

December 19, 2012

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 06-NSHP-01  
1516 Ninth Street  
Sacramento, CA 95814-5512  
docket@energy.state.ca.us



Re: Comments on **Staff Workshop on Solar on New Residential Construction** [Docket Number 06-NSHP-1]

Dear Staff,

Thank you for conducting the important workshop on December 5, 2012 to receive stakeholder and public input regarding key NSHP program topics. SunPower greatly appreciates the Commission's efforts to streamline NSHP program procedures and its willingness to explore avenues to increase program participation. Accordingly, SunPower respectfully submits the following comments as follow up to the latest workshop.

### **Establish Regular Stakeholder Focus Groups and Working Sessions**

Over the last year, the program has seen many changes to the NSHP Guidebook, incentive levels and administrative procedures. While the Guidebook continues to improve in clarity and expand in details, there have been many procedure changes which create confusion among the applicants and Program Administrators (PA). Within the multiple versions of Guidebooks, some changes are established as retroactive and some standards can be "grandfathered" in from prior Guidebook versions. It can be challenging to manage and understand the varying Guidebook protocols per project.

NSHP program participants would benefit immensely from regular workshops and NSHP staff group discussions; not only when a new Guidebook is introduced. It is often the case that certain questions and concerns have yet to be discovered when a new Guidebook is released. It often takes an applicant time working through new projects and different scenarios before they discover that they need Guidebook clarification and working session support.

A further benefit to providing this type of forum would be the ability for stakeholders to verbally discuss written comments submitted to the docket and how the comments were reviewed by CEC staff and ultimately addressed and/or implemented. Stakeholders would gain a better understanding of how the CEC reviewed and discussed specific topics, and how program change decisions came to be. This type of transparency would help align the broader program participant group in understanding program requirements and philosophies.

### **Reservation Flexibility for Builders**

NSHP reservations are granted for a 36-month period, intended to allow builders to build large communities over a reasonable amount of time. NSHP incentives are a key contributor to the adoption of solar sales in these communities. Without the NSHP incentives, it is more difficult for the buyer to afford to purchase the solar. Over the last few years, the new construction housing market has been very volatile with builders experiencing highs and lows in production and sales. With the housing market now rebounding, many builders are seeing a pickup in sales and construction pace. Many of these builders currently hold NSHP reservations for large subdivisions in which solar sales have ebbed and flowed. Builders need the ability to drive their sales in multiple directions, wherever they are experiencing the best markets at any given time.

Builders with Solar as Standard community reservations should have the ability to request adjustments to an existing reservation, based on current market conditions, by moving the NSHP reservation from one community to another community where solar may be selling more successfully. Currently, builders must apply for a new reservation as new communities start installing solar. However, the same builder may have multiple existing reservations at different communities where solar may be selling at a much slower pace.

Creating this ability for builders to utilize all existing reservations, rather than having batches of reservations lie dormant until expiration, would provide the CEC greater visibility into the probability of reservation fulfillment. This could greatly benefit the NSHP Funding review processes and could provide CEC with further confidence of reservation fulfillment.

## **PV Verification Documentation**

SunPower strongly supports the program requirement for New Solar Homes to achieve the minimum 15% above code standard energy efficiency levels. We appreciate the ability to participate in a program which is so supportive of driving energy efficiency and renewable energy as a parallel force of sustainability.

Since NSHP program inception, the HERS verification requirements for eligibility have remained the same. Energy Efficiency and PV Performance Verifications must be completed by a qualified HERS Rater and the applicant must produce documentation of the completed HERS verifications which must also be registered into an NSHP-qualified HERS Registry Database.

Unfortunately, the HERS standards and processes have changed many times over this same period. There have been Building and Energy Code updates, energy software changes, and HERS Registry format changes, to name just a few. The NSHP Guidebook should also evolve with the changing Title 24 and HERS processes.

Four years ago, HERS raters had considerable control of the projects and the data in the HERS Registry and had the ability to manage and produce all required documentation in a more efficient way. Since this time, HERS raters have lost various areas of project management in the HERS Registry and have become reliant on multiple other parties in order to complete their testing documentation.

There is a significant need for improvement in how the HERS rater produces the final required documentation in the HERS Registry Database. The current HERS Registry format has evolved into a very complex process, with several different parties responsible to participate at specific steps in the process in order to get to the final stage of complete HERS registration and documentation production. There are approximately 7 different parties required to complete a task throughout the processing of a single home. As an example:

Project A – Timeline in order to produce 1 CF4RPV in CalCERTS:

1. Energy Consultant – Create project and Upload above code CF1R Plans
2. Builder – Acknowledge approval of plans in CalCERTS
3. HERS Rater – Create Lot record and home details in project
4. Utility CAHP Admin – Upon CAHP approval, convert the existing CF1R Plan into Multi Plan format and upload “CAHP” CF1R
5. NSHP Admin – Upload “NSHP” CF1R, Upload CF1RPV
6. Equipment Installers – Input CF6R for HVAC, etc
7. HERS Rater – Enter CF4R test results
8. Solar Installer – Input CF6RPV for Solar install
9. HERS Rater – Enter CF4RPV test results

None of the above steps can happen out of sequence because each step is dependent on the completion of the prior step. There is very limited flexibility available in the current HERS Registry with this required order of operations. As you can see, the production of the CF4RPV can only be completed at the very last step in the process, being prohibited by all the preceding energy efficiency verification steps. Since the CF4RPV is needed only for the NSHP incentive claim, there can be very limited motivation by the other parties to complete their task in a timely manner. SunPower expends significant amounts of time and energy proactively “pushing” all of the preceding steps and parties through the process. It is a difficult process to navigate for many of the involved parties.

Getting to the finish line with the HERS documentation paperwork is the biggest challenge SunPower encounters, which we estimate costs us between \$200 and \$500 per claim. The issues are strictly administrative. Builders are building their homes to the energy efficiency levels as designed and HERS raters are completing their field testing as required, but getting that verification data into the current HERS Registry is incredibly challenging.

SunPower makes the following specific requests with regards to this issue:

1. Allow the PV verification tasks to be completed in the HERS Registry without any contingency on the EE verification tasks. Note that we are not recommending the removal of EE verification requirements in order to submit payment claim. We would simply like the administrative ability to complete the PV tasks in a timely manner - concurrently with the EE tasks.
2. SunPower requests that the CEC review and improve the current HERS Provider templates with the aim of reducing the number of contingencies and complexities in order to increase efficiency and effectiveness.
3. Whenever a change is made to a HERS Provider template or process, the HERS Provider should be required to conduct a workshop involving all affected parties which participate in the registry.

Finally, we request the CEC's support in solving problems with any HERS related hurdles and simplifying the process of fulfilling the HERS requirement in order to participate in the NSHP program.

### **Third Party Finance**

SunPower feels that NSHP should not allow NSHP rebates to "fund" pre-paid leases. Allowing the rebate to serve as the pre-payment for a third-party lease does not support market transformation. In many cases, there is no cost to the builder or the homebuyer, which results in free solar at the cost of ratepayers. Moreover, since the builder has no financial commitment in this model, they have little motivation to identify ways to drive down the cost of delivering solar in newly built homes. Moreover, these programs are often optional and not installed during the construction of the home but rather after construction is complete.

NSHP should only be funding solar installations that are made during the construction of the home, not systems that fall within a 180-day window following construction completion. We believe the 180-day window is too long and should be significantly reduced. This window provides another opportunity for builders to provide customers with post-close offerings, thereby avoiding the integration of solar installations at the time of construction.

If leases are to be supported, the Commission should consider providing builders with higher incentives if they choose to include solar in the cost of their homes and lower incentives if they plan to offer a lease or PPA program. Third-party lease offerings have the ability to monetize both the rebate and tax credit to lower the system cost together. Builders that include systems in the home expect the buyer to purchase the system with their home using mortgage finance. In this case, the financial incentives are split between two separate parties, the builder (rebate) and the buyer (tax credit).

The Commission should also consider whether pre-paid and monthly leases in new home construction will be sustainable after federal tax credits and rebates are exhausted. NSHP should be investing incentive dollars in programs that provide the greatest assistance in sustaining the market once these programs are expired.

## Program Administration

The following recommendations are intended to streamline administrative processes:

*Promote consistency between varying PA processing procedures, submission review turnaround times, correspondence turnaround times, and submittal format requirements.*

We often encounter inconsistencies between the IOU PA's and how they process our submittals. There can also be inconsistencies in what is accepted and what is rejected. These inconsistencies limit our ability to understand the true requirements of participation, and create an inability to predict whether our submittal will be accepted or rejected prior to submittal.

*Simplify current Incentive Calculation procedure when a tiered incentive is applicable.*

The current procedure is administratively burdensome with the requirement to complete a manual spreadsheet and the potential of re-doing calculations multiple times for the same site. We request that the Commission consider the development of a simpler process to calculate a tiered rebate amount, specifically using the webtool as a format for effective calculations.

*Allow the applicant a reasonable correction period for all reservation and claim submittals.*

Currently, the Guidebook states that the PA is not required to provide the applicant with a correction period when reviewing a reservation or claim submittal. With this, we find that some submittals are granted a correction period and some are not. There does not seem to be a pattern or a formula as to why a PA may decide to allow for a correction (or not allow for correction) in any case, which does not provide fairness across all applications/applicants.

We request that the Commission consider amending the Guidebook to include a reasonable correction period for all complete reservation and claim submittals. [Note that what constitutes a complete application needs greater clarity, down to the format completeness, so there is no risk of misinterpretation across PA's.] Recently, we have encountered submittal rejections for items such as document formatting or typos. These errors were not made with intent to deceive or because of incorrect knowledge of program requirements. Occasionally there can be human errors or miscommunications, which should be given the chance to be corrected or further explained prior to rejection.

## Webtool

Webtool updates are vital to streamline administration. SunPower recommends the following webtool updates:

Provide Overall Project Information visible from Project Level, in a simple table format (applicable mainly to subdivision applications):

- Total Reserved Sites
- Total Paid/Unpaid Sites
- Total Reserved \$\$
- Total Paid \$\$
- Remaining Reservation \$\$
- Reservation Expiration date

- Where the project stands on waitlist if applicable

Ability to see a working log of all activity per project/site:

- Project & Site Creation Date
- Form Uploading Dates
- Project Submission Date
- IOU Acknowledge Receipt of Project/Site Application
- IOU Application Review Date
- Application Approval Date
- Claim Submission Dates
- IOU Claim Review Date
- Payment Data – Payment Date, Check Number

Other general recommendations to improve functionality:

- Better calculate and illustrate final incentive calculation, when tiered level calculation is required
- **Requirement** to upload CF1RPV's and .her files to the webtool for registry upload, to eliminate confusion where multiple project CF1RPV's exist, and eliminate email transmittals.
- Correspondence regarding each project/site to be initiated from the webtool and therefore recorded in the webtool. Currently, all correspondence is done via emails which may or may not be categorized/organized for easy retrieval.

Once again, SunPower greatly appreciates the support and openness that the Commission has extended to promote and facilitate NSHP program success.

If you should have any questions or need further clarification of any items in this letter, please do not hesitate to contact me at 916-783-5300.

Sincerely,



Merideth Griffith  
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SunPower Corporation