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Sunrun Comments - Oppose SMUD's revised SolarShares proposal until several major issues are addressed

Additional submitted attachment is included below.



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February 7, 2020

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 19-BSTD-08
1516 Ninth Street
Sacramento, CA 95814

Re: 19-BSTD-08 SMUD Application to Administer a Community Shared Solar System

Sunrun Inc. (Sunrun) is submitting comments to improve the Sacramento Municipal Utility District's (SMUD) Application to Administer a Community Shared Solar System (SolarShares proposal).

About Sunrun

Sunrun (Nasdaq:RUN) is the nation's leading residential solar, storage and energy services company. With a mission to create a planet run by the sun, Sunrun has led the industry since 2007 with its solar-as-a-service model, which provides clean energy to households with little to no upfront cost and at a saving compared to traditional electricity. The company designs, installs, finances, insures, monitors and maintains the systems, while families receive predictable pricing for 20 years or more. The company also offers a home solar battery service, Sunrun Brightbox, that manages household solar energy, storage and utility power with smart inverter technology. For more information, please visit: www.sunrun.com.

Discussion

Sunrun encourages the Energy Commission to oppose SMUD's revised SolarShares proposal until it addresses several major issues that risk undermining the effectiveness of the Commission's Title 24 standards. The proposal should be improved as follows:

1. SMUD customers should have the option to install rooftop solar at any time, even if they originally subscribed to the SolarShares program.

2. The Commission should maintain the intent of Title 24 to standardize clean solar generation on buildings, directly at the point of use. This could be accomplished by making rooftop solar the default option at point of purchase, and by capping the portion of new homes that may be enrolled in SolarShares for purposes of Title 24 compliance.
3. The Commission should further refine the size and location of SolarShares installations so that it is true community solar as commonly understood.

Sunrun appreciates SMUD's work to address significant concerns that were raised by the Commission, the solar industry, developers, and housing and environmental advocates regarding its initial proposal; however, the revised proposal remains flawed and inconsistent with the goal of ensuring new buildings generate their own clean energy. The default for new homes under the Commission's Title 24 standards is that they are built with a solar system installed. If approved, SMUD's revised SolarShares proposal not only threatens to make off-site solar the default option for new home developments, it also effectively prevents those customers from installing solar or solar-paired storage for two decades.

When the Commission adopted the Title 24 changes, in the agency's press release, Commissioner McAllister emphasized that "(u)nder these new standards, *buildings will perform better than ever, at the same time they contribute to a reliable grid.*" McAllister continued, stating that "(t)he buildings that Californians buy and live in *will operate very efficiently while generating their own clean energy.* They will cost less to operate, have healthy indoor air and *provide a platform for 'smart' technologies* that will propel the state even further down the road to a low emissions future" (emphasis added). The Commission's accompanying fact sheet states, "Once rooftop solar electricity generation is factored in, homes built under the 2019 standards will use about 53 percent less energy than those under the 2016 standards. This will reduce greenhouse gas emissions by 700,000 metric tons over three years, equivalent to taking 115,000 fossil fuel cars off the road." In order to achieve these important and attainable benefits, the default option must be for developers to install solar on new homes and the SolarShares program must not impede homeowners from installing solar and battery storage on their homes.

- 1. SolarShares customers must be free to choose on-site solar and battery storage for their home at any time**

Homeowners should have the option to install rooftop solar that ensures continued compliance with Title 24 requirements at any time. SMUD notes that the 2019 Building Standards "require the community-shared solar system provide energy savings benefits dedicated to the building for a period no less than twenty (20) years," and thus contends that it cannot feasibly offer an "opt out" provision, beyond at the point of purchase. However, this is an overly narrow view of the requirements. If a customer adopts rooftop solar, the building will have a new stream of energy savings benefits, often much greater than the \$10 per kW per year that SolarShares offers.

The Commission should utilize its broad authority as the implementing agency of Title 24 to execute the code in a manner that is reasonable and consistent with the intent of the new homes solar requirement. The Energy Commission should direct SMUD to clarify that participation in SolarShares cannot prevent a customer from installing a solar or solar-paired battery and enjoying the same rate treatment as non-SolarShares customers. If the Energy Commission deems it necessary to satisfy Title 24's provision on community-shared solar, SMUD could allow SolarShares customers to install rooftop solar and enroll in a net metering rate schedule, and reduce the financial benefit those customers receive from SolarShares based on consumption that was not offset by their solar generation. This may require SMUD to credit "behind-the-meter" generation first, before SolarShares kWh is credited, and to make changes to its interconnection requirements.

As stakeholders made clear at the November 13, 2019 Energy Commission business meeting, homeowners throughout California are looking for more resilient solutions. To meet this need, they must be able to opt for rooftop solar-paired battery storage, enabling access to backup power during increasingly common extreme weather events and proactive power shutoffs. In the last six months alone, the Sacramento Bee reported that 30,000 SMUD customers lost power for a sustained period. As the climate changes, enabling backup power for customers, and promoting solar paired storage resources that can supply capacity and act as "virtual power plants" in lieu of peaker plants, is of paramount importance.

2. The Commission should clarify that under Title 24, on-site solar is the default choice for builders, and impose a cap on SolarShares compliance

First, under Title 24, Sacramento and all California homebuyers should expect that new homes come with rooftop solar installed, unless the home is covered under a listed exemption. Otherwise, SolarShares compliance could completely undermine the intent of Title 24 to standardize clean solar generation on buildings, directly at the point of use. In its revised application, SMUD says that it "will offer home builders and developers choice" and "commits to assisting participating developers/builders to facilitate offering a point of purchase choice option for prospective homebuyers between compliant rooftop solar and Neighborhood SolarShares participation." Yet at point of purchase for an already-built home, homebuyers lose the significant benefits of installing solar during home construction, including incentives under Title 24 for battery storage, lower costs from streamlined permitting, economies of scale from doing multiple installations in the same area, and no delays in move-in time. Further, under SMUD's proposal, the builder, not the future homeowner, could make the decision on whether the home will be enrolled in SolarShares for the next 20 years, or be built with rooftop solar. Thus, unless the home is covered by an exemption, installing rooftop solar should be the default option.

Second, to meet the intent of Title 24, the Commission should place a reasonable cap on the proportion of housing for which developers may use SolarShares to satisfy Title 24 requirements. This will help ensure Title 24 successfully drives development of the most energy efficient and resilient homes possible through on-site clean energy generation. Ultimately, a reasonable cap ensures that if new housing is suitable for on-site solar installation, on-site solar

becomes the default measure for Title 24 compliance. If at any point SMUD or the Energy Commission determine that the on-site solar is not sufficiently available to serve SMUD's service territory, the CEC retains broad authority to reconsider and adjust such a cap.

3. Make SolarShares true community solar so communities benefit

Finally, SMUD's revised proposal brings SolarShares more in line with the tenets of community solar, but SolarShares still falls far short of a true community solar program. According to the Energy Commission, "community-scale PV systems can range from a few kW to a few MW"¹ and many community solar guides, including Southern Environmental Law Center's, suggest siting community solar near where people live². SolarShares, meanwhile, allows for solar farms up to 20 MW and the resources that supply power to homes that participate in the SolarShares program "will be located in SMUD's service territory." SMUD's service territory is approximately 900 square miles, meaning that there is a very small chance customers who are enrolled in SolarShares will be in the same community as the solar farm. The Energy Commission should ask SMUD to further refine its proposal so that its solar farms meet the principles of true community solar and provides the community with the local benefits, including community resiliency and reliability, envisioned by Title 24.

Conclusion

SMUD's revised proposal would set an unfortunate precedent for the future of the Title 24 policy, and be a step backward for clean energy. Community solar should be an accessible and affordable option for homeowners if rooftop solar is not a good fit, but it should not erode the Title 24 standards. To meet its climate, clean energy and energy resiliency goals, California should remain committed to building zero-carbon homes that have lower load, less burden on the distribution system, and are prepared to endure power outages.

For the reasons stated above, Sunrun encourages the Energy Commission to reject SMUD's latest SolarShares proposal until it addresses the concerns described above. Sunrun appreciates the opportunity to provide these comments.

¹ Frequently Asked Questions, 2019 Building Energy Efficiency Standards, https://ww2.energy.ca.gov/title24/2019standards/documents/Title24_2019_Standards_detailed_faq.pdf

² Southern Environmental Law Center, Solar Initiative Policy Brief, https://www.southernenvironment.org/uploads/publications/CommSolar_Utility_Best_Practices.PDF