

## DOCKETED

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**Comments of the California Solar Energy Industries Association on the Staff Draft Recommendations for the SB 350 Barriers Study**

*Additional submitted attachment is included below.*



October 28, 2016  
California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 16-OIR-02  
1516 Ninth Street  
Sacramento, CA 95814-5512

Submitted electronically to: Docket #: 16-OIR-02 – SB 350 Barriers Report

**RE: Comments of the California Solar Energy Industries Association on the Staff Draft Recommendations for the SB 350 Barriers Study**

Dear Commissioners:

The California Solar Energy Industries Association (CALSEIA) appreciates the opportunity to comment on the Draft Recommendations for the “Study of Barriers and Solutions to Energy Efficiency, Renewables, and Contracting Opportunities Among Low Income Customers and Disadvantaged Communities” (the SB 350 Barriers Study) prepared by the staff of the California Energy Commission (CEC).

Rooftop solar technologies, both photovoltaic (PV) and thermal, are key to meeting the state’s goals of improving air quality, reducing greenhouse gas emissions, supporting local jobs, offering local economic development opportunities, and providing direct access to clean energy resources for California and, in particular, for low income individuals and disadvantaged communities. CALSEIA broadly supports the draft recommendations presented in this barriers study as important measures that the state can take to further meet these goals.

CALSEIA has worked collaboratively with our partners and colleagues in several areas highlighted by the report and its recommendations, including existing initiatives to lower the cost of solar PV and solar thermal such as the California Solar Initiative (PV and Thermal), Single-Family Affordable Housing Program (SASH), Multifamily Affordable Housing Program (MASH), and New Solar Homes Partnership (NSHP), new legislation and programs such as the Multifamily Affordable Housing Solar Roofs Program (MAHSR) under AB 693 (Eggman), and ensuring rate designs meet the needs of low-income and disadvantaged communities, such as the Net Energy Metering (NEM) proceedings at the California Public Utilities Commission and efforts to improve Virtual Net Energy Metering and neighborhood solar opportunities in these communities. CALSEIA has also worked to promote workforce development opportunities, as well as ensure strong consumer protection measures for all prospective solar customers,

including low-income and disadvantaged communities. It is in that spirit of collaboration, working with partners, and experience with the solar industry that we offer these comments on the recommendations.

A November 2015 study showed that the portion of solar installations in California that are in low-income and medium-income zip codes has been steadily growing.<sup>1</sup> This is exactly the trend that one would hope to see, and the state should help ensure that it continues. The biggest factor is the reduced price of solar. For prices to continue dropping, the tariff structure must continue to be simple and the permitting and interconnection process must continue to be streamlined. It is essential for state incentive programs to provide solar to low-income residents and disadvantaged communities that are not experiencing sufficient opportunities in the open market, and it is equally important to nurture the trend in the open market toward the availability of solar to customers in diverse economic situations.

**1. Recommendation #3 should explicitly reference expanding opportunities for low-income and disadvantaged communities for both solar PV and solar thermal.**

While two important existing programs, MASH and SASH, are referenced in Recommendation #3, it is important to include the CSI-Thermal program in that list, to highlight solar can not only generate electricity, but can also be used to reduce energy use on-site. Solar thermal is a proven technology to significantly reduce natural gas, electricity and propane use for heating and cooling water and air in homes, businesses, and industrial applications. The CSI-Thermal program has been successfully providing opportunities for low-income individuals in multi-unit housing to utilize solar thermal to reduce their natural gas bills across the state. Demand for solar thermal in low-income multifamily housing buildings is high, accounting for nearly half of the applications in 2015. In fact, as was noted in the draft report, funding for low-income customers was recently exhausted in December and was replenished through funds dedicated to market rate housing. In their request to transfer additional funds to low-income residents, the CSI Thermal Program Administrators stated, “low-income projects are crucial to maximizing the CSI-Thermal Program’s effectiveness.”<sup>2</sup>

It is important to provide these solar thermal opportunities to disadvantaged communities, and CALSEIA worked with Assemblymember Jacqui Irwin on AB 2460, a bill to extend CSI Thermal program funding for five years, and importantly target 50 percent of the authorized funding for solar thermal on low-income housing and buildings in disadvantaged communities. While unfortunately the bill did not pass last session, CALSEIA plans to reintroduce this

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<sup>1</sup> “Whitepaper: Income Distribution of Rooftop Solar Customers,” Kevala Analytics, November 24, 2015, available at <https://www.kevalaanalytics.com/whitepaper-income-distribution-of-rooftop-solar-customers-2/>.

<sup>2</sup> The CSI-Thermal Program Administrators are Pacific Gas and Electric Company (PG&E), Center for Sustainable Energy (CSE), and Southern California Gas Company (SoCalGas). Advice Letter sent to CPUC on Feb 26, 2016.

legislation again next year to continue to push this important policy.

## **2. Active CPUC efforts can help expand access to solar for low-income and disadvantaged communities**

The draft report and recommendations highlight several important barriers that are being addressed with active efforts at the CPUC, namely implementing AB 693 and in addressing alternative NEM tariffs for disadvantaged communities. The first, AB 693, arose when Assemblymember Susan Eggman convened stakeholders and operators of regulated affordable multifamily housing to figure out how to break through two barriers that were also raised in this report. One is the “split incentives” problem that hinders the ability of renters to take advantage of on-site energy solutions because landlords are not motivated to pay for solar systems that reduce bills paid by tenants. The other is the fact that the subsidized California Alternative Rates for Energy (CARE rates) available to low-income customers make it difficult for qualifying customers to use NEM bill credits to justify investments in solar.

CALSEIA cosponsored the bill with the California Environmental Justice Alliance, and Everyday Energy, which specializes in solar for multifamily housing, gave extensive input on bill provisions. After exploring structures for customer charges that would pay for the solar systems while producing net savings for CARE customers, the bill author instead proposed using Cap-and-Trade funds to pay for solar systems on multifamily housing properties for low-income or disadvantaged communities. Tenants would receive virtual net energy metering (VNEM) credits for electricity produced by the systems at no cost to the customers. In fact, AB 693 requires that a net economic benefit would be delivered to the tenant through this program. Although it does not directly interact with the CARE program, investments made by AB 693 would reduce the cost of the CARE program since on-site solar means low-income customers would use less electricity from the grid, and therefore the amount of the CARE subsidy would be reduced. Since solar is expected to last for 25 years or more, the upfront investment in solar would have ongoing benefits for the CARE program.

Aspects of barriers and opportunities addressed in AB 693 are reflected in the draft recommendations, and it is important to note that the CPUC is currently establishing how AB 693 will be implemented, as well as addressing how the NEM successor tariff will include “specific alternatives designed for growth among residential customers in disadvantaged communities” per the language of AB 327.<sup>3</sup> As noted in Recommendations #1c and #7d, the latter effort is a venue to explore the role of neighborhood solar for communities and the potential expansion of virtual net metering as a means to expand solar opportunities for low-

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<sup>3</sup> AB 327 (Perea, 2013), Electricity: natural gas: rates: net energy metering: California Renewables Portfolio Standard Program, available at [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201320140AB327](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201320140AB327)

income and disadvantaged communities. CALSEIA recommends the Energy Commission emphasize the importance of these two existing efforts to immediately address some of the barriers and opportunities highlighted in this report and recommendations.

### **3. Promote and utilize existing consumer protection measures**

The recommendations highlight the importance of consumer protection, in particular for low-income individuals. CALSEIA agrees that consumer protection is at the core of providing solar to potential customers, and has long-championed multiple measures to address this issue. First, CALSEIA members adhere to a code of ethics of advertising, selling, and installing solar. Second, CALSEIA offers a hotline for consumers to have CALSEIA investigate complaints through the website at <http://calseia.org/contractor-investigation>, email at [info@calseia.org](mailto:info@calseia.org), or calling 916-228-4567. CALSEIA's complaint investigation is an open process, and any investigation will be with the full knowledge of all parties involved. In addition, consumers can also utilize the Contractor State License Board, which is an excellent resource for investigating both licensed and unlicensed contractors in California. Their website is <http://www.cslb.ca.gov>. Third, CALSEIA is developing a Consumer Guide to Solar Power which will empower consumers with information, the right questions, and contacts for ensuring they make the decision that is best for them when considering installing solar on their home or business. Fourth, CALSEIA is working to make disclosure forms for solar transactions standard throughout the industry to ensure consumers have clear information when making a decision to go solar. This includes a solar lease disclosure form and a solar power purchase agreement (PPA) disclosure form developed by the Solar Energy Industries Association (SEIA). SEIA's disclosure forms are available at [www.seia.org/research-resources/solar-transaction-disclosure-forms](http://www.seia.org/research-resources/solar-transaction-disclosure-forms). Finally, it is important to note that the CPUC has recently convened discussions on this topic, including a workshop on October 20, 2016, where CALSEIA was invited to present. The CPUC will be developing a solar information packet for consumers per CPUC Decision 16-01-044. CALSEIA encourages the promotion and utilization of these consumer protection measures, and recommends strongly against duplicating these efforts.

### **4. Convene a workforce development workshop**

Several recommendations address workforce development for low-income and disadvantaged communities, which is a critical effort in expanding access to solar and ensuring that these communities enjoy the benefits of solar development in their community. Existing programs have helped provide opportunities for individuals to gain experience with solar installations, but it is important that they gain transferrable skills, and that programs have reporting mechanisms that clearly show the type of work performed in the training program.

The state should explore options for giving priority to training and hiring individuals meeting the

criteria of Public Utilities Code Section 2870 (a)(3), which would provide additional opportunities and economic development in disadvantaged communities and people with low incomes. This is similar to the Housing and Urban Development (HUD) Section 3 program, which gives priority for training and employment opportunities to persons in public and assisted housing, persons in the area where HUD financial assistance is expended, participants in HUD Youthbuild programs, and homeless persons.<sup>4</sup> This is precedent for those who receive incentives to also prioritize providing opportunities for individuals in those communities receiving funds.

In order to help connect these individuals with job opportunities from solar installation companies, the state should consider developing and supporting a job board managed by a third party that could be used for all clean energy programs with job training elements. If a willing partner is found, this could be expanded to a staffing agency that would work with community colleges and other training programs across the state and help connect them with solar providers. In addition, since the staffing agency will have developed a relationship with the trainee and will be tracking their progress throughout the program, the agency can help ensure proper skills transfer to the trainee that can be taken to future jobs, and can track where they end up after each training experience. There are many details that would need to be discussed and developed in undertaking such an effort, and CALSEIA recommends that the state convene a workshop to explore the concept.

The Energy Commission should use caution in considering hiring requirements. Requirements within incentive programs such as MASH and MAHSR can be positive as long as they are practical and consistent with program goals. Solar installations outside of such programs, however, should be considered similar to HVAC work or other contracting work. Contractor licensing and existing labor laws are established modes of regulation. New labor requirements specific to solar and not applicable to other building trades, for example, would likely not be appropriate.

Thank you and your colleagues for the opportunity to submit these comments.

Respectfully,



Kelly Knutsen  
Policy Advisor

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<sup>4</sup> See [portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/section3/section3brochure](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3brochure)