California Building Industry Association

1215 K Street, Suite 1200 • Sacramento, CA 95814 • (916) 443-7933 • fax (916) 443-1960

California Energy Commission
DOCKETED
06-NSHP-1
TN 72317
OCT. 31 2013

In the matter of:	)	**Docket No. 06-NSHP-1**
	)	
The Design of the New Solar	)	California Energy Commission
Home Partnership Program:	)	Dockets Office, MS-4
Staff Draft of the New Solar	)	1516 Ninth Street
Homes Partnership Guidebook	)	Sacramento, CA 95814-5512

Comments submitted on behalf of:

California Building Industry Association
1215 K Street, Suite 1200
Sacramento, California 95814

Date: October 31, 2013

Introduction:

The California Building Industry Association (CBIA**)** is a statewide trade association representing over 4,000 member-companies involved in residential and light-commercial construction. CBIA member-companies are responsible for over 90% of the new homes built in California each year.

CBIA welcomes the opportunity to provide these comments to the California Energy Commission and we would like to reiterate our continued support for the comments jointly filed on behalf of CBIA, the Solar Energy Industries Association and The Vote Solar Initiative on December 19, 2012. In addition, CBIA strongly supports the comments being submitted by Lennar Corporation, one of the largest builders of new homes in the nation and in the State of California.

The following additional issues and/or concerns are provided in order of significance to CBIA:

1. **Industry strongly supports the new "Code Compliant" incentive level:**

   Background:
   As indicated in our previous filings, CBIA has become increasingly concerned with the rising cost of going "above code" with respect to the energy efficiency standards. Over the past six years, the CEC has required increased "above code" levels of energy efficiency as a prerequisite for participation in the NSHP program. Initially, the NSHP program required levels of energy efficiency which exceeded the minimum state requirements by +15% and +35%. This was in response to the SB 1 statutory mandate for the CEC to encourage "appropriate energy efficiency improvements" in the new homes that would take advantage of incentive funding. The Level II requirement for +35% was later reduced to +30% after the CEC updated the minimum state efficiency standards and concerns were raised over the cost of complying with the +35% level of enhanced energy efficiency.

   In May of 2012, the CEC adopted updated minimum energy efficiency standards that will take effect on a statewide basis January 1, 2014. It is well understood that this update to California' energy efficiency standards incorporates the largest single increase in stringency (+25%) in the 35-year history of these important state standards. Unfortunately, this latest update also results in the largest single increase in compliance cost ever associated with an update of the standards (statewide average increased cost of $2,500/home).

   More importantly, as a result of diminishing returns, the cost of going "above code" after January 1, 2014 is increasing exponentially. While there are still a variety of ways to increase energy efficiency in new homes, the incremental cost of getting that next level of energy efficiency is going up significantly. The following is an overview of projected compliance costs:

   2013 CEC RES: Compliance Costs for Reach I & II

   NOTE: The following compliance cost estimates apply only to Climate Zone 12 (Sacramento Valley). Cost estimates were provided to CBIA by ConSol who has been using various beta versions of the compliance software that the CEC will be certifying in September.

   2010 RES > 2013 RES = $2,510

   With regards to minimum compliance with the 2013 energy efficiency standards, there is an estimated **$2,510** increased cost above that associated with the 2010 energy efficiency standards.

REACH I (2013 RES + 15% increase in stringency) = $4,415
In order to go approximately 15% beyond the 2013 RES, it will cost another $2,205 in addition to the $2,210 it cost to reach minimum compliance. As such, REACH I (+15%) will cost an additional $4,415 above today's 2010 code. ($2,210 + $2,205)

REACH II (2013 RES +30% increase in stringency) = $7,915
In order to go another 15% beyond REACH I, it will cost an additional $3,500. As such, going +30% above the 2013 minimum standards will cost an additional $7,915 above today's 2010 code ($2,210 + $2,205 + $3,500).

This substantial increase in cost, especially that associated with going +30% above code will drive most builders away from using the NSHP at a time when market dynamics are clearly showing signs favoring the increased use of solar. For example, if a builder is putting on a 4Kw PV system, **the additional $8,000 cost associated the +30% energy efficiency component will consume the entire NSHP rebate.**

As California's housing sector continues to improve, the events of the next 2-3 years will play a key role in establishing the placement of solar as a standard feature among production home builders.

Clearly, maintaining the +15% and +30% energy efficiency thresholds for participation will push builders away from the NSHP program at a time when the CEC is seeking to increase acceptance of solar within the building industry. It should also be noted that this concern was reiterated by a broad cross-section of participants at the August 6th Workshop including representatives from utility companies (both IOU and municipal) as well as a host of energy consultants.

"Code Compliant" Incentive Level:
In response, the CEC is proposing to modify the NSHP program rules with the addition of a new "Code Compliant" incentive level wherein a builder would have access to (smaller) levels of incentive funding for use in installing solar on homes which comply with the minimum requirements of the 2013 Residential Building Energy Efficiency Standards (prior to claiming the Standard's solar compliance credit).

Industry strongly supports the addition of the new "Code Compliant" incentive level. As the economy continues to slowly improve, small- and medium-size companies are beginning to move forward with projects. When reentering the housing market, many builders are becoming familiar with the energy efficiency standards that took effect in January of 2010 **and** the newest set of standards that will take effect on January 1, 2014. The combined effect of these two updates is a **+45%** increase in stringency just to meet the minimum level of compliance required as of 1/1/14. Even so, all builders in the State of California will need to become familiar with the design and installation of solar photovoltaic energy systems if industry is expected to meet the goal of zero net energy by 2020.

By establishing the new "Code Compliant" incentive level, the CEC is providing incentive to install solar to an important segment of the industry that might not have otherwise been able to consider the installation of solar on their new product. Once again, CBIA strongly supports this proposed change to the New Solar Home Partnership guidebook provisions.

2. **“Banking” of Solar Power at the Project level vs House-by-House Application**
If we understand the staff proposed change to the NSHP Guidebook, it would appear that the Energy Commission is modifying the program rules in such a way as to have the reserved incentive funding tied to the project instead of the individual solar energy system sites within the project in those projects with multiple solar energy system sites. If this is indeed the case, CBIA strongly supports this Guidebook modification.

At the August 6th Workshop, CEC staff indicated a desire to explore the flexibility of “reservation funding at a project level rather than the sum of site incentives”. CBIA strongly agrees with this concept as it recognizes the day-to-day changes which are so common with large, production-style residential projects. This approach could substantially reduce the time-consuming bureaucracy associated with making changes to the initial NSHP submittal in order to deal with relatively minor design changes in the field, such as the shifting of more solar from one dwelling to another within the same project.

In our review of the proposed amendments to the Guidebook, CBIA was able to identify three places where this change is referenced:

- Page xi (under the summary “What’s New in the Guidebook”)
- Page 10 (Chapter 1, Section F.1.(a)), and
- Page 37 (Under Chapter 3, Section A.1.)

We may have missed a more detailed discussion of this very useful change elsewhere in the guidebook. However, if that is not the case, we would suggest additional language clarifying this change as it will be utilized by those builders who have made the design decision to offer solar as a standard feature on all new homes in the project.

3. **Miscellaneous Comments**:

- In Chapter II, Section G (page 28), the permitted time period between the installation of a solar energy system and the submission of the related reservation application is proposed to be shortened from 24 months to 3 months. This seems to be an overly drastic reduction in allowable time and could be problematic because, even after installation, several steps need to be taken including the gathering of information and documentation prior to the submission of an application. Industry is concerned that three (3) months may not be long enough in some cases. If the CEC feels the time period must be shortened, industry would suggest the CEC consider a less dramatic change (perhaps 6-9 months).

- In Chapter II, Section O (page 33), the 5 year drawback of the rebate (in the event the system is removed) is being extended to 10 years. In addition, rather than a fixed (prorated) decrease in the drawback amount each year, the CEC may request repayment of "**all** or any portion" of the rebate at any time during those 10 years. Industry is unsure if this is the CEC’s intent, however, as currently worded, if the system is removed after 9 years, the CEC could demand repayment of the **entire** rebate. While we are not taking issue with the extension of the period from 5 to 10 years, we think the CEC should maintain a declining (prorated) scale of incentive repayment.

Closing Comments:
Overall, CBIA is very supportive of the many changes being made to the New Solar Home Partnership Guidebook. While we would have preferred a longer period of time to review and discuss the final draft of proposed changes, we are sympathetic to the CEC's need to get this updated document approved and in place by the beginning of the New Year. As such, CBIA plans to attend the Business Meeting for which this revised document is calendared and will be supporting its certification by the Commission.

We would also like to extend our appreciation to the CEC Staff who have been working with industry and the other stakeholders for the past year. It goes without saying that over the past 3 years; the New Solar Home Partnership program has become a huge success and has helped many within the industry to become familiar with the design and installation of residential rooftop solar.