

DOCKETED

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Document Title:	PV Exemption Request - Turlock Mote Vista Apartments - Addendum letter regarding FITC
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October 23, 2025

Mr. Muhammad Faisal Saeed, PE., LEED AP, CEM
Senior Electrical Engineer, Building Standards Branch, Efficiency Branch
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512
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Re: Addendum 1: Regarding Federal Investment Tax Credits

In support of Pacific West Communities, Inc.'s Request (on behalf of the Owner, Turlock Monte Vista LLC) for a Multifamily Residential Solar Photovoltaic Exemption Determination for the Monte Vista Apartments Project, a 348-unit Multifamily Residential Apartment Housing Project in Turlock, CA.

Dear Mr. Saeed,

On behalf of the Turlock Monte Vista LLC (TMV), as Energy Project Manager for the developer Pacific West Communities, Inc. (PWC), I am writing this addendum, as supporting information to our formal request to seek a determination from the California Energy Commission (Commission) under Section 10-109(k) of the 2019 Building Energy Efficiency Standards. That section allows the Commission to determine that the solar Photovoltaic (PV) requirements¹ applicable to low rise multi-residential buildings (Section 150.1(c)14), shall not apply if circumstances "causes the Commission's cost effectiveness conclusions, made pursuant to Public Resources Code 25402(b)(3), to not hold for particular buildings."²

As a reference, for the CEC's determination that the solar PV requirements for the Monte Vista Apartments Project buildings are not cost-effective and do not apply to this project on the basis that (i) the utility Turlock Irrigation District has prohibited Virtual Net Energy Metering (VNEM), and (ii) construction costs and interconnection fees for multifamily residential buildings resulting from the VNEM prohibition and other regulations render installation of solar PV in accordance with Section 150.1(c)14 cost prohibitive, Marshall Bratton, CPA for TMV from Grigg, Bratton & Brash stated the following:

"The Pacific Companies' Turlock Monte Vista market-rate project is currently commencing construction in California. We understand that The Pacific Companies is requesting an exemption from the California Energy Commission (CEC) requirement to install solar PV panels at the site.

¹ The Solar PV requirements are specifically found at Section 150.1(c)(14).

² 2019 Building Energy Efficiency Standards, 10-109(k).



Management has informed us that it did not incorporate the federal Investment Tax Credit (ITC) into its feasibility assessment for the project due to uncertainty regarding whether it would be able to claim and/or monetize the credits. Specifically, management noted two key concerns:

1. **Safe Harbor Timing and FEOC Risk:** The project schedule does not currently accommodate solar PV system beginning construction “physical work” before year-end or July 4, 2026, which would be required to satisfy the 5% safe harbor test and avoid Foreign Entity of Concern (FEOC) component restrictions. To safe harbor, the project would need to prepay a significant portion of the solar installation cost to the subcontractor roughly two years before solar PV panel installation—creating heightened execution and subcontractor default risk, as well as additional interest carry during construction.
2. **Credit Monetization Uncertainty:** The project has no direct tax credit purchaser or investor currently involved and is not expected to generate sufficient taxable income within the project entity to utilize the credits. Given ongoing market volatility in the transferability market and the project’s financing structure, management determined that including the ITC in feasibility assumptions would not be prudent at this stage.

Based on our understanding of the project’s timeline and current tax credit market conditions, Grigg, Bratton & Brash agrees that management’s concerns regarding both the timing of the safe harbor deposit and the uncertainty in monetizing the credits are reasonable.

Please let me know if any additional clarification would be helpful.

Sincerely,

Marshall Bratton, CPA
Grigg, Bratton & Brash”

PWC supports the Commission’s efforts to shift California away from fossil-fuel based energy. However, requiring a photovoltaic system on the Monte Vista Apartments Project - given its unique set of legal, regulatory, and building requirements - is not cost-effective and may place further stress on the City of Turlock and the housing needs of its community. PWC will, as required by the Energy Code, ensure that the Monte Vista Apartments Project is solar-ready in the event underlying cost drivers change or are removed.

On behalf of the Owner, Turlock Monte Vista LLC, I respectfully submit this addendum as a reference for the request that the Commission make the determination under Section 10-108 of the 2019 Energy



Code that the solar PV requirements of Section 150.1(c)14 do not apply to the Monte Vista Apartments Project. Thank you for the opportunity of presenting the above information.

Best Regards,

Jeff Trirogoff
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