

DOCKETED

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Northern California Division
3721 Douglas Boulevard, Suite 150
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January 20, 2020

California Energy Commission Docket 19-BSTD-08
1516 Ninth Street
Sacramento, CA 95814

RE: Support for Approval of SMUD's Neighborhood SolarShares Program

Dear Commissioners,

K Hovnanian Homes is writing to express our strong support for Sacramento Municipal Utility District (SMUD)'s Neighborhood SolarShares Program and respectfully request that the Commission approve the program at its February Business Meeting. K Hovnanian is a leading homebuilder focused on entry level homes for new buyers and homes for those 55 years and older.

California is in the midst of an unprecedented housing crisis that requires swift action. That's why Governor Newsom called for 3.5 million new housing units to be built by 2025. Reaching that ambitious goal will require that all options for housing construction be available, including a community solar option like SMUD's SolarShares.

The Commission's adoption of a solar mandate for new low-rise residential dwellings represents a significant change to our state building code. Recognizing that in a state the size of California, one size does not fit all, the Commission worked with stakeholders to provide several compliance options. The community solar option included in the Building Standards was a thoughtful and critical addition, particularly in light of the shortage of affordable housing units across the State.

We write to impress upon you how important the community solar option is to prospective homeowners. The significant additional cost of rooftop systems—which can be \$10,000 to \$15,000—can price many prospective homebuyers out of the market, especially those who have lower incomes and/or live in disadvantaged communities. Unlike rooftop systems, SMUD's Neighborhood SolarShares does not add any additional costs to purchasers—it offers them a guaranteed benefit every year. In addition, SMUD is responsible for maintenance and upkeep of the system, which alleviates the risk that new homeowners could be faced with steep, unexpected repair costs that they may not be able to afford.

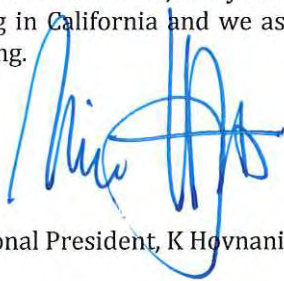
The Commission's community solar option allows us to comply with the renewable energy mandate by using solar energy produced at an off-site facility. This facilitates the efficient and cost-effective construction of housing projects that provide the fastest increase in housing supply, including low-rise multifamily (where there is more than one unit located under the same area of roof), infill projects, and high-density single-family home projects. For those types of homes, it may be impossible to find enough area onsite to install an adequate supply of solar panels. Even where such onsite real estate is available, it often better serves our State's housing needs to use such valuable space for additional dwelling units; importing renewable energy to those units from off-site sources—where land is available and often less expensive—makes for a much more efficient delivery of renewable energy. In the future, if the CEC adopts a renewable component requirement for new high-rise residential and commercial buildings, the community solar option may well be the most practical and low-cost approach to compliance.

We appreciate that SMUD is committed to be a responsible administrator of a community solar program in the Sacramento area. SMUD has engaged with stakeholders and has been responsive to their requests in preparing their amended application. They have made several improvements to their application, each of which our organization supports:

- All resources used for SolarShares will be located in SMUD's service territory.
- SMUD will only use local solar resources that are 20 MW or less with backup from other local portfolio resources.
- The net participant benefit will be doubled to \$40 a year for an average home (from \$5 per kW per year to \$10 per kW per year).
- SMUD will only use resources that come on-line after January 1, 2020 with backup from other local portfolio resources.
- SMUD will work with participating developers/builders so that builders can offer a point of purchase choice option for prospective homebuyers.

K Hovnanian Homes strongly supports SMUD's Neighborhood SolarShares Program. The quality homes of which we have become known, many times are buyers first and last home. We hope to continue providing much needed housing in California and we ask that you approve SMUD's program at the Commission's February Business Meeting.

Sincerely,



Mike Wyatt
California Regional President, K Hovnanian Homes