

DOCKETED

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SolarCity Comments - Draft SB 350 Barriers Study

Additional submitted attachment is included below.



September 29, 2016

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 16-OIR-02
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Draft SB 350 Barriers Study

Dear Commissioners,

SolarCity respectfully submits the following comments on the draft study regarding barriers facing low income and disadvantaged communities to greater access to energy efficiency and renewable energy as required under Senate Bill (SB) 350.

Background

SolarCity is California's leading full service solar power provider for homeowners and businesses – a single source for engineering, design, installation, monitoring, and support. The company has approximately 5,000 California employees based at more than 40 facilities around the state and has installed solar energy systems for over 285,000 customers nationwide as of June 30, 2016.

General Comments

SolarCity applauds the California Energy Commission (CEC) for developing a comprehensive literature review and capturing the vast public stakeholder engagement on the barriers of low income and disadvantaged communities to energy efficiency and renewable energy given the relatively short time frame allotted for completing the SB 350 study. Expanding opportunities for access to renewable energy and energy efficiency to all Californians is critical to meeting the state's clean energy and greenhouse gas emissions reduction targets. This study provides an important first step in taking action to implement solutions to overcome the current barriers that exist for low income and disadvantaged communities.

SolarCity therefore focuses its comments on the following areas:

- Distinction between energy efficiency and renewable energy
- Non-energy benefits
- Data limitations
- Community Solar
- Conclusion and next steps

Distinction between Energy Efficiency and Renewable Energy

As the study indicates, often the barriers faced by low-income customers and those in disadvantaged communities for energy efficiency and renewable energy investments are similar, yet there are also characteristics unique to each area that need to be evaluated.¹ While the study provides a comprehensive list in Chapters 3 and 4 of each of the barriers and potential solutions broken further down into corresponding sub-categories, it is difficult to distinguish which categories are unique to just energy

¹ Draft SB 350 Barriers Study, p. 17

efficiency versus renewable energy. SolarCity recommends adding a table at the end of each Chapter that summarizes the key barriers and solutions and identifies whether each applies to energy efficiency, renewable energy or both. At the same time, it may also be helpful to indicate which barriers are common across all customer segments, not just low income and disadvantaged communities, so that stakeholders can recognize similar obstacles the industries as a whole are facing.

Non-energy Benefits

SolarCity is pleased to see a section focused on non-energy benefits in both the barriers and solutions Chapters (3 and 4). Table 3 on page 31 provides a good starting point for starting to identify the non-energy benefits for low income energy retrofit programs and should be expanded to include other distributed energy resources (DERs).

Data Limitations

Data limitations are prevalent in various areas impacting low income and disadvantaged communities including financing. In the broader energy industry, data access is a topic that third-party DER providers continue to point to as an area where improvement could foster increased DER penetration. Without access to full data sets, it is difficult to overcome barriers to adoption of energy efficiency and renewable energy for specific customer segments. For example, the study highlights credit requirements as one potential barrier in relation to financing mechanisms.² The need here includes better data on current default rates and patterns of customers. This type of data would also assist with evaluating certain financing mechanisms for the low income sector such as a credit enhancement program, as briefly referenced in Chapter 5 potential solutions on page 37.³

Finally, we would urge the Commission to periodically update the data in the study that is provided in Appendix A on low income market characteristics. In particular, providing more granular data, such as by zip code, on regional rental rates in California as demonstrated in Table 8 on page 81, combined with up-to-date demographic data is a barrier that needs to be overcome.

Community Solar

Community solar is referenced in several areas of the report with a particular focus on its potential as a solution on page 38. While not the goal of this report, it would be helpful for the study to highlight some of the lessons learned from existing community solar programs across the country, and how low-income customer access is addressed within each. An overlapping barrier in this regard also includes data limitations regarding customer finance characteristics as discussed above.

As the report correctly points out, added charges like the Power Charge Indifference Amount (PCIA) require customers to pay a premium for solar credits under current community solar programs like the Green Tariff Shared Renewables Program (GTSR), and consequently low-income customers are unlikely to participate. Nevertheless, there may be an opportunity for the CPUC to create a new community solar program that is more accessible to residents of disadvantaged communities through the next phase of the

² SB 350 Barriers Draft Study pp.20-21.

³ See coalition letter available at: <https://www.arb.ca.gov/lists/com-attach/102-investplan2-ws-AnFTMAFjWGQBaQZi.pdf>



net metering proceeding. For example, CPUC staff recommended a “Neighborhood Virtual Net Metering” program that could be more accessible to low-income customers than GTSR.⁴

Additionally, the study could focus more on evaluating how renewable energy, such as community solar, can benefit an entire disadvantaged community versus a homeowner/renter and what the barriers/potential solutions are in this area. For example, solar being installed on school can have a large community impact (non-energy benefit) beyond providing access to renewable energy and reducing energy costs.⁵ It may be useful to study and map out access to solar as broader than just the individual since schools, churches, and small businesses each serve as major hubs of activity in any community, but particularly in low income communities. Adoption and use of solar by these community institutions may help culture families in a community to actually take advantage of solar.

For a school, the biggest factors determining whether a school can go solar are feasibility, rates (i.e. whether the school will save money), and the interest of key decision makers. It may be useful to map what schools in California are making the decision to use solar and whether these schools are tracked in or around a low income community. For churches and small businesses, it may be useful to get a better understanding if these community institutions are participating in solar programs in low income neighborhoods or what are the barriers to adoption. For example, a small business likely cannot make a decision to install solar unless the business owns his or her property. It may be useful to examine whether property ownership and credit quality is a factor in low income neighborhoods for businesses similar to homeowners and whether community solar programs are taking this into consideration.

Conclusion and Next Steps

While the draft study provides an abundance of information regarding barriers and solutions, it could benefit from including discussion that identifies potential next steps for utilizing the draft SB 350 barriers study in on-going efforts to expand access for low income and disadvantaged communities. Furthermore, the study should examine policy and regulatory issues that are currently under consideration in California and how these may impact this customer segment in terms of concrete action. This includes requirements around cap-and-trade funding for disadvantaged communities, California Alternative Rates for Energy (CARE) and residential rate reform, upcoming building efficiency standard updates and the move toward zero net energy (ZNE), and AB 327 requirements for disadvantaged communities among other items. For instance, the study touches on current policy and regulatory discussions, however, does not explicitly lay out which barriers are already being addressed and which barriers are currently not actively being discussed in California.

Conclusion

SolarCity thanks the CEC for the opportunity to comment on the draft SB 350 Barriers Study. Providing access to energy efficiency and renewable energy for low income and disadvantaged communities is critical to increasing economic development in the state and creating a path for meeting California’s clean energy goals. In terms of high-priority recommendations that the final study should include, SolarCity suggests that the CEC focus on overcoming data limitations and solutions that can spread access to renewable energy, such as solar, to entire communities versus just individual households. This is critical

⁴ “Energy Division Staff Paper Presenting Proposals for Alternatives to the NEM Successor Tariff or Contract for Residential Customers in Disadvantaged Communities in Compliance with AB 327,” issued as a Ruling in R. 14-07-002 on June 4, 2015.

⁵ See SolarCity press release available at: <http://www.solarcity.com/newsroom/news/west-side-school-district-goes-solar-gets-music-program-back>



to addressing the barriers faced by the large percentage of rental customers in low income and disadvantaged communities.

We look forward to continuing to participate in the stakeholder process as the SB 350 Barriers Study is finalized and next steps are determined.

Respectfully submitted,

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SolarCity