service to maintain eligibility for the Investment Tax Credit and any associated adder credits.

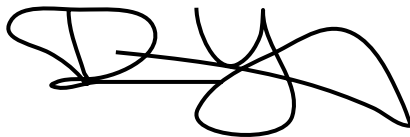
CALSSA staff are not tax professionals and we do not offer these comments as tax advice. We are providing this information to help provide additional information about the Investment Tax Credit which may be relevant to the cost effectiveness of the Monte Vista Apartment projects.

In the application for exemption, Pacific West Communities states that the Monte Vista Apartments are already under development. While there is not a construction schedule provided in the documents, we believe that there is a reasonable amount of time to safe harbor the project before the July 4, 2026 deadline. The Monte Vista Apartment Projects, both in total and the individual buildings, are under 1.5 MW and would be able to use either the 5% expenditure test or the physical work test to safe harbor the projects. Many solar contractors are working with their project partners to help projects safe harbor ahead of the deadline.

While the Monte Vista Apartment Project may be eligible for the Investment Tax Credit adders, CALSSA recommends that California Energy Commission (CEC) staff focus on the 30% base Investment Tax Credit as the adders have additional requirements and limitations such as geographic requirements or annual capacity limitations.

We are happy to provide more information or answer any questions that CEC staff may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dara Yung', with a stylized, looping flourish at the end.

Dara Yung
Permitting Director
California Solar & Storage Association