

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 06-NSHP-01
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DOCKET	
06-NSHP-1	
DATE	NOV 09 2011
RECD.	NOV 10 2011

Re: Comments on Notice to Consider Establishing a Waiting List for the New Solar Homes Partnership
(Docket Number 06-NSHP-01]

Dear Staff,

SunPower Corporation appreciates the opportunity to provide comments regarding the CEC's proposal to create an NSHP waiting list. It is our understanding that a waiting list is being contemplated because the NSHP program experienced an unexpected surge in applications prior to the most recent planned rebate reduction. The implication of this unfortunate outcome on builder participants creates an extremely delicate and sensitive situation. While there may not be any immediate actions that can be taken to replenish the budget to resolve the situation, there are several issues and actions that must be considered through this process to ensure fair treatment of program participants. It is important to point out that there was absolutely no warning that the current situation was even a possibility, so the surprise nature of this information creates additional challenges and burden for program stakeholders.

NSHP Funding and Budget. It is our understanding that NSHP program funds have been redirected this year, as well as in previous years, to other programs. What provisions have been made to repay these funds? What is the CEC doing to act on the obligations of repayment? Clearly, the sole reason the NSHP finds itself in this position is a direct result of not having the funds the program was entitled to. Of course this is particularly concerning since the program has hit a funding wall just at the time when the new homes market is beginning to adopt solar at unprecedented rates.

Applications Submitted Prior to NSHP Notice Regarding Waiting List. The CEC must acknowledge that it takes a substantial amount of time, measured in weeks and months, to get an application approved. As a result, program participants will most often start a project without having a fully approved application. In some cases, NSHP applications are difficult to compile due to the complexity and non standard nature of the project and application. The current policy of moving incomplete applications to the bottom of the waiting list is not an acceptable approach – especially considering how long it takes to get projects through the NSHP application process. Program participants must be able to resolve application review questions and information requests without losing their place in the application queue. We emphasize this particularly for projects that are non standard (e.g., multifamily, common, etc.) where the guidebook does not give precise guidance on the application requirements.

Changes to Previously Approved Applications. Requiring any design or equipment changes to existing, reserved NSHP applications to be processed as a new reservation application and placed on the waiting list is likely to affect a great majority of the existing reservations. During the life of a reservation period (3 or 4 years), a project may undergo multiple design changes for different reasons. Additionally, per NSHP application requirements, only one system size is allowed to be reserved per site in a subdivision. Many solar home subdivisions today offer multiple system size options within a standard subdivision. Flexibility for PV system changes with the program are vital for solar home sales and continued program participation. We respectfully recommend that all existing approved reservations remain under the governance of the applicable NSHP Guidebook that was in effect at the time of approval, and are allowed to continue with the ability to change a system size or equipment model without hindering the ability to collect a rebate accordingly.

Previously Encumbered Funds. Over the past several years there have been many changes in the homebuilding industry. Builders have gone out of business, tracts of lots have been sold and resold, participants have been forced to make changes to their solar programs, and solar offerings have changed and evolved. Immediate action should be taken to review all existing reserved applications to ensure that funds are not encumbered for projects and lots that have no chance of resulting in a paid claim. The NSHP staff should work proactively with the builders and installers to rapidly address this situation as the results of these efforts are highly likely to solve near-term funding issues for the recent application rush without the need to create a “waiting list”.

- To the point above, over the course of the past several years, builders have been forced to change solar programs for a multitude of reasons. In some cases, builders began offering solar as a standard feature, but due to poor economic conditions were forced to change from standard to optional solar offerings. Changing the NSHP application from standard to optional created a number of challenges and issues for both the builder and the installers. The NSHP is suggesting that funds must be repaid when less than 50% of the lots in a standard application result in solar installations. We agree that optional solar should only get the optional solar rebate, but to suggest that a builder who first began offering solar as a standard, then switched to options, would be required to repay the rebate difference for all lots is not a fair approach and does not recognize the immense financial pressure the homebuilding industry has been under in recent years. In the process of identifying lots that should be unencumbered, this issue should be carefully examined to ensure a fair outcome to program participants.

Timing of Waiting List Decision. As noted above, the application approval process is a long and arduous process. Once a builder decides to use solar, the decision is made and integrated into the homebuilding process. A builder’s project plan and construction schedule is a fundamental component of the builder’s business plan, which can’t be adversely impacted by the time it takes to get an approved application. As a result, builders are almost always forced to move forward with solar in their projects before a firm commitment has been made by NSHP. It is important to note that if the builder were unwilling to make

this decision (take the risk), the NSHP program would have virtually no participation by large homebuilders. With respect to this issue, we make the following two points:

- It is imperative that the NSHP immediately inform applicants of where they stand in the reservation process. Builders are planning and installing solar in projects right now only because of the NSHP rebates. There was no prior warning of a funding shortfall, so there was no perceived risk associated with getting an approved NSHP application. Keep in mind, we are already two months past the date of the planned rebate drop, which is when all the applications were received, and participants are only being told now that this is an issue. The NSHP staff and PA's should commit to providing an initial assessment within 3-5 days following the hearing.
- Presuming that projects are placed on a waitlist, the CEC must consider ways to help participants overcome challenges associated with the funding deficit. We strongly recommend allowing participants the ability to reduce lot counts in approved communities, and apply them to lot counts in unapproved/waitlisted communities. For example, suppose a builder supplied 10 applications for 500 homes, yet only 5 applications for 250 lots were approved. The builder should be given the ability to spread the 250 approved lot reservations across the 10 projects so as not to negatively impact more recently planned solar projects. Of course all other program rules would remain in place. This adjustment simply allows participants the ability to distribute program funding to communities that would otherwise be at risk to funding uncertainty.

Thank you again for the opportunity to provide these comments.

Sincerely,



Matt Brost
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SunPower Corporation