

## DOCKETED

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**SolarCity Comments - Revised Staff Draft SB 350 Low Income Barriers Study**

*Additional submitted attachment is included below.*



December 8, 2016

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

RE: Low-Income Barriers Study, Part A: Overcoming Barriers to Energy Efficiency and Renewables for Low-Income Customers and Small Business Contracting Opportunities in Disadvantaged Communities

Dear Commissioners,

SolarCity respectfully submits the following comments on the above revised staff draft study (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. We commend the California Energy Commission (CEC) and CEC staff for its comprehensive examination of the barriers to increased adoption of clean energy solutions.

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 currently has over 4,000 California employees based at more than 40 facilities around the state and had installed solar energy systems for over 300,000 customers nationwide as of September 30, 2016.

### **General Comments**

SolarCity is pleased to see that the revised staff draft study on the SB 350 Barriers incorporates some of the feedback from our previous comments.<sup>1</sup> As highlighted in SolarCity's previous comments, we strongly support the recommendations and next steps in the revised Study as we believe these are critical for continuing to overcome barriers to access to renewable energy and energy efficiency for low-income communities in the near term.

In particular, we believe the following recommendations, if properly implemented, will have a significant impact and build off of existing successful low-income clean energy programs in California:

- ***Recommendation 1b Pilot Programs for Entire Neighborhoods*** – We agree that pilot programs for entire neighborhoods will be important moving forward. The California Public Utilities Commission (CPUC) in its implementation of Assembly Bill (AB) 327 will have the opportunity to evaluate neighborhood proposals. For example, CPUC staff recommended a “Neighborhood Virtual Net Metering (VNEM)” program that could be more accessible to low-income customers than existing community solar programs.<sup>2</sup> SEIA and VoteSolar also submitted a proposal in December 2015 that would expand VNEM to disadvantaged

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<sup>1</sup> SolarCity Comments, Sept. 29, 2016. Available at [http://docketpublic.energy.ca.gov/PublicDocuments/16-OIR-02/TN213852\\_20160929T160040\\_Damon\\_Franz\\_Comments\\_SolarCity\\_Comments\\_Draft\\_SB\\_350\\_Barriers.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/16-OIR-02/TN213852_20160929T160040_Damon_Franz_Comments_SolarCity_Comments_Draft_SB_350_Barriers.pdf)

<sup>2</sup> “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.

communities.<sup>3</sup> As the CEC moves to implementing the recommendations in this report, this will be a near term opportunity to address this issue and drive collaboration with the CPUC.

- **Recommendation 1h Establish Common Definitions of Non-energy Benefits** - We support the inclusion of non-energy benefits in cost-effectiveness analysis, as it is ripe for on-going discussion around the evaluation of distributed energy resources (DER), particularly in the context of low-income customers and disadvantaged communities.
- **Recommendation 2 Enable Economic Advantages of Community Solar** – We agree that community solar provides an opportunity for enabling access to solar for low-income customers and disadvantaged communities. While we are pleased to see the revised Study incorporate more of a focus on evaluating how renewable energy, such as community solar, can benefit an entire disadvantaged community versus a homeowner/renter, in the future, we ask that the CEC investigate community solar opportunities and barriers for schools, churches and small business, which are integral to healthy and vibrant low-income communities.
- **Recommendation 4c and 7 Credit Enhancement Mechanism** – SolarCity supports credit enhancement mechanisms as near term opportunities to increase financing options for renewable energy and energy efficiency projects for low-income customers. As we previously noted, by addressing investors’ risk aversion and reaching a wider range of customers, the industry can generate the data necessary to validate the viability of customer segments with lower FICO scores. This will, in turn, initiate a positive feedback loop that results in a much larger and more self-sufficient clean energy market in California. With respect to FICO scores and income, the Study, quoting an earlier report, states that “lease financing and PPAs, which avoid the upfront costs, are generally unavailable to low-income customers who often have an inadequate credit history to be able to enter into a solar lease agreement.”<sup>4</sup> We would note that while credit history is one factor in the determination of FICO scores, income is not<sup>5</sup> so we caution the CEC from correlating income and FICO scores. Regardless, we agree that credit enhancement mechanisms can be effective tools for motivating tax equity and debt investors to lower financing rates and support solar customers in under-served markets.
- **Recommendation 6 Expand Access to Photovoltaics** – SolarCity strongly supports this recommendation, particularly the direction to publically owned utilities (POUs) to develop solar programs for low-income and disadvantaged communities. We also agree that net metering (NEM), and in particular Virtual Net Metering (VNEM), has provided critical foundational support for the Multifamily Solar Affordable Housing (MASH) and Single Family Affordable Solar Homes (SASH) programs. The timely implementation of the Multifamily Affordable Housing Solar Roof (MASHR) program will be essential to continuing the momentum created by MASH, which is currently fully subscribed, and from which to create future opportunities to scale the program more broadly. At the same time, the CEC should be aware that many POUs have reached or are about to reach their statutory 5% NEM caps and some have adopted successor tariffs that ignore or undervalue the benefits of clean, local generation. Without a healthy and robust NEM program (including VNEM), it is difficult to conceive how SASH or MASH-like programs can succeed in POU territories. Accordingly, we ask that the final Study recognize and discuss this state of affairs in the “Rate Setting and Regulatory Challenges” section.

Finally, in the “Addressing Split Incentives” section of the Study, we respectfully request that the report reflect the fact that many privatized military housing owners have, in fact, addressed the split incentive

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<sup>3</sup> VoteSolar Comments, June 3, 2016. Available at [http://docketpublic.energy.ca.gov/PublicDocuments/16-OIR-02/TN211719\\_20160603T141627\\_Susannah\\_Churchill\\_Comments\\_CPUC\\_Proceeding\\_Addresses\\_Solar\\_for.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/16-OIR-02/TN211719_20160603T141627_Susannah_Churchill_Comments_CPUC_Proceeding_Addresses_Solar_for.pdf)

<sup>4</sup> “Expanding Solar Generation in Baltimore’s Low-Income Neighborhoods, Lease financing and PPAs,” Sanders and Milford (2014).

<sup>5</sup> See, for instance, <http://www.myfico.com/credit-education/whats-in-your-credit-score/>.



problem. SolarCity has partnered with these owners to install solar systems on over 8,000 privatized military family homes (on- and off-military bases) throughout the state and we plan to install systems on over 10,000 more homes in 2017. These contractors have recognized that rooftop solar can lower electricity costs and have agreed to reinvest these savings into the housing communities in the form of, for example, additional or enhanced housing facilities or renovations, or additional property management services that would not otherwise occur.

### **Conclusion**

SolarCity thanks the CEC for the opportunity to comment on the revised staff SB 350 Barriers Study. In order to increase economic development in the state and create a path for meeting California's clean energy goals, providing greater access to energy efficiency and renewable energy for low-income and disadvantaged communities is critical.

We look forward to participating in the implementation workshops in 2017 and continuing to engage with the CEC as the recommendations further evolve over time.

Respectfully submitted,

Damon Franz  
Director, Policy and Electricity Markets  
SolarCity