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Document Title:	SMUD's 2022 Community Solar Application
Description:	In the 2022 Building Energy Standards, the California Energy Commission (CEC) revised certain requirements in Section 10-115 relating to the administration of Title 24 community solar programs in California. Through this Revised Application, SMUD reaffirms its commitment to satisfying all obligations set forth in Section 10-115 and incorporates updates to its program to conform with the 2022 Building Energy Standards revisions.
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March 3, 2023

Drew Bohan
Executive Director
California Energy Commission
715 P Street
Sacramento, CA 95814

Dear Mr. Bohan:

The Sacramento Municipal Utility District (SMUD) is pleased to submit this Revised Application to continue serving as a Section 10-115 Administrator for SMUD's Neighborhood SolarShares® program pursuant to Section 10-115(c) of the 2022 Building Energy Efficiency Standards (Building Energy Standards).

In the 2022 Building Energy Standards, the California Energy Commission (CEC) revised certain requirements in Section 10-115 relating to the administration of Title 24 community solar programs in California. Through this Revised Application, SMUD reaffirms its commitment to satisfying all obligations set forth in Section 10-115 and incorporates updates to its program to conform with the 2022 Building Energy Standards revisions. A summary of the 2022 revisions to the Title 24 community solar program requirements, along with corresponding elements of and changes to SMUD's program, follow:

Participating Building Energy Savings Benefits: Section 10-115(a)(3)

Revisions to this section clarified obligations concerning participating building energy savings benefits. These revisions did not necessitate any changes to SMUD's program. Participants in SMUD's Neighborhood SolarShares program will continue to receive a net benefit of \$10 per kW per year, as described more fully in section 2.4.3 and Appendix A of SMUD's Revised Application.

Durability: Section 10-115(a)(4)(A)

Revisions to this section restated the obligation to provide energy savings benefits to participating buildings for at least 20 years. These revisions did not necessitate any changes to SMUD's program. Participating buildings in SMUD's Neighborhood SolarShares program are enrolled in the program for 20 years, subject to their ability to



opt out. These program elements are described more fully in section 2.4.4 of SMUD's Revised Application.

Participation: Section 10-115(a)(4)(B)

This new section of the Building Energy Standards requires all participating buildings to remain enrolled for at least 20 years (the "Participation Period"), regardless of who owns or occupies the building, unless the building owner discontinues participation consistent with the new "Opt-Out Requirements." Section 10-115(a)(4)(B) requires Administrators to enforce this participation requirement either through an equitable servitude or through another method approved by the CEC.

SMUD's previously approved Neighborhood SolarShares program ensured participation for the 20-year period by requiring participating builders to include and record appropriate covenants, conditions and restrictions (CC&Rs) in the deed transferring title for each participating building. In this Revised Application, SMUD updates its sample CC&R language (see Appendix D) to align with the Standards' new opt-out provisions. As set forth more fully in section 2.4.4 of SMUD's Revised Application, if a participant satisfies the Opt-Out Requirements and thereafter discontinues participation in the program, the obligation to participate ceases and becomes unenforceable.

These sample CC&Rs will be used for participating buildings subject to the 2022 and later versions of the Building Energy Standards. Regarding participating buildings that enrolled in SMUD's Neighborhood SolarShares program under the 2019 Building Energy Standards, SMUD will allow participants to opt out if those participants satisfy the Opt-Out Requirements as set forth in the 2022 Building Energy Standards.

Compliance Documentation: Section 10-115(a)(4)(C)

This new section requires the Administrator to "maintain record(s) of the compliance documentation that determined the requirements for the on-site solar electric generation system and/or battery storage system to comply with the standards in effect at the time the builder applied for the original building permit, and which establishes participants' obligations to meet the Opt-Out Requirements. The Administrator shall provide a copy of this compliance documentation upon a participating building owner's request, to every new owner of a participating building when the Administrator is notified that title has transferred, and to any participating building owner who requests to Opt-Out."

As set forth more fully in section 2.4.4 of SMUD's Revised Application, SMUD will retain the Title 24 documentation that demonstrates the behind-the-meter solar



required to meet the solar mandate. SMUD will retain a digital copy of the original compliance documentation, or CF1R, for the duration of the Neighborhood SolarShares Participation Period. The retained CF1R will be made available to a contractor or building department upon request by the participating customer of record.

If a participating customer desires to install a behind-the-meter solar generation system and opt out of Neighborhood SolarShares participation, SMUD will refer to the retained CF1R during the interconnection process to confirm the opt-out requirements are satisfied.

Building Opt-Out: Section 10-115(a)(4)(D)

This new section provides participants the ability to opt out if those participants satisfy the Opt-Out Requirements.

SMUD's previously approved Neighborhood SolarShares program did not allow participants to opt out. If a participating building owner elects to opt out of Neighborhood SolarShares, SMUD will require that building owner to install a behind-the-meter photovoltaic (PV) system and satisfy the Opt-Out Requirements. SMUD will only approve opt-out requests when the proposed behind-the-meter PV system has the characteristics needed to meet or exceed the time dependent value (TDV) energy on the retained CF1R. If a participating building owner elects to install an on-site PV system, SMUD may require that building to opt out of the Neighborhood SolarShares program.

Section 2.4.4 of SMUD's Revised Application describes how SMUD's revised program aligns with these new requirements and sets forth the process SMUD will follow to ensure that opt-out requests are processed in compliance with Section 10-115(a)(4)(D).

Additionality: Section 10-115(a)(5)

This revised section sets forth new requirements concerning the resources that serve participating buildings. These revisions did not necessitate any material changes to SMUD's program. The Wildflower generator, a 13 MW solar resource that is located on SMUD's distribution system, was developed to serve the Neighborhood SolarShares program and is anticipated to satisfy program at least through 2025. Consistent with section 10-115(a)(5)(B), under specified circumstances, SMUD may rely on other renewable resources as a bridge or backup as may be needed. SMUD will continue taking reasonable measures to avoid the need for such resources. As set forth in Section 2.4.5, SMUD's Revised Application includes SMUD's commitments to continue to comply with Section 10-115(a)(5).

***Location: Section 10-115(a)(6)***

This new section requires that the community shared solar electric generation system be located on a distribution system of the load serving entity providing service to the participating buildings. These revisions did not necessitate any changes to SMUD's program. Neighborhood SolarShares currently sources its renewable power from the Wildflower generator, which is located on SMUD's distribution system. Any future resources developed to serve the program will be located on SMUD's distribution system. To the extent bridge or backup resources may be needed, such resources will, at minimum, be located in SMUD's service territory. SMUD supplies power to most of Sacramento County, as well as small portions of neighboring Placer and Yolo counties.

Size: Section 10-115(a)(7)

Pursuant to this new section, the community shared solar electric generation system cannot be served by any individual source larger than 20 MW. The addition of this section required no changes to SMUD's program. As noted above, the Wildflower solar resource is 13 MW and is currently generating substantially more electricity than is necessary to meet total Neighborhood SolarShares demand. For the Neighborhood SolarShares program, SMUD will only develop new resources that are 20 MW or less, as may be needed to serve future program demand. SMUD will take reasonable measures to minimize the need for any bridge or backup resources to temporarily serve program demand.

Accountability and Recordkeeping: Section 10-115(a)(8)

Revisions to this section require that each year beginning 12 months after initial approval, the Administrator shall provide to the CEC a report demonstrating the previous year's compliance with each requirement of Section 10-115. Through this Revised Application, SMUD commits to submitting such a report in accordance with Section 10-115(a)(8).

Conclusion

As a community-owned, not-for-profit utility, SMUD takes seriously its role in shaping a future powered by reliable, renewable, diverse and affordable energy resources. In California and the Sacramento region, we face an affordable housing crisis, and Neighborhood SolarShares provides builders and developers the opportunity to access clean solar power in a way that supports the cost-effective development of carbon free resources in the Sacramento region.



SMUD thanks the CEC and staff, as well as our community, for their ongoing support of community solar in the Sacramento region. Innovative programs like Neighborhood SolarShares play a key role helping SMUD achieve the goals set forth in our ambitious 2030 Zero Carbon Plan.

Sincerely,

A handwritten signature in blue ink that reads "Steven G. Lins".

Steven G. Lins
Deputy General Counsel
Director of Government Affairs
Office of the General Counsel



SMUD's Neighborhood SolarShares[®] Program

Revised application

March 3, 2023

Powering forward.
Together.



Table of Contents

1	Introduction	8
2	Program Elements and Administration	10
	2.1 Regulatory Context	10
	2.2 Definitions	10
	2.3 Program Description	11
	2.3.1 Agreement	12
	2.3.2 Pricing	12
	2.3.3 Buydown Option	13
	2.3.4 Sizing	14
	2.3.5 Supply	14
	2.4 Compliance with Section 10-115	15
	2.4.1 Enforcement Agency: Section 10-115(a)(1)	15
	2.4.2 Energy Performance: Section 10-115(a)(2)	16
	2.4.3 Participating Building Energy Savings Benefits: Section 10-115(a)(3)	17
	2.4.4 Durability, Participation, and Building Opt-Out: Section 10-115(a)(4)	18
	2.4.5 Additionality, Location, & Size: Sections 10-115(a)(5)-(7)	23
	2.4.6 Accountability, Recordkeeping, and Reporting: Section 10-115(a)(8)	27
	APPENDIX A: Neighborhood SolarShares Pricing Documentation	29
	APPENDIX B: Neighborhood SolarShares Supply Documentation.....	35
	APPENDIX C: Western Renewable Energy Generation Information System and Center for Resource Solutions Green-e Descriptions	41
	APPENDIX D: Sample Builder Agreement and Participating Building CC&Rs/Deed Restrictive Covenants.....	47

1 Introduction

Since 2019, the California Energy Commission's (CEC or Commission) groundbreaking Building Energy Efficiency Standards for Residential and Nonresidential Buildings (Building Energy Standards) set forth in Title 24, Parts 1 and 6 of the California Code of Regulations have required new low-rise residential buildings in California to be powered by solar energy. New building owners can satisfy this requirement by installing an on-site solar generation system or participating in an off-site community solar project, managed by a Commission-approved Community Solar Administrator. In February 2020, the Commission approved the Sacramento Municipal Utility District's (SMUD) application to serve as the State's first Community Solar Administrator, and SMUD's Neighborhood SolarShares program went live in August of 2020.¹

SMUD's Neighborhood SolarShares program involves signed agreements between SMUD and interested developers/builders committing participating buildings/communities to the program for 20 years (subject to the participant's ability to opt-out), enforceable through community covenants, codes and restrictions (CC&Rs) or other, similar deed-restrictive covenants. Participants see Neighborhood SolarShares Charges and receive Neighborhood SolarShares Credits on their bills and are guaranteed an annual net benefit of \$10 per kW per year. The amount of solar generation allocated to each building matches the Building Energy Standards solar requirement in effect at the time building permit application(s) were submitted for the participating building(s). The program also:

- provides builders, developers and customers with an economical way to satisfy the Building Energy Standards' solar mandate while supporting equitable rates for all of SMUD's customers;
- guarantees savings on participating customers' energy bills for 20 years with no upfront costs or credit arrangements;
- makes purchasing a home in the Sacramento region more affordable;
- allows for optimal panel positioning, increasing solar generation and thus reducing demand during peak hours, when gas-fired plants are tapped to meet SMUD's load;
- puts the burden of maintenance, monitoring, and repairs on SMUD, rather than individual building owners and

¹ See Resolution No. 20-022-11, adopted by the Commission on February 20, 2020, at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=232201&DocumentContentId=64186>

- supports additional renewable generation by ensuring that the associated renewable energy credits (RECs) are retired on behalf of participating customers and reduces greenhouse gas (GHG) emissions in our community.

As a community-owned, not-for-profit utility, SMUD's mission is to enhance the quality of life for all our customers and community through creative energy solutions, including Neighborhood SolarShares. SMUD is pleased to present this Revised Application to continue serving as a Commission-approved Community Solar Administrator.

2 Program Elements and Administration

2.1 Regulatory Context

Section 10-115 of the Building Energy Standards establishes the requirements that must be met for a community shared solar electric generation system to be used by a builder or developer as a compliance alternative to the on-site photovoltaic (PV) system required by Section 140.0(c), 150.1(a)(3), and 170.0(a)(3). In February 2020, the Commission approved SMUD's application to serve as an Administrator of a community shared solar electric generation system pursuant to Section 10-115(b), as then set forth in the 2019 Building Energy Standards. Through this Revised Application, SMUD seeks to continue offering its Neighborhood SolarShares program as a compliance option to single family and low-rise multifamily buildings of three habitable stories or fewer only. SMUD does not presently seek to expand its program to high-rise multifamily buildings (more than three habitable stories) covered by section 170.0(a) or non-residential properties covered by section 140.0(c).

In the 2022 Building Energy Standards, the Commission revised certain requirements in Section 10-115 relating to the administration of Title 24 community solar programs in California.

Pursuant to Section 10-115(b)(3) of the 2022 Building Energy Standards, an Administrator of a previously approved community shared solar electric generation system must submit a revised application to the CEC Executive Director for approval when either a new renewable resource is proposed to be added to the community shared solar electric generation system, or the CEC modifies the requirements of Section 10-115.

This document, SMUD's Revised Application to continue serving as an Administrator of SMUD's "Neighborhood SolarShares®" program, is submitted pursuant to Section 10-115(c)(2) and reflects updates to SMUD's program to ensure consistency with the 2022 Building Energy Standards.

2.2 Definitions

Administrator. "Administrator" or "Program Administrator" means SMUD.

Dedicated Program Resources. "Dedicated program resources" means resources developed specifically to serve the demand of Neighborhood SolarShares participating buildings.

Opt-Out Requirements. "Opt-Out Requirements" means installation and interconnection of an on-site solar electric generation system that meets or exceeds the requirements of the applicable Building Energy Standards section (i.e., Section

150.1(a)(3) or 170.0(a)(3)) in effect at the time the builder applied for the original building permit for the participating building.

Participating building. “Participating building” means a low-rise residential building that is participating in SMUD’s Neighborhood SolarShares program.

Participating builder. “Participating builder” means a builder or developer who signs a legal agreement with SMUD to meet the requirements of the Commission-approved Neighborhood SolarShares program so that buildings or dwelling units built by the builder or developer comply with Section 150.1(a)(3) or Section 170.0(a)(3) of the Building Energy Standards in effect at the time the builder applied for the original building permit for the participating building.

Participating community. “Participating community” means a group of low-rise residential buildings built by a participating builder, which comply with Section 150.1(a)(3) or 170.0(a)(3) of the Building Energy Standards through participation in the Commission-approved Neighborhood SolarShares program.

Participating customer. “Participating customer” means a SMUD customer for energy service that occupies, either as an owner or tenant, a participating building during the Participation Period. Each participating customer is obligated to take service from SMUD under the Commission-approved Neighborhood SolarShares program for the solar generation allocated to the participating building to comply with the Building Energy Standards requirements in effect at the time the builder applied for the original building permit.

Participation Period. “Participation Period” means the period during which a participating building is enrolled in the Neighborhood SolarShares program. The Participation Period is 20 years, unless the participating building satisfies the Opt-Out Requirements and thereafter discontinues participation in the Neighborhood SolarShares program.

Reservation. “Reservation” means SMUD has reserved the capacity in the Neighborhood SolarShares program to serve a newly constructed building.

SolarShares Charge. “SolarShares Charge” means the charge on a participating customer’s monthly SMUD bill for the Neighborhood SolarShares participation.

SolarShares Credit. “SolarShares Credit” means the credit on a participating customer’s SMUD bill for the value associated with the Neighborhood SolarShares generation allocated to their participating building.

2.3 Program Description

SMUD’s Neighborhood SolarShares program is designed to provide participating builders an alternative to installing on-site PV systems in their participating

communities. It helps make solar power an option for residential projects that may not be well-positioned to host on-site solar.

2.3.1 Agreement

A participating builder² in the Neighborhood SolarShares program will sign a legal agreement with SMUD enrolling a group of co-located residential buildings (participating community) in the Neighborhood SolarShares program. This will allow participating buildings in the participating community to comply with the PV requirements set forth in the Building Energy Standards that were in effect at the time the builder first applied for the building permit without the need to install PV systems on the building sites of the participating buildings.³ The agreement will include provisions governing assignment to new builders as the participating community is built out. The term of the agreement will extend from signing until at least 20 years after the last participating building in the participating community first receives electrical service and begins participation in the Neighborhood SolarShares program, subject to the participants' ability to opt out.⁴

The participating buildings will be enrolled in the Neighborhood SolarShares program and will begin participation when the original owner(s) or tenant(s) first occupy and start receiving electric service at the participating building. The participating building and all owners and tenants who occupy and take electrical service (participating customers) over the 20-year Participation Period will be required to participate in the Neighborhood SolarShares program, unless the owner of a participating building satisfies the Opt-Out Requirements and thereafter discontinues participation in Neighborhood SolarShares.⁵

2.3.2 Pricing

Participating customers will pay for the Neighborhood SolarShares generation shares that are allocated to their participating building through a SolarShares Charge on their SMUD bill. The charge will be escalated at a fixed escalation rate over the 20-year

² Note: the terms "builder" and "developer" are intended to cover whomever is making the decision for the subdivision, development, or home(s) to sign the agreement at the time that participation in the Neighborhood SolarShares program is committed.

³ In some cases, an owner or builder of a new home or accessory dwelling unit (ADU) that is not part of a larger community development may choose to enroll in Neighborhood SolarShares to satisfy the PV requirement in the Building Energy Standards. In such cases, SMUD will execute an agreement with the builder or owner, and a deed restrictive covenant containing terms substantially similar to those set forth in Appendix D is recorded against the property on which the new home or ADU is constructed.

⁴ A sample agreement is provided in Appendix D.

⁵ Participating buildings will be bound to the program by recorded covenants, conditions and restrictions (Declaration of CC&Rs) or a deed restrictive covenant recorded against an individual participating building, which will obligate each SMUD customer who occupies the participating building over the 20-year period to take service from SMUD through the Neighborhood SolarShares program for the shares allocated to the participating building, unless the participating building satisfies the Opt-Out Requirements and thereafter discontinues participation in the program.

Participation Period (see Appendix A for details). The participating customer's SMUD bills will also be reduced by the value of SolarShares Credits associated with generation allocated to the participating building. SolarShares Credits will be escalated at the same rate as SolarShares Charges (note that the escalation rate may be zero). SolarShares Charges will be explicitly determined so that participating customers will receive a "base net benefit" from participation of \$10 dollars per kW per year of participation. This is consistent with the requirements set forth in Section 10-115(a)(3) that the participating building's energy bill be greater than the added cost to participate in Neighborhood SolarShares.⁶

Neighborhood SolarShares participant benefits will stay the same regardless of whether rates change and will not be impacted by the potentially steep costs of system repair or maintenance. In addition, SMUD will monitor community solar systems to help prevent outages before they occur and maintain the systems to reduce degradation and optimize output. The participant will continue receiving their guaranteed benefits without being faced with routine and unexpected maintenance, repair, or failure costs that can be associated with rooftop solar systems.

SMUD's Neighborhood SolarShares program is a customer-friendly compliance option that differs from many voluntary green pricing programs in existence today, which typically require paying more than standard rates to participate. Publicly-owned utilities must justify such program benefits as sufficiently cost-based to avoid the risk of violating the terms of Proposition 26.⁷ SMUD believes that the level of improved participant benefit can be justified and that the level and guarantee for 20 years makes the benefit comparable to the range of potential rooftop solar benefits over time.

As a community-owned, not-for-profit utility, SMUD works diligently to ensure that each of its programs, Neighborhood SolarShares included, reflects SMUD's costs of providing services so that no one set of customers subsidizes another. This allows SMUD to keep rates affordable for *all* customers, including those that rent their buildings, live in tree canopied neighborhoods, or cannot otherwise afford to install solar or purchase a new home.

2.3.3 Buydown Option

Neighborhood SolarShares pricing is designed to provide participating customers a net benefit over the 20-year term for the participating building of at least \$10 per kW per year.⁸ A participating builder may buy down the cost of the Neighborhood SolarShares

⁶ Outside of the SolarShares Charges and Credits that guarantee participant net benefit, Neighborhood SolarShares customers are subject to SMUD's Rates, Rules and Regulations as amended by its Board of Directors from time to time.

⁷ Cal. Const., art. XIII C, § 1, subd. (e).

⁸ In some cases, the annual net benefit may slightly exceed \$10 per kW.

generation allocated to the participating building through an up-front origination fee paid to SMUD. If a buydown is provided, SMUD will apply the buy-down amount to reduce the SolarShares Charge⁹

2.3.4 Sizing

Participating builders will provide the Title 24 energy simulations necessary to determine the required minimum PV system size for each residence. SMUD will allocate Neighborhood SolarShares generation shares equal to the TDV energy generation determined by then-current Commission-approved compliance software that would be required if the participating building installed an on-site PV system to comply with the Building Energy Standards in effect at the time the builder applied for the original building permit. SMUD will retain a record of this compliance documentation that determined the requirements for the on-site solar electric generation system needed to achieve the TDV energy generation, consistent with Section 10-115(a)(4)(C).

2.3.5 Supply

SMUD will supply the Neighborhood SolarShares generation from solar resources developed for the program.¹⁰ The program resources, which will provide the Neighborhood SolarShares generation allocated to the participating buildings in the participating community, will be communicated to participating customers. The participating resources in SMUD's Neighborhood SolarShares program will be located on a distribution system within SMUD's service territory. The allocation of Neighborhood SolarShares generation to a participating customer will not change for that participating building over the 20-year period. See Appendix B for supply details.

Any Neighborhood SolarShares generation that is allocated to participating buildings will not be otherwise allocated or used for any other purpose.¹¹ The generation from the dedicated program resources that were newly developed to meet the demand of participating buildings and the generation, if any, from bridge or backup existing resources will be metered, and the metered data will be tracked in the Western

⁹ See Appendix A for a more detailed description of program pricing.

¹⁰ At present, the Wildflower solar generator is the only solar resource developed for the program and is generating substantially more generation than needed to serve total program demand. See Appendix B for more information on Wildflower, a description of bridge and backup resources that may be available to SMUD under specified circumstances, and expected Neighborhood SolarShares demand compared to the supply provided by those resources.

¹¹ The utilization of generation for Neighborhood SolarShares purposes exclusively does not eliminate the retail sales exclusion allowed by SB 350 and California Energy Commission regulations for the RPS program, application to the California Air Resources Board's Voluntary Renewable Energy (VRE) Program to have VRE allowances retired to ensure GHG reductions, and potential similar uses that do not constitute double use of the generation or environmental attributes (e.g., reflecting the generation appropriately on the Power Content Label). None of these examples constitute use of, or a claim on, the RECs; instead, they recognize the retirement of RECs for the benefit of participating customers.

Renewable Energy Generation Information System (WREGIS). The associated bundled RECs from all of resources used to meet Neighborhood SolarShares demand will be properly retired in a dedicated WREGIS subaccount on behalf of participating customers annually. RECs will principally be retired from resources that are constructed after January 1, 2020, and that are 20 MW or less in size.¹² The Neighborhood SolarShares program will also be certified by the Center for Resource Solutions (CRS) and audited annually, as specified by the Green-e program requirements, or certified by an equivalent or stronger verification protocol.¹³

SMUD's Ongoing Commitment to Ensuring Flexibility for Builders and Developers

SMUD's Neighborhood SolarShares program provides an affordable alternative to meeting the Building Energy Standards' on-site solar requirements. Neither the Building Energy Standards nor SMUD's program requires builders or developers to enroll all buildings in a development in the program — that is a choice of the developer. Consistent with SMUD's prior approved application, builders and developers may enroll whole developments, partial developments, or even house-by-house as they are able to and desire to do so and SMUD commits to assisting that choice.

SMUD also agrees to assist participating builders, at the participating builder's request, to facilitate offering a point of purchase choice option for prospective buyers between Title 24 compliant rooftop solar and Neighborhood SolarShares participation.

2.4 Compliance with Section 10-115

The Neighborhood SolarShares program meets the requirements specified in Section 10-115(a)1-6, as explained below.

2.4.1 Enforcement Agency: Section 10-115(a)(1)

Section 10-115(a)(1) requires that the community shared solar electric generation system and/or community shared battery storage system shall be installed and available for enforcement agency site inspection, no later than the point in time the enforcement agency must physically verify compliance of the building, which would otherwise be required to have an on-site solar electric generation and/or battery storage system, and shall not cause delay in the process of enforcement agency review and approval of that building. The enforcement agency shall have jurisdiction and facilitated access to make site inspections. All documentation for the community

¹² Except in rare circumstances in which such resources may not be available, such as forced outages or delays in operation of new, 20-MW or less resources that leave supply from Neighborhood SolarShares dedicated program resources less than program demand, consistent with Section 10-115 (a)(5)(B). SMUD will take reasonable measures to avoid the need of such resources, as further described in Section 2.4.5 and Appendix B.

¹³ See Appendix C for a description of the WREGIS and CRS programs.

solar electric generation system and/or community solar battery storage system that is required to demonstrate compliance for the building shall be completed prior to building permit application.

Upon request from a local enforcement agency, SMUD will provide to that enforcement agency documentation regarding program resources that is necessary to ensure compliance with the Title 24 Building Energy Standards. SMUD will also identify the resource(s) to be used to allocate shares to participating buildings and provide supporting documentation as requested by the enforcement agency.

SMUD will ensure that any program resources dedicated to a participating building are available for inspection no later than when the enforcement agency would otherwise inspect that building for compliance with the Building Energy Standards. Upon request, SMUD will provide information pertaining to the performance characteristics of dedicated program resources to ensure that they meet or exceed the performance characteristics that would be required if the participating building was required to meet the on-site PV requirements of the Building Energy Standards in effect at the time the builder applied for the original building permit, as simulated by Commission-approved compliance software. SMUD will work with local enforcement agencies to schedule inspections of the program resources and supply required documentation as early as the enforcement agency requires, to avoid any delay in the review and approval of participating buildings.

2.4.2 Energy Performance: Section 10-115(a)(2)

Section 10-115(a)(2) requires that the community shared solar electric generation system and/or community shared battery storage system shall be demonstrated to provide the same or better energy performance equal to the partial or total compliance with the energy performance of the on-site solar electric generation and/or battery storage system that would otherwise have been required for the building, computed by compliance software certified for use by the Commission.

When a new generator is added to the Neighborhood SolarShares program resources, SMUD will work with Commission staff to demonstrate to the staff's satisfaction that the Neighborhood SolarShares allocations to participating buildings will equal or exceed the TDV energy simulated by the Title 24 compliance software for the on-site PV system that otherwise would be required if the building did not participate in the Neighborhood SolarShares program. SMUD will work with Commission staff to identify programming changes that will be necessary to enable Title 24 compliance software to model and determine the size of Neighborhood SolarShares allocations needed for each participating building. This will be done in a manner that can be easily grasped by software users and is supported by compliance documentation that effectively communicates to software users and local building officials how compliance will be demonstrated and verified. SMUD will work with the participating builders to help

ensure that they properly perform and provide the Title 24 compliance simulations and documentation necessary to demonstrate compliance. SMUD will then ensure that the Neighborhood SolarShares generation allocated to that participating building equals or exceeds that determined by the compliance software to match the TDV energy generation simulated for the on-site PV system.

SMUD believes the performance of Neighborhood SolarShares resources will generate more TDV energy compared to on-site PV systems. By using dedicated program resources and as necessary, other backup renewable resources, SMUD is able to guarantee solar output, even on cloudy and rainy days, which is not possible for on-site systems.¹⁴ In addition, regular, centralized maintenance of the dedicated program resources will ensure better performance than on-site systems regarding panel cleanliness, and potentially regarding component failure and repair.

SMUD will continuously track annual Neighborhood SolarShares generation from the dedicated program resources and provide, and keep available on an ongoing basis, documentation to demonstrate actual Neighborhood SolarShares generation allocated to participating buildings in participating communities, so that the Commission can verify that simulated energy performance has been achieved.

2.4.3 Participating Building Energy Savings Benefits: Section 10-115(a)(3)

Section 10-115(a)(3) requires that the community shared solar electric generation system and/or community shared battery storage system shall provide energy saving benefits directly to the building. The energy savings benefits allocated to the building shall be in the form of:

- A. actual reductions in the energy consumption of the participating building,
- B. energy reduction credits that will result in virtual reductions in the building's energy consumption that is subject to energy bill payments, or
- C. payments to the building that will have an equivalent effect as energy bill reductions.

The reduction in the building's energy bill resulting from A, B, or C above shall be greater than the added cost to the building resulting from the building's share in the community shared solar and/or battery system.

SMUD will allocate the Neighborhood SolarShares charges and credits to participating customers monthly meeting the requirements of Option B or C above. SMUD's pricing in the Neighborhood SolarShares program will ensure that participating customers

¹⁴ Dedicated program resources will be used to supply Neighborhood SolarShares program sales first; however, consistent with section 10-115 (a)(5)(B), generation that exceeds program demand may be used to serve other loads.

receive at least a \$10 per kW net benefit (credits in excess of charges) for each year over the 20-year term of participation for each participating building.¹⁵ The monthly energy bills for each participating customer will include a SolarShares Charge. Offsetting this monthly SolarShares Charge is the SolarShares Credit. This credit is determined by calculating the value of each generated kWh in the retail rate time-of-day period annually. This value is normalized (or annualized) to a single credit per kWh and applied volumetrically to the energy bill based on the number of kWhs per billing period. Appendix A provides a more detailed pricing explanation.

The participating customer's SolarShares Charge may be reduced (bought down) to increase the participating customer's net benefit in each year above the guaranteed \$10 per kW level.¹⁶ This option occurs through a participating builder contribution, as a one-time, upfront, origination fee to SMUD, based on a participating building's allocated Neighborhood SolarShares generation.¹⁷ The buydown amount may be unique for each participating building based on the size of the allocated Neighborhood SolarShares generation that will be necessary to meet or exceed the TDV energy generation that would have been required by an on-site system for that building, and the amount of annual net-benefit above the base level that each builder may decide to provide. SMUD informational materials will clearly and simply communicate charges and credits to participating customers, such as through a welcome letter, identification of the resource that is providing allocated shares via the annual Product Content Label, and website information.

The allocation table that governs Neighborhood SolarShares energy bill credit allocations to specific participating buildings will not change over the 20-year term for that participating building (although the resource providing allocated shares may change). Any changes to the resources available to the program will meet the commitments made in this application and requirements of Section 10-115. SMUD will inform the Commission of changes to the resources available to the program by submitting a revised application, consistent with Section 10-115(c).

2.4.4 Durability, Participation, and Building Opt-Out: Section 10-115(a)(4)

Durability. Section 10-115(a)(4)(A) requires that the community shared solar electric generation system and/or community shared battery storage system be designed and installed to provide the energy savings benefits to the participating building specified in Section 10-115(a)(3) for a period of no less than 20 years.

¹⁵ As noted previously, in some cases, the annual net benefit may slightly exceed \$10 per kW.

¹⁶ The buydown amount could alternately be used to increase the SolarShares Credits in lieu of reducing the SolarShares Charges.

¹⁷ See Appendix A for a more detailed description of program pricing.

SMUD will administer the Neighborhood SolarShares program to reliably meet all Section 10-115 requirements for the period necessary for all participating buildings to receive compliant energy savings benefits for the Participation Period.

Participation. Section 10-115(a)(4)(B) requires the Administrator to ensure that all participating buildings remain participating buildings for the Participation Period, regardless of who owns or occupies the participating building, unless the building owner discontinues participation after causing an on-site solar electric generation system to be installed and interconnected pursuant to the Opt-Out Requirements. The Administrator may demonstrate compliance by ensuring that an equitable servitude is recorded against the participating building, or by another Commission-approved program, structure, or system that ensures the requirements of Section 10-115(a)(4)(B) will be satisfied for 20 years.

SMUD's Neighborhood SolarShares program requires participating builders to sign an agreement with SMUD that will bind each participating building to the program for a term of at least 20 years (unless the participating building owner opts out), starting with initial Neighborhood SolarShares electric service to the participating building.¹⁸ The agreement will require the participating builder to include appropriate covenants, conditions and restrictions (in a Declaration of CC&Rs), substantially in the form attached hereto as Appendix D, in the deed transferring title for each participating building that is sold and properly make record of such in the county or city where the participating building is located. The Declaration of CC&Rs shall be irrevocable and shall run with the land for a term of at least 20 years starting from the start of electric service for the participating building, and provide SMUD, as a third-party, the right to enforce the CC&Rs as equitable servitudes. Each customer of electricity service that occupies the participating building during this 20-year period, either as an owner or tenant (participating customers), will be automatically enrolled in the Neighborhood SolarShares program when they move into and start electric service in the participating building. Pursuant to the CC&Rs, the participating customer is required to take service under the Neighborhood SolarShares program for the Neighborhood SolarShares generation allocated to the participating residence to comply with the Building Energy Standards in effect at the time the builder applied for the original building permit.

Beginning in 2023, SMUD's form CC&R will include a provision clarifying that the equitable servitude shall not be enforceable if the participating building satisfies the Opt-Out Requirements and thereafter discontinues participation in the Neighborhood SolarShares requirement. This ensures the participating building continues to meet the durability and participation requirements of Section 10-115(a)(4) while also providing the participating building the ability to opt out, consistent with Section 10-115(a)(4)(D).

¹⁸ A sample Agreement is provided in Appendix D including a sample draft of the required Neighborhood SolarShares CC&R provisions.

The opt-out process, including for participating buildings that are already enrolled in the Neighborhood SolarShares program, is described below.

Compliance Documentation. Section 10-115(a)(4)(C) requires the Administrator to maintain records of the compliance documentation that determined the requirements for the on-site solar electric generation system and/or battery storage system to comply with the standards in effect at the time the builder applied for the original building permit, and which establishes the participants' obligations to meet the Opt-Out Requirements. The Administrator must provide a copy of the compliance documentation, upon a participating building owner's request, to every new owner of a participating building when the Administrator is notified that title has transferred, and to any participating building owner who requests to opt out.

When a participating building joins the Neighborhood SolarShares program, participating builders provide SMUD with Title 24 energy code compliance documentation. This compliance documentation specifies the TDV energy and minimum system size that would be required for an on-site PV system, based on specified orientation and shading characteristics. It also specifies the Neighborhood SolarShares sizing (in kW) required for that participating building. SMUD will allocate to each participating building sufficient Neighborhood SolarShares kW to meet the Neighborhood SolarShares sizing, and thus the TDV energy specified on the CF1R, that was determined by then-current Commission-approved compliance software for that building.

SMUD will retain a record of this compliance documentation consistent with section 10-115(a)(4)(C). Specifically, SMUD will retain a digital copy of the original CF1R for each participating building for the entirety of the Participation Period. This record will be made available to participating customers upon the participating building owner's request, to every new owner of a participating building when SMUD is notified of any property title transfer relating to a participating building, and to any participating building owner who opts out.

If a participating customer subsequently elects to opt out of Neighborhood SolarShares participation, SMUD will refer to the criteria on the original CF1R and the supporting opt-out documentation provided by the building owner to determine whether the Opt-Out Requirements are satisfied, as further described in "Building Opt-Out" below.

Building Opt-Out. Section 10-115 (a)(4)(D) requires that at any time during the Participation Period, any participating building owner¹⁹ may discontinue participation in

¹⁹ The 2019 Building Energy Standards did not require SMUD to allow participants to opt out and opt-outs were not a part of SMUD's original program; the opt-out provisions of Section 10-115 were added in the 2022 Building Energy Standards. However, with respect to participating buildings that enrolled in SMUD's Neighborhood SolarShares Program under the 2019 Building Energy Standards, SMUD will allow participants to opt out if those participants

SMUD's Neighborhood SolarShares program if the participating building owner satisfies the Opt-Out Requirements.

SMUD will allow a participating building owner to opt out of Neighborhood SolarShares if the participating building owner demonstrates that they have installed an on-site solar electric generation system and met the Opt-Out Requirements. If a participating building owner elects to install an on-site PV system, SMUD may require that building to satisfy the Opt-Out Requirements and thereafter opt out of the Neighborhood SolarShares program.

To opt out, the participating building owner must first submit a written request to opt out of the Neighborhood SolarShares Program, contingent upon the installation and interconnection of an on-site solar electric generation system that meets or exceeds the Building Energy Standards requirements in effect at the time the builder of the participating building first applied for the original building permit, as those requirements are set forth in the CF1R for their building. SMUD will provide a copy of the customer's CF1R, which establishes the minimum TDV energy that must be generated by the on-site PV system in order to satisfy the Opt-Out Requirements, upon request from the participating building owner.

After the participating building owner installs a compliant on-site solar electric generation system, the participating building owner must submit an application to interconnect their newly installed system, consistent with SMUD's applicable interconnection rules, as those rules may be changed by SMUD from time to time.

Concurrently, the participating building owner must also provide SMUD with an attestation, signed by the participating building owner or the installer of the on-site solar generation system, and supporting documentation, stating that the participating building owner has installed an on-site solar electric generation system that meets or exceeds the requirements of Section 140.0(c), 150.1(a)(3), or 170.0(a)3 in effect at the time the builder applied for the original building permit for the participating building. SMUD will review the attestation and supporting documentation with the original CF1R to confirm whether the proposed PV system meets or exceeds the simulated TDV energy and/or installation characteristics of the on-site PV system established in the original CF1R.

Upon Commission development and approval of a new community solar opt-out module within the Title 24 compliance software, the supporting documentation accompanying the attestation will consist of a community solar opt-out compliance report and community solar opt-opt installation documentation that together clearly indicate the PV system meets or exceeds the TDV energy requirements on the original

satisfy the Opt-Out Requirements set forth in the 2022 Building Energy Standards and described herein. While SMUD cannot amend those participants' existing CC&Rs, SMUD can elect not to enforce the obligation to participate in Neighborhood SolarShares. Through this Application, SMUD commits to not enforce the obligation to participate so long as the participant has satisfied the Opt-Out Requirements set forth in the 2022 Building Energy Standards.

CF1R.²⁰ Commission staff have represented to SMUD that the Commission will develop a new module within the approved compliance software that will generate both the community solar opt-out compliance report and the installation documentation. This module will allow owners of participating buildings seeking to opt out of Neighborhood SolarShares to demonstrate that their proposed PV system meets or exceeds the TDV energy requirements on the original CF1R, and thus satisfies the Opt-Out Requirements, even if the size, orientation, or shading of the proposed system has changed relative to the characteristics on the original CF1R.

SMUD understands that, to generate these documents, the owner of the participating building or their solar installer will enter the following inputs into the new community solar opt-out compliance module: the participating building address, city and zip code, and climate zone; year of the home's original Building Energy Standards compliance; standard design kW; and specific information for the proposed on-site solar installation (system size, module type, azimuth, tilt, annual solar access, array type, and module level power electronics). The new module will provide as outputs the compliance report, which will specify whether the proposed on-site PV system complies with the Building Energy Standards PV requirements in place at the time the original building permit was applied for, and the installation documentation, which will be completed by the installer and document the installed PV system information and verify the solar access. Both forms will include attestations from the documentation author.

It is SMUD's understanding that the Commission intends to expeditiously develop and approve the new community solar opt-out compliance module so that it is in place prior to the submission of any opt-out requests. However, should SMUD receive any opt-out requests *prior* to the Commission's development and approval of a new module in the Title 24 compliance software reflecting these inputs and outputs, the supporting documentation accompanying the attestation will include a signed statement from the installer that all compliance criteria from the original CF1R are met. In such circumstances, SMUD will notify Commission staff of the opt-out request.

Upon receipt of the attestation and supporting documentation from the building owner, SMUD staff will compare such materials with the compliance documentation retained by SMUD pursuant to Section 10-115(a)(4)(C). Specifically, for opt-out requests received after the Commission has developed and approved the new community solar opt-out module, SMUD will confirm that the dwelling address, climate zone, standard design kW, and year of energy code compliance listed on the compliance documentation matches the information on the original CF1R. SMUD will also confirm that the proposed PV system information from the community solar opt-out compliance report matches the information listed on the installation documentation completed by

²⁰ Until such time as the Commission-approved module with these outputs is approved, SMUD shall rely on the alternate process described below for opt-out requests.

the installer. Finally, upon receipt of the interconnection application for the new on-site PV system, SMUD will confirm the information from the community solar opt-out compliance report with relevant information submitted as part of the customer's interconnection application.

For any requests received prior to the completion and approval of the Commission's community solar opt-out module, SMUD will confirm that the installation information provided on the attestation matches the system size, orientation, and shading listed on the original CF1R. Upon receipt of the interconnection application for the new on-site PV system, SMUD will also compare this information to the relevant information submitted as part of the interconnection application.

Within thirty (30) days of receiving the attestation and supporting documentation, SMUD will notify the building owner in writing whether, based on SMUD's review of the documentation, the installed solar generation system satisfies the Opt-Out Requirements. If SMUD staff determines that the participating building has met the Opt-Out Requirements and has satisfied all other applicable interconnection requirements, SMUD will thereafter remove the participating building from the Neighborhood SolarShares program and transfer the customer to the applicable SMUD rate.

After a participating building discontinues participation in SMUD's Neighborhood SolarShares program consistent with this section, SMUD shall retain a record of the documentation that demonstrates and confirms the on-site solar generation system met the Opt-Out Requirements. SMUD may, at its discretion, dispose of such records no earlier than 20 years after the participating building began participating in SMUD's Neighborhood SolarShares program.

When a participating building satisfies the Opt-Out Requirements and thereafter discontinues participation in Neighborhood SolarShares, all bill charges and credits to the participating building will cease. If any balance of costs or benefits is owed to either SMUD or the participating customer account at the time the participating building discontinues participation in SMUD's Neighborhood SolarShares program, such costs will be paid to that party. SMUD will not impose any penalty relating to a participating building's opt-out, nor will SMUD charge participating buildings for recuperation of unrealized revenue that would have been expected to accrue beyond the end of participation. If SMUD, in the future, revises the terms of the Neighborhood SolarShares program to include opt-out fees, SMUD will submit a revised application to the Commission for consideration and approval.

2.4.5 Additionality, Location, & Size: Sections 10-115(a)(5)-(7)

Additionality. Section 10-115 (a)(5) requires the community shared solar electric generation system and/or community shared battery storage system shall provide the energy savings benefits specified in Section 10-115(a)(3) exclusively to the participating building(s). Those energy savings benefits shall in no way be attributed to

other purposes or transferred to other buildings or property. Section 10-115 (a)(5)(A) requires the participating building(s) be served primarily by renewable resources developed specifically for the community solar electric generation system. Section 10-115 (a)(5)(B) specifies that other renewable resources may be used when participating buildings are permitted before the renewable resources developed for the program start operating or after they cease operating.

Section 10-115 (a)(5)(C)i requires that for each renewable resource used to serve participating buildings, bundled RECs satisfying the criteria of Portfolio Content Category (PCC) 1 shall be retired and tracked in WREGIS on behalf of program participants to ensure they will not be allocated to or used for any other purpose, including Renewables Portfolio Standard compliance, resale of RECs or renewable generation to any other person or entity, or any other mandatory or voluntary renewable electricity program requirement or claim.

SMUD developed the Wildflower generator, a 13 MW solar resource that is located on SMUD's distribution system, to serve the Neighborhood SolarShares program, consistent with Section 10-115(a)(5)(A). SMUD anticipates that Wildflower will provide sufficient generation to serve program demand at least through 2025. Any new resources that SMUD adds to serve future Neighborhood SolarShares demand will be developed specifically for the program, except for limited use of bridge or backup resources as noted below.

Consistent with Section 10-115(a)(5)(B), SMUD may rely on other renewable resources when buildings are permitted before the renewable resources developed for the program start operating or after the program ceased operating. SMUD does not anticipate needing to rely on either bridge or backup resources to serve program demand. If Wildflower is anticipated to become fully subscribed and SMUD continues accepting Neighborhood SolarShares reservations, SMUD will initiate the development of new program resources. SMUD will take reasonable measures to ensure such resources come online before Wildflower is fully subscribed to minimize the potential need for bridge resources to temporarily serve program demand. All bridge and backup resources are solar generators located within SMUD's service area. Please refer to Appendix B for a complete list of resources.

SMUD will retire, and track in WREGIS,²¹ bundled RECs that meet the criteria of PCC 1 associated with all generation from renewable resources that is used to serve Neighborhood SolarShares participating buildings, consistent with section 10-115(a)(4). This includes generation from resources developed specifically for Neighborhood SolarShares as well as any potential bridge or backup resources as permitted under section 10-115(a)(5)(B). Such RECs associated with generation allocated to

²¹ WREGIS means the Western Renewable Energy Generation Information System.

participating buildings will be retired on behalf of the program participants and tracked in specific WREGIS subaccounts established for the Neighborhood SolarShares program. Retiring these RECs in WREGIS subaccounts ensures they will not be allocated to or used for any other purpose, including RPS compliance, nor will they be sold to any other person or entity or retired to satisfy any mandatory or voluntary renewable electricity program requirement or claim.²²

SMUD will register generation from approved generators as required by WREGIS, resulting in the creation of RECs based on metered data from each allocated resource. The meter data will comply with WREGIS requirements for REC creation such that the PCC1 RECs that SMUD claims can be verified against the meter information. This ensures no double counting and matching of actual generation to the performance requirements for Neighborhood SolarShares generation allocated to participating buildings. SMUD will retire PCC1 RECs on behalf of participating buildings annually in a “Neighborhood SolarShares” retirement sub-account, in an amount equal to the total Neighborhood SolarShares generation allocated to participating buildings.

To summarize:

1. SMUD will register all the program resources used for supplying the Neighborhood SolarShares program in WREGIS.
2. SMUD will ensure that the metered generation from program resources are submitted to WREGIS as required to receive RECs.
3. WREGIS will deposit certificates into the SMUD’s WREGIS account. SMUD will then transfer RECs into a Neighborhood SolarShares active subaccount based on the amount allocated to participating buildings.
4. SMUD will transfer the RECs that correspond to the annual Neighborhood SolarShares generation (allocated to participating buildings) to a Neighborhood SolarShares retirement subaccount each year, thereby ensuring that the PCC1 RECs cannot be used for any other purpose.

The Center for Resource Solutions certifies SMUD’s Neighborhood SolarShares program as a Green-e certified renewable product. The Neighborhood SolarShares was submitted for and accomplished certification for the first time in 2021. The program met the applicable Green-e standard for voluntary renewable programs. Green-e certification includes annual auditing of the program to verify that Green-e requirements for resource eligibility and additionality are met.

SMUD will exclude the Neighborhood SolarShares generation allocated to participating buildings, to the extent that generation meets the requirements of Public Utilities Code

²² See Appendix C for a more detailed description of the WREGIS and CRS programs to avoid double use and double counting.

Section 399.30(c)(4) and Commission RPS regulations, from SMUD's general retail sales prior to calculation of SMUD's obligation in the RPS program. This exclusion does not constitute a claim on the Neighborhood SolarShares RECs and is necessary to avoid double procurement of renewable generation for participating customers. Also, consistent with the California Air Resources Board's (ARB) Voluntary Renewable Energy (VRE) Program rules, SMUD will have VRE carbon allowances retired on behalf of participating buildings. Compliance with PUC Section 399.30(c)(4), Commission regulations and participation in ARB's VRE program will ensure that GHG reductions, and renewable claims are legitimate and do not violate the Section 10-115 additionality provision.

Section 10-115 (a)(5)(D) specifies that renewable resources developed to serve participating buildings may also be used to serve other loads when there is excess generation beyond what is needed to serve participating buildings. Any excess generation used for such other load shall be isolated from generation serving participating buildings and shall not result in violation of Section 10-115 (a)(5)(C).

At SMUD's discretion, renewable resources specifically developed to serve Neighborhood SolarShares participating buildings may also be used to serve other loads, such as RPS or green pricing programs, when there is excess generation beyond what is needed to serve participating buildings. Any excess generation used for such other loads shall be isolated from the generation serving participating buildings, consistent with Section 10-115(a)(5)(D). Any program resource generation that is not allocated to participating buildings will be tracked separately in WREGIS.

SMUD will ensure that there is sufficient generation to serve participating buildings by adding new resources to meet the cumulative allocations to participating buildings and registering them in WREGIS. As noted above, SMUD will take reasonable measures to ensure that any newly developed resources come online before enrolling additional participating buildings, so as to minimize the potential need for bridge or backup resources.

Location. Section 10-115 (a)(6) requires the community shared solar electric generation system and/or community shared battery system to be located on a distribution system of the load-serving entity providing service to the participating buildings.

The Wildflower generator, which SMUD developed to serve the demand of the Neighborhood SolarShares participating buildings, is located on SMUD's distribution system.²³ Any future resources that SMUD develops to serve program demand will also

²³ SMUD's distribution system consists of the three voltage classes available to customers, where SMUD provides power below 100 kV. The NERC definition of the bulk electric system generally includes all voltages at or above 100 kV (refer to <https://www.nerc.com/pa/RAPA/Pages/BES.aspx>).

be located on a distribution system within the SMUD service area, consistent with Section 10-115(a)(6). As noted previously, SMUD does not anticipate relying on bridge or backup resources to serve Neighborhood SolarShares demand. However, to the extent they may be needed, all bridge and backup resources are located within SMUD's service territory, and some are also located on SMUD's distribution system. For additional information about the bridge or backup resources that may serve SMUD's Neighborhood SolarShares program, please refer to Appendix B.

Size. Section 10-115 (a)(7) requires that the community shared solar electric generation system and/or community shared battery storage system shall not be served by any individual source larger than 20 MW.

The Wildflower generator, which was developed to serve Neighborhood SolarShares program demand, is 13 MW. Consistent with Section 10-115(a)(7), SMUD will only develop new resources that are 20 MW or less to be dedicated to meeting the demand of participating buildings. As previously noted, SMUD does not anticipate needing to rely on bridge or backup resources. However, to the extent such resources may be needed, some are 20 MW or less in size. For more information on potential bridge or backup resources, please refer to Appendix B.

2.4.6 **Accountability, Recordkeeping, and Reporting: Section 10-115(a)(8)**

Accountability and Recordkeeping. Section 10-115(a) requires that applicants for Commission approval of community shared solar electric generation systems and/or community shared battery storage systems shall be accountable to all parties who relied on these systems for partial or total compliance with the on-site solar electric generation and/or battery storage system that would otherwise be required, including but not limited to builders of the buildings, owners of the buildings, enforcement agencies, and the Commission. Recordkeeping regarding compliance with the requirements in Sections 10-115(a) shall be maintained over the period of time specified in Section 10-115(a)(4) for each building for which the community shared solar electric generation or battery storage system is used to demonstrate partial or total compliance. Access to these records shall be provided to any entity approved by the Commission for auditing compliance with these requirements.

SMUD commits to keeping the required records for demonstrating compliance with Section 10-115(a)(8) for each participating building for at least 20 years beginning when the first occupant begins electric service for the participating building consistent with Section 10-115(a)(4). SMUD also commits to maintaining records relating to compliance documentation, consistent with Section 10-115(a)(4)(C), and participant opt-outs, consistent with Section 10-115(a)(4)(D)(ii). With this application, SMUD commits to provide access to these records to the Commission or any other entity that the Commission approves to audit compliance with these requirements. Any customer-specific records or information will be subject to confidential treatment.

SMUD will continuously track participation in the program for all participating buildings and participating customers through our billing systems. SMUD will also track the Neighborhood SolarShares generation allocated to participating buildings and provide, or have available, documentation to demonstrate participation throughout the 20-year period, as well as the actual generation and allocation of that generation to participating buildings, so the persons identified in Section 10-115(a)(8) can verify energy performance and compliance with each Section 10-115 requirement. Each Neighborhood SolarShares resource serving participating buildings will have metered data provided to SMUD and to WREGIS, with tracking of metered generation and bundled and retired RECs maintained in separate WREGIS subaccounts, to meet the obligations relating to Neighborhood SolarShares generation allocated to participating buildings.

Reporting. Section 10-115(a)(8)(A) requires that each year beginning twelve months after initial approval, the Administrator shall provide to the Commission a report demonstrating the previous year's compliance with each requirement of Section 10-115. In this Revised Application, SMUD commits to providing an annual report to the Commission, demonstrating SMUD's ongoing compliance with Section 10-115 for each program year, by the end of the following calendar year. SMUD will provide its report on the 2021 program year to the Commission by the end of February 2023.

All Neighborhood SolarShares generation allocated to participating buildings will be recorded and conveyed in the monthly bills of participating customers. The amount of Neighborhood SolarShares generation allocated to participating buildings will not exceed or be less than the amount of resource generation recorded in WREGIS Neighborhood SolarShares subaccounts in any reporting year. In addition, an annual Power Content Label will be published and made publicly available for participating customers.

APPENDIX A: Neighborhood SolarShares Pricing Documentation

Pricing for SMUD's Neighborhood SolarShares program will consist of two main components:

- Neighborhood SolarShares Charges applied to the participating customer's electric bills; and
- Neighborhood SolarShares Credits that reflect the Neighborhood SolarShares generation allocated to the participating building that are credited to the participating customer by rate period.

Participating customers' energy bills will clearly show the monthly Neighborhood SolarShares impact on their bills, based on the calculated Neighborhood SolarShares Charges and the Neighborhood SolarShares Credits. Two mock customer bill examples are shown below – one summer month bill and one winter month bill – illustrating the Neighborhood SolarShares impacts, based on the Neighborhood SolarShares Credits and Charges added to the customer bill. This example is representative only and does not show actual charges. Bill examples may be simplified to clearly show the bottom-line impact of the program or refer participating customers to alternative information showing that impact.



P.O. Box 15830, Sacramento, CA 95852-0830
 smud.org

Your Electric Bill

Phone Inquiries: 1-888-742-7683
 Power Outages: 1-888-456-7683

Page 1 of 1



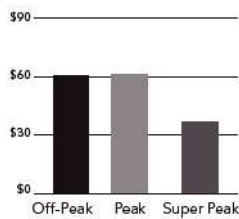
ALBIE A. CUSTOMER
 Account Number: 12345678
 Bill Issue Date: 08/06/2019

Location: 1145 ANY WY.
 SACRAMENTO 95864
 Billing Period: 07/05/19 - 08/03/19 (30 Days)
 Cycle: 01 | Location Number: 1234567
 Rate: Time of day (5-8pm)

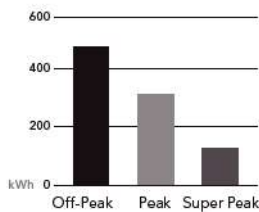
Current Charges, Due 09/02/19 \$144.99
Total Amount Due: \$144.99

Energy Cost & Usage

Cost by Time-of-Day



Usage by Time-of-Day



Usage Summary

This Bill Period	Last Bill Period	Same Bill Period Last Year	Usage Difference
\$144.99 (917 kWh)	\$171.99 (792 kWh)	\$203.20 (1,113 kWh)	↓17% Lower than last year

Meter Summary

Meter	Usage	Type	Monitor your account on
20101019	917	Total kWh	smud.org/myaccount

Electricity Charges

Item	Usage	Type	Rate	Amount
Electricity Usage	487	Summer Off Peak kWh @	0.122100	59.48
Electricity Usage (12pm-12pm)	300	Summer Peak kWh @	0.168800	60.63
Electricity Usage (5-8pm)	130	Summer Super Peak kWh @	0.297000	38.61
System Infrastructure Fixed Charge*				20.30
Sacramento City Tax*				15.16
State Surcharge*				0.53
A) TOTAL ELECTRIC SERVICE CHARGES/CREDITS				\$194.71
SolarShares Charges				
SolarShares Credit				-113.63
SolarShares Charge				63.91
SOLARSHARES SUBTOTAL				-\$49.72
A) TOTAL ELECTRIC SERVICE CHARGES/CREDITS				\$144.99



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Page 1 of 1



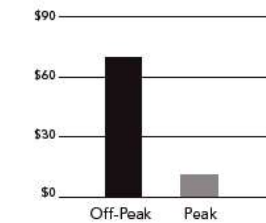
ALBIE A. CUSTOMER
Account Number: 12345678
Bill Issue Date: 02/06/2019

Location: 1145 ANY WY.
SACRAMENTO 95864
Billing Period: 01/05/19 - 02/03/19 (30 Days)
Cycle: 01 | Location Number: 1234567
Rate: Time of day (5-8pm)

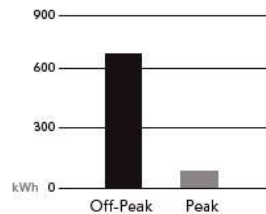
Current Charges, Due 03/02/19 **\$150.23**
Total Amount Due: \$150.23

Energy Cost & Usage

Cost by Time-of-Day



Usage by Time-of-Day



Usage Summary

This Bill Period	Last Bill Period	Same Bill Period Last Year	Usage Difference
\$150.23 (737 kWh)	\$171.99 (792 kWh)	\$203.20 (1,113 kWh)	↓17% Lower than last year

Meter Summary

Meter	Usage	Type	Monitor your account on
20101019	737	Total kWh	smud.org/myaccount

Electricity Charges

Item	Usage	Type	Rate	Amount
Electricity Usage	662	Winter Off Peak kWh @	0.101500	67.19
Electricity Usage (5-8pm)	75	Winter Peak kWh @	0.168800	10.51
System Infrastructure Fixed Charge*				20.30
Sacramento City Tax*				15.16
State Surcharge*				0.53
A) TOTAL ELECTRIC SERVICE CHARGES/CREDITS				\$113.69
SolarShares Charges				
SolarShares Credit				-27.37
SolarShares Charge				63.91
SOLARSHARES SUBTOTAL				\$36.54
A) TOTAL ELECTRIC SERVICE CHARGES/CREDITS				\$150.23

Understanding the bills:

- The “SolarShares Credit” line is the total for the month of the Neighborhood SolarShares bill credits established by SMUD for each Time-Of-Day (TOD) period, shown as a “credit” or negative number on the bill.
- The SolarShares Charge (“SolarShares Charge”) is a flat monthly charge for the size of the Neighborhood SolarShares program generation share allocated to the participating building.
- The SOLARSHARES SUBTOTAL is the sum of the SolarShares Credit and the Neighborhood SolarShares Charge (can be either positive or negative for a particular month).
- The TOTAL ELECTRIC SERVICE CHARGES/CREDITS line shows the final monthly charges, including the charges and credits calculated elsewhere on the customer’s bill combined with the impact of the Neighborhood SolarShares charges for the month.

Participation in the Neighborhood SolarShares program in this example reduces the overall bill in the summer month by about \$50 but increases the overall bill in the lower-generation winter months by about \$37. Since the Neighborhood SolarShares charges are fixed per month in each year, and allocated energy credits vary by month and by TOD value, participants are not guaranteed to see net benefit in each month they participate but are guaranteed to see a net benefit of at least \$10/kW in each year they participate, or at least \$200 per kW over 20 years. Actual customer usage and actual rates will change over time, but these changes are disconnected from the Neighborhood SolarShares pricing, which guarantees a net benefit even as rates differ from expectations.

If the Neighborhood SolarShares generation exceeds a participating customer's monthly usage, the participating customer will accrue a net credit that can be applied to future bills.²⁴ SMUD's standard retail electricity pricing will apply each month to any remaining energy used – after accounting for the participating customer's allocated Neighborhood SolarShares generation and any accrued SolarShares Credits.

The Neighborhood SolarShares Charges and Credits are calculated to provide a net benefit to participating customers in each year. The SolarShares Charge is calculated by:

1. Establishing an initial base cents per kWh amount that would recover energy and program costs including all costs that would be included as variable costs in SMUD's standard retail rates;²⁵
2. Reducing this base cents per kWh amount by an amount that would result in the guaranteed Neighborhood SolarShares base benefit of \$10 per kW each year;
3. Multiplying the result (in each year) by the annual allocated energy generation for the participating building; and
4. Dividing that total by 12 to create a flat monthly charge for each year.

These initial charges then will escalate by a fixed amount per year for the 20-year term (for example, 2% annual escalation, or 0% annual escalation), providing certainty about program costs to participating customers.

The SolarShares Credits escalate at an identical rate to SolarShares Charges and are calculated by:

²⁴ Note that the SolarShares Credits may not be applied to the customer's fixed charges (e.g., SMUD's monthly System Infrastructure Fixed Charge). However, the balance of any remaining SolarShares Credits will be carried over in future months.

²⁵ These latter costs include for example: ancillary services, transmission and distribution costs, public goods charges and general fixed costs recovered in the variable energy components of retail rates. SolarShares credits effectively remove these costs from participant bills, so they must be included in the SolarShares Charges or participants would avoid paying for them.

1. Starting with the same base cents/kWh amount with which SolarShares Charges begin; and
2. Multiplying the result (in each year) by the allocated energy in each time period for the participating building.

SolarShares Credits then escalate over time on the same path as SolarShares Charges, ensuring that the base at least \$10 per kW annual net benefit is present in each subsequent year.²⁶

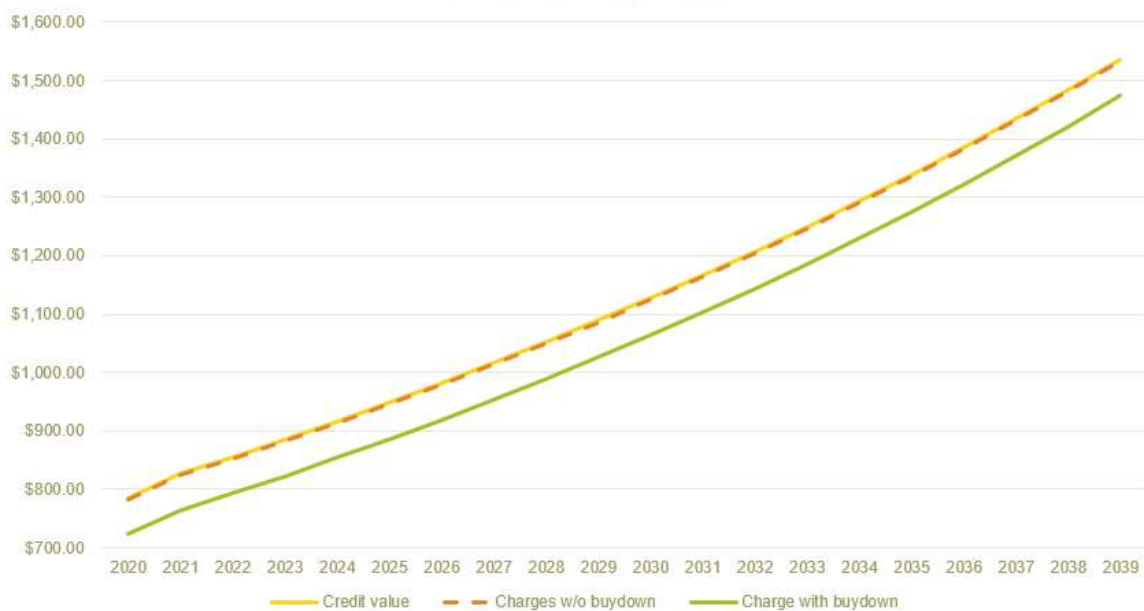
A participating builder may agree to an upfront payment to SMUD in order to provide higher net benefits in each year to participating customers in a development, allowing participating builders to show a better “customer experience” to prospective buyers. SMUD applies the buydown to participating customers by lowering the SolarShares Charges in each year (this results in higher net credits on energy bills).

The following chart illustrates the optional buydown for a hypothetical 3 kW share of a Neighborhood SolarShares resource that delivers 6,516 kWh annually, showing the cumulative costs over 20 years compared to charges without the buydown. The chart uses an example fixed 3.5% annual escalation for SMUD’s SolarShares Charges and Credits. Note that the annual escalation rate may be zero.

²⁶ Outside of the SolarShares Charges and Credits that guarantee participant net benefit, Neighborhood SolarShares customers are subject to SMUD’s Rates, Rules and Regulations as amended by its Board of Directors from time to time.

20 Year customer experience

3kW customer experience



APPENDIX B: Neighborhood SolarShares Supply Documentation

Current Dedicated Program Resources²⁷

SMUD's Wildflower resource, a 13.0 MW solar facility located on SMUD's distribution system in the Rio Linda area in the northern portion of SMUD's service territory, was developed to serve the demand of Neighborhood SolarShares participating buildings and came online on December 18, 2020.

Wildflower has the capacity to accommodate more than 6,000 new buildings, including, at present, all participating buildings in SMUD's Neighborhood SolarShares program. If, in the future, there is program demand that cannot be met from SMUD's Wildflower resource, and SMUD anticipates continuing to accept Neighborhood SolarShares reservations, SMUD will initiate development of an additional resource that is less than 20 MW, located on SMUD's distribution system, and dedicated to providing Neighborhood SolarShares allocations to participating buildings. In such circumstances, SMUD will take reasonable efforts to ensure the new resource comes online while there still is remaining Wildflower generation available.

Bridge and Backup Resources

Consistent with section 10-115(a)(5)(B), SMUD may provide "bridge" generation and retire bundled RECs from the list of other renewable resources below on an interim basis if there is a delay in the development of new program resources. Similarly, in the event of an unexpected outage at Wildflower or any future community solar resource, SMUD may use existing renewable resources for "backup" generation to serve Neighborhood SolarShares participating buildings. SMUD plans to continue managing the Neighborhood SolarShares program to minimize the need for any bridge or backup resources. For example, SMUD will consider Wildflower to be "fully subscribed" once participating building enrollments reach 90% of Wildflower's expected generation. This provides a buffer to account for variations between expected and actual generation and helps minimize the need for backup resources. In addition, as noted above, if Wildflower is expected to become subscribed up to the maximum level,

²⁷ Dedicated program resources will be used to supply Neighborhood SolarShares program sales first; however, consistent with section 10-115(a)(5)(B), generation that exceeds program demand may be used to serve other loads.

and if SMUD plans to continue accepting Neighborhood SolarShares reservations, SMUD will initiate the development of new program resources and will take reasonable measures to ensure those resources come online while there is still remaining generation available.

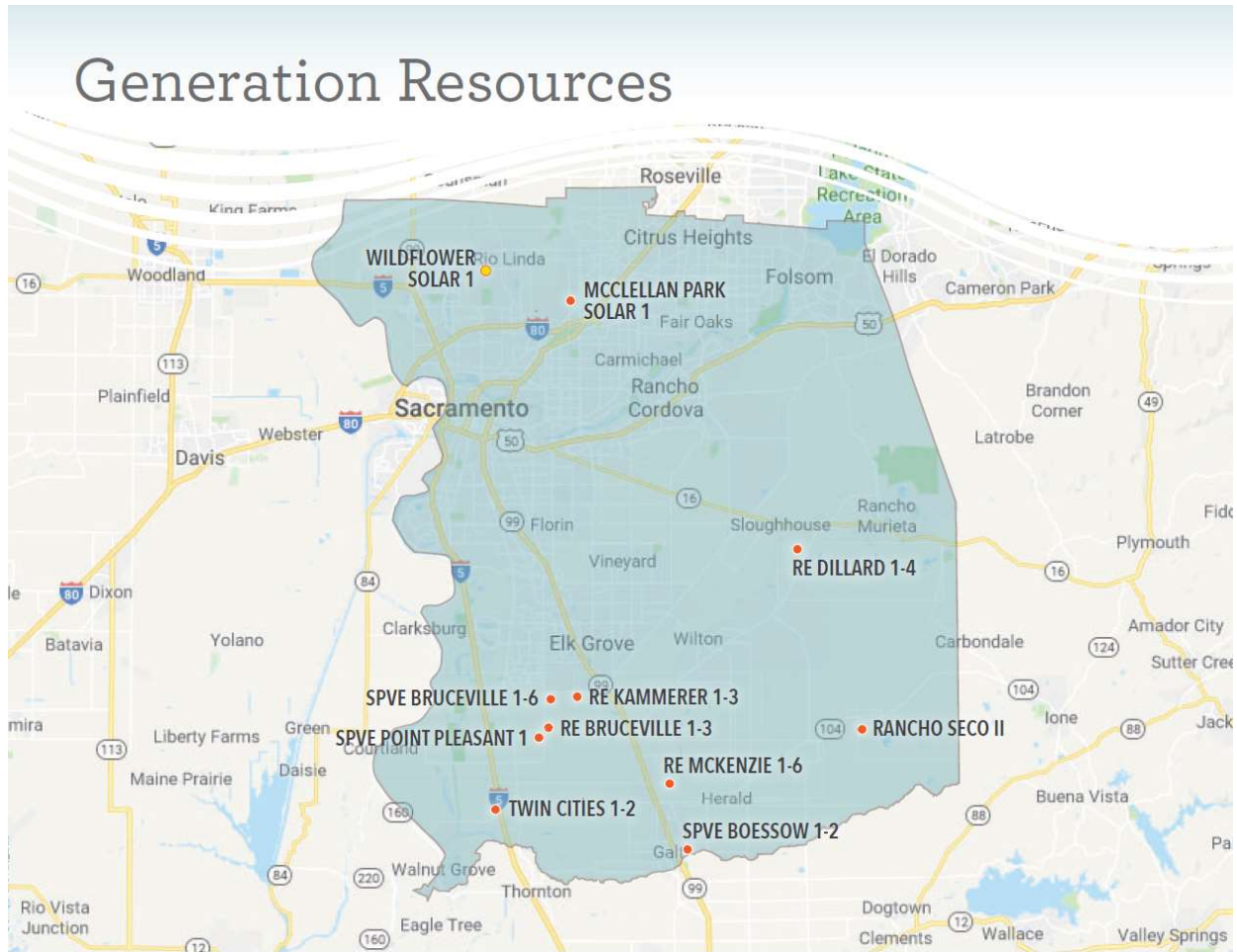
The list of renewable generators that may be used to provide bridge and/or backup generation for the Neighborhood SolarShares program will be documented and submitted to the Commission through this application or a subsequent Revised Application and will be communicated to participating builders and customers as needed. The following table provides the current set of solar generators available for SMUD’s Neighborhood SolarShares program allocation. Of these, the first 28 bridge/backup resources listed amount to approximately 96 MW of capacity from resources less than 20 MW in size located on the SMUD distribution system that are currently online and available as necessary to serve the demand of participating buildings. The last resource in the table, Rancho Seco II, is a new resource that was developed in part to serve the demand of SolarShares customers. Rancho Seco II is located on SMUD’s transmission system and is larger than 20 MW.

List of Dedicated Program Resources and Available Bridge/Backup Resources

Generator Name	Street Address	County	City	Zip Code	Online Date	Capacity (MW)	CEC RPS ID	WREGIS ID
Dedicated Program Resources								
Wildflower Solar 1	WEST 6TH ST	Sacramento	Rio Linda	95673	Dec-20	13.000	64540A	W11033
Available Bridge/Backup Resources								
RE McKenzie 6	12503 McKenzie Rd.	Sacramento	Galt	95637	Nov-12	5.000	61286A	W2977
RE McKenzie 5	12502 McKenzie Rd.	Sacramento	Galt	95636	Nov-12	5.000	61285A	W2976
RE McKenzie 4	12501 McKenzie Rd.	Sacramento	Galt	95635	Nov-12	5.000	61284A	W2975
RE McKenzie 3	12500 McKenzie Rd.	Sacramento	Galt	95634	Nov-12	5.000	61283A	W2974
RE McKenzie 2	12499 McKenzie Rd.	Sacramento	Galt	95633	Nov-12	5.000	61282A	W2973
RE McKenzie 1	12498 McKenzie Rd.	Sacramento	Galt	95632	Nov-12	5.000	61281A	W2972
Twin Cities 1	3705 Twin Cities Rd.	Sacramento	Uninc.	95823	Sep-12	3.000	61682A	W2963
Twin Cities 2	3705 Twin Cities Rd.	Sacramento	Uninc.	95823	Sep-12	1.000	61683A	W2965
RE-Bruceville - 3	11283 Bruceville Rd.	Sacramento	Elk Grove	95757	Feb-12	5.000	61271A	W2531
RE Kammerer 3	8226 Kammerer Rd.	Sacramento	Elk Grove	95757	Feb-12	5.000	61280A	W2651
RE-Bruceville - 2	11282 Bruceville Rd.	Sacramento	Elk Grove	95757	Feb-12	5.000	61272A	W2531
RE Kammerer 2	8225 Kammerer Rd.	Sacramento	Elk Grove	95757	Feb-12	5.000	61279A	W2650
RE-Bruceville - 1	11281 Bruceville Rd.	Sacramento	Elk Grove	95757	Feb-12	5.000	61271A	W2531
RE Kammerer 1	8224 Kammerer Rd.	Sacramento	Elk Grove	95757	Feb-12	5.000	61278A	W2530
SPVE Bruceville -6	10645 Bruceville Rd.	Sacramento	Elk Grove	95762	Dec-11	3.000	61415A	W2524
SPVE Bruceville -5	10645 Bruceville Rd.	Sacramento	Elk Grove	95761	Dec-11	3.000	61415A	W2523
SPVE Bruceville -4	10645 Bruceville Rd.	Sacramento	Elk Grove	95760	Dec-11	3.000	61415A	W2522
RE Dillard 4	7786 Dillard Rd.	Sacramento	Wilton	95693	Dec-11	0.400	61277A	W2529
SPVE Bruceville -3	10645 Bruceville Rd.	Sacramento	Elk Grove	95759	Dec-11	3.000	61415A	W2521
RE Dillard 3	7786 Dillard Rd.	Sacramento	Wilton	95693	Dec-11	3.000	61276A	W2528
SPVE Boessow -2	10931 Boessow Rd.	Sacramento	Galt	95632	Dec-11	1.000	61416A	W2481
SPVE Bruceville -2	10645 Bruceville Rd.	Sacramento	Elk Grove	95758	Dec-11	3.000	61415A	W2520
RE Dillard 2	7786 Dillard Rd.	Sacramento	Wilton	95693	Dec-11	3.000	61275A	W2527

SPVE Point Pleasant 1	6150 Point Pleasant Rd.	Sacramento	Elk Grove	95757	Dec-11	1.000	61417A	W2525
SPVE Boessow - 1	10930 Boessow Rd.	Sacramento	Galt	95632	Dec-11	2.000	61416A	W2477
SPVE Bruceville -1	10645 Bruceville Rd.	Sacramento	Elk Grove	95757	Dec-11	3.000	61415A	W2518
RE Dillard 1	7786 Dillard Rd.	Sacramento	Wilton	95693	Dec-11	3.000	61274A	W2526
McClellan Park Solar 1	3140 Peacekeeper Wy	Sacramento	McClellan	95652	Jul-10	0.930	61136A	W1635
Rancho Seco II	14440 Twin Cities Rd.	Sacramento	Herald	95638	Feb-21	160.000	63991A	W11422

Map of Dedicated Program Resources and Available Bridge/Backup Resources



SMUD is confident that limited, if any, generation and associated RECs from other existing renewable resources will need to be allocated to and retired for the program.

To the extent there is excess generation from Wildflower or other future community solar resources that serve SMUD’s Neighborhood SolarShares program, SMUD may, at its discretion, use such excess generation to serve other loads consistent with Section 10-115(a)(5)(D).

If new program resources are added, SMUD will submit a revised application consistent with Section 10-115(c).

Allocation Tables

An allocation table for each new program resource developed to provide dedicated shares to participating buildings in the Neighborhood SolarShares, which provides the percentage of annual generation occurring in each time-of-day period in each day of the year, will be established based on modeling of the performance characteristics of the resource using CEC-approved compliance software. The allocation table that applies to each participating building will be provided to the builder upon request. The allocation table governing Neighborhood SolarShares generation for a participating building will not change for the term of the Participation Period.

The participating building resource allocation table is used to specify how much Neighborhood SolarShares generation will be allocated to a participating building in each time-of-day period to establish energy bill credits. The allocation table is determined by simulating the resource in the CEC’s Title 24 compliance software, for the prototype building for each Title 24 CEC building category covered by Neighborhood SolarShares. The analysis will determine the hourly generation from the resource needed to match the total annual TDV values for the prototype building to meet the Building Energy Standards PV generation requirements for that building. An example monthly summary participating building resource allocation table is illustrated below:

Allocation Table by Month	Summer SuperPeak	Summer Peak	Summer OffPeak	Winter Peak	Winter OffPeak
January	0.00%	0.00%	0.00%	0.00%	3.80%
February	0.00%	0.00%	0.00%	0.06%	5.38%
March	0.00%	0.00%	0.00%	0.35%	7.69%
April	0.00%	0.00%	0.00%	0.50%	8.90%
May	0.00%	0.00%	0.00%	1.04%	10.48%
June	1.34%	5.02%	6.58%	0.00%	0.00%
July	1.34%	5.07%	6.09%	0.00%	0.00%
August	0.98%	4.93%	5.66%	0.00%	0.00%
September	0.44%	4.49%	5.00%	0.00%	0.00%
October	0.00%	0.00%	0.00%	0.01%	7.00%
November	0.00%	0.00%	0.00%	0.00%	4.73%
December	0.00%	0.00%	0.00%	0.00%	3.13%

The resources available to the program may be updated over time to ensure continued compliance with Building Energy Standards requirements or to add new supply in response to increased program participation. Changes in the resources available to the program will not alter the allocation table for existing participating buildings, but a revised participating building resource allocation table will likely be necessary to be established for new participating buildings after a change has been made to the resources available to the program. One reason that a change is likely to be necessary to be made in the future is that the Green-e program currently requires participating

resources to be no more than 15 years old, which would require SMUD to remove older resources and to add new resources.²⁸

As resources are added to or subtracted from the resources available to the program, a new resource allocation table will be established for each new resource. A revised participating building resource allocation table may or may not measurably change the amount of Neighborhood SolarShares generation allocated to participating buildings to ensure the required TDV energy generation is allocated.²⁹

SMUD will work with the Commission to demonstrate to the staff's satisfaction that revised Neighborhood SolarShares generation allocations for participating buildings will equal or exceed the TDV energy generation simulated by the Title 24 compliance software for the on-site PV system that otherwise would be required if the building did not participate in Neighborhood SolarShares. SMUD will also work with Commission staff to identify programming changes that will be necessary to incorporate the revised Neighborhood SolarShares generation resources to enable Title 24 compliance software to model and determine the size of Neighborhood SolarShares allocations and any necessary compliance documentation updates. SMUD will work with the participating builders to help ensure that, once compliance software and compliance documentation has been updated to incorporate the revised Neighborhood SolarShares resources, builders properly perform and provide the Title 24 energy compliance simulations and documentation for demonstrating compliance for the participating buildings served by the new resources. SMUD will ensure that the Neighborhood SolarShares generation allocated to that participating building equals or exceeds that determined by the updated compliance software to be necessary to match the TDV energy generation simulated by the compliance software for the on-site solar electric generation system.

Demonstration of Adequate Supply

The 13 MW Wildflower solar system generated 30,533 MWh in 2021. This is enough to serve more than 6,000 new homes. Any generation not used for participating buildings may, at SMUD's discretion, be allocated to SMUD's RPS and other voluntary

²⁸ Green-e may be willing to provide an exception to resource age requirements for the Neighborhood SolarShares program, allowing resources up to 20 years old and thereby reducing the need for updated resources.

²⁹ Note that changes to the resources available to the program do not affect the pricing of current participating buildings when the change is made. Each participating builder has a determined buydown amount based on the participating building resource portfolio as it stands when a participating building enters the program. This buydown amount and pricing does not change for the term of participation for that participating building. Participating builders may have to pay a revised buydown amount for new participating buildings as the participating building resource changes, but the buydown amount is not expected to be subject to major changes.

renewable programs. Wildflower generates sufficient electricity to meet expected Neighborhood SolarShares needs through at least 2025.

SMUD's bridge and backup resources are available for generation allocation but are expected to be used only if necessary. The combination of Wildflower and backup resources available to the program contain enough sources of potential supply from existing and under-development resources to meet current program demand. To the extent Wildflower is expected to become fully subscribed and SMUD continues to accept Neighborhood SolarShares reservations, SMUD will develop additional solar resources to provide continued supply for the program over time with the intent of having no gaps in being able to serve the demand of participating buildings with new resources built for Neighborhood SolarShares.

An annual report that summarizes the demand for Neighborhood SolarShares generation (referred to as sales data for the program) and the supply from dedicated program resources and, as applicable, bridge/backup resources (referred to as supply) will be prepared and audited by SMUD staff. This report will include cumulative sales data for the program in the reporting year, and REC retirement summaries from WREGIS sub-accounts that list generators and generation to the REC certificate level. This annual report will be available for participating building owners, participating customers, builders, enforcement agencies and the Commission to review.

Report tables will show total sales for the Neighborhood SolarShares program in aggregated form. As stated earlier, each participating building will receive Neighborhood SolarShares generation as specified in the participating building resource allocation table, for the 20-year Participation Period, but any new participating buildings added to the program after the resources available to the program have changed may receive Neighborhood SolarShares generation as specified in a revised participating building resource allocation table. Report tables will also show the total generation that has been allocated from each program resource to serve the total Neighborhood SolarShares generation for all participating buildings in the year. The generation identified from each resource will match total Neighborhood SolarShares generation received by participating buildings (sales) annually, and RECs will be retired as required in WREGIS in SMUD's Neighborhood SolarShares program retirement subaccount. As long as power generation is available from Wildflower and any other new resources built to serve demand from participating buildings, only generation from these resources will be retired in WREGIS.

APPENDIX C: Western Renewable Energy Generation Information System and Center for Resource Solutions Green-e Descriptions

This appendix summarizes how WREGIS and the Center for Resource Solutions (CRS) act to ensure additionality and integrity in renewable energy programs, including mandatory renewable portfolio standards, voluntary green pricing programs, and shared solar programs. This information is based on and excerpted from “WREGIS Operating Rules”, the CRS Green-e website (<https://www.green-e.org/>), and the Green-e Energy Code of Conduct (<https://www.green-e.org/news/04022001>). From time-to-time WREGIS and CRS may make changes that are not entirely consistent with Appendix C. To the extent that occurs, SMUD will abide by the most recent program changes. As of the date of this Revised Application, the most recent version of WREGIS Operating Rules is located at [https://www.wecc.org/Administrative/WREGIS Operating Rules October 2022 Final.pdf](https://www.wecc.org/Administrative/WREGIS%20Operating%20Rules%20October%202022%20Final.pdf)).

WREGIS

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy generation tracking system for the Western Interconnection. WREGIS has been tracking the generation from and the renewable and environmental attributes associated with renewable energy since June 25, 2007. WREGIS also facilitates REC transfers, enables permanent retirement of RECs, assists regulators with the implementation of their renewable energy programs, and brings transparency to REC markets.

Any entity wishing to use WREGIS to track renewable energy generation must request to register with WREGIS, be approved as a WREGIS Account Holder by the WREGIS Administrator and pay applicable fees in order to establish accounts in the system. Each WREGIS account requires a WREGIS Account Manager on behalf of the WREGIS Account Holder. This person is authorized to manage the account, create logins, manage data uploads and update contact information as needed.

WREGIS collects data including monthly metering information documenting the generation in each hour of the month from each registered generating unit, as reported by certified Qualified Reporting Entities (QREs). WREGIS also collects static information regarding the Generating Unit, which is provided by Account Holders and verified by the WREGIS Administrator.

One WREGIS Certificate (aka REC) is created for each MWh of renewable energy that has been produced and documented for each renewable electric generator. Each WREGIS Certificate is assigned a unique serial number. WREGIS Certificates can be “retired,” or used, by electricity suppliers and other energy market participants to comply with relevant state/provincial policies, regulatory programs, to support voluntary “green” electricity markets, or as determined by state or provincial policy.

WREGIS tracks RECs in a series of “accounts” that are similar to bank accounts – each has a unique account identification number. RECs created by WREGIS are deposited and managed within these accounts. These RECs can be transferred, retired or exported to a Compatible Tracking System at the discretion of the WREGIS Account Holder.

There are three WREGIS account or “subaccount” types:

1. **Active:** Holds all active Certificates prior to usage or transfer. The Active Sub-Account is the first point of deposit for any WREGIS Certificates created. An active subaccount may be associated with one or more Generating Units. Generally, a WREGIS Account Holder has all their registered generating units included in a single active account, but multiple active accounts are allowed. RECs can be traded or sold from the Active account(s) (the transactions happen outside of WREGIS, and the REC transfers are tracked in WREGIS). RECs may also be moved to a retirement Subaccount.
2. **Retirement:** Holds Certificates used for compliance or other purposes. The Retirement Sub-Account is a repository for WREGIS Certificates that the Account Holder has removed from circulation (e.g., to demonstrate compliance with a state's RPS or to back-up renewable claims. Generally, Account Holders have a variety of retirement subaccounts, each specific to a particular purpose or metric. For example, there are multiple RPS retirement subaccounts that Account Holders may use to separate the PCC 1, 2 and 3 resources established by the California RPS. Retirement subaccounts can also be established to separate retirement of RECs representing generation in different years or by types of resources. RECs in a retirement subaccount are no longer transferable to another party and serve as an electronic record that the REC has been “used” for the purpose associated with the retirement subaccount. Once in a retirement subaccount, RECs cannot be transferred back into an active or reserve Subaccount or into any other retirement subaccount.
3. **Reserve:** Holds Certificates sold 'off-system' without making a claim about the current Certificate status. The Reserve Sub-Account is a repository for WREGIS Certificates that the Account Holder withdraws from circulation within WREGIS due to a transfer to a third party who is not a WREGIS Account Holder. Once a

Certificate has been transferred into a Reserve Sub-Account, it cannot be transferred again.

Once an Account has been established, an Account Holder may register one or more Generating Unit(s) and associate it with its WREGIS Account. To ensure that double-counting does not occur by registering Generating Units or Facilities participating in WREGIS, Account Holders are attesting that 100 percent of their generation output from the registered meter has been reported to and tracked by WREGIS. WREGIS only accepts or approves generating units that are operating commercially. Generating units must meet the WREGIS geographical requirements (be within the Western Interconnect) and be renewable to be registered in an account and begin creating RECs, or WREGIS Certificates.

Once approved, generation data is electronically uploaded by the Qualifying Reporting Entity (QRE) for the generating unit. QREs may include Balancing Authorities, the interconnecting utility, scheduling coordinator, independent third-party meter reader, or other appropriate party, so long as the QRE has a signed agreement with the WREGIS Administrator and is meeting and following the established QRE guidelines.

Importantly,

QREs and Account Holders are required to maintain complete separation of the generation reporting and the Account Holder responsibilities. WREGIS users will not be permitted to have a login for both types of accounts except when vetted by the WREGIS Administrator.

WREGIS Certificates (RECs) are created based on the metered generation data reported by QREs and deposited into the appropriate Active Subaccount listed on the Generating Units registration information. Account Holders can then transfer WREGIS Certificates to their other Subaccounts or to another Account Holder's Active Subaccounts or export them to another tracking system. The data must reflect the month and year (begin date and end date of the period covered by the meter reading) of the generation and include the vintage and monthly accumulated MWhs for each generating unit.

Each Certificate or REC has a unique serial number assigned by WREGIS. Certificate serial numbers contain codes embedded in the number that indicate the Generating Unit ID and the location of the generator. Certificate numbers cannot be changed.

RECs may be retired by the WREGIS Account Holder into a specific retirement subaccount, thereby committing those RECs to be "used" for the associated purpose.

When an Account Holder wishes to retire RECs, it chooses the desired RECs from its Active Subaccount(s) and indicates that the RECs are to be retired in a specific retirement subaccount.

CRS Green-e

Through the Green-e® Energy program, CRS certifies renewable energy that meets the highest standards in North America. Green-e Energy was established in 1997 in order to provide consumer protection through clear guidelines, disclosures and standards. Green-e Energy is the most rigorous and respected consumer protection program for renewable energy in North America, with a transparent, published standard and hundreds of stakeholders participating in setting and regularly revising that standard. The renewable energy that Green-e Energy certifies goes through a thorough verification process to ensure that it is from relatively new projects (no more than 15 years old generally), is marketed with complete transparency and accuracy and delivered to the purchaser, who has sole title. Green-e® staff verifies the entire chain of custody of certified renewable energy from generation to retirement to ensure individuals and businesses are getting exactly what they paid for.

Through the Green-e Energy program, CRS certifies many renewable energy options, including:

- Community Choice Aggregation (CCA, also called Municipal Aggregation) programs
- Community Solar programs
- Competitive Electricity products
- Renewable Energy Certificate (REC) products
- REC purchases and power purchase agreements (PPAs) with generators and on-site generation, through [Green-e Direct](#).
- Utility Green Pricing programs

Sellers of Green-e Energy Certified renewable energy are reviewed twice a year to ensure that they live up to their advertising and marketing claims, and that their customers are getting what they paid for. Certified energy is accounted for and tracked through the annual Green-e Energy verification audit process. The audit process also verifies that the RECs have not been double-counted. Certified renewable energy sold to a consumer for a voluntary program cannot also be counted toward a state's renewable energy goal (a renewable portfolio standard, for example). Renewable energy must only be allocated to the voluntary programs being certified and the program participants.

Each participant wishing to claim Green-e Energy certification for any of their certified products agrees to perform these actions:

1. Conduct an annual independent verification of certified product sales and purchases, according to the Green-e Energy annual verification process.

2. Submit requested Marketing Compliance Review materials to ensure that website and marketing materials are compliant.
3. Provide customers and prospective customers with all adequate, accurate, clear and required information about the certified product.
4. Actively guard against double counting of certified products by following the requirements in the Green-e Energy National Standard, including:
 - a. Selling renewable electricity or RECs only once, and
 - b. taking reasonable actions to ensure that all supply is free of use claims from others, and that the renewable energy or RECs have not been sold to any other party. This could include, for example: using clear contract language, educating those in the chain of custody about the exclusivity of renewable claims and the value of the REC, and reviewing online marketing materials of entities in the supply chain of the purchased renewable electricity / RECs when possible.
5. Ensure by reporting agreements, attestations, and other contractual agreements with generators and wholesale counterparties, that generation output sold in the certified product has not been counted as part of, or used for compliance with, any mandated government renewable energy procurement (unless the certified product itself is used for compliance); renewable portfolio standard or other renewable energy requirement of local, state, provincial or federal government; or of the utility or generator except as provided for in the Green-e Energy National Standard Section III(D).

The verification process is designed by Center for Resource Solutions and conducted by an independent auditor selected by the Green-e participant. The verification process uses company contracts and records, renewable energy tracking system records, Green-e Energy attestations, invoices and billing statements to verify the following:

1. That the participant purchased enough renewable electricity or RECs in quantity and type to meet its customer demand for each certified product.
2. That the electricity or RECs were generated by eligible renewable generators, as defined in the Green-e Energy National Standard.
3. That the information provided to customers on the product's annual Historical Product Content Label is accurate compared to verified supply and consistent with that provided in the Prospective Product Content Label for the corresponding year.
4. That the renewable electricity or RECs purchased and sold by the provider were not sold to more than one customer.

5. That other requirements and criteria within the Green-e Energy National Standard are met, including, but not limited to, requirements pertaining to emissions limits, nuclear energy and the prohibition on double claims.

To be certified by Green-e, eligible RECs or renewable energy can be used once and only once in a manner that results in retirement. Renewable energy or RECs (or the renewable or environmental attributes incorporated in that REC) that can be legitimately claimed by another party may not be used in Green-e Energy certified REC products.

Examples of prohibited double uses include, but are not limited to:

1. When the same REC is sold by one party to more than one party, or any case where another party has a conflicting contract for the RECs or the renewable electricity.
2. When the same REC is claimed by more than one party, including any expressed or implied environmental claims made pursuant to electricity coming from a renewable energy resource, environmental labeling or disclosure requirements. This includes representing the energy from which RECs are derived as renewable in calculating another entity's product or portfolio resource mix for the purposes of marketing or disclosure.
3. When the same REC is used by an electricity provider or utility to meet an environmental mandate, such as an RPS, and is also used to satisfy customer sales under Green-e Energy.

The use of one or more attributes of the renewable energy or REC by another party. This includes when a REC is simultaneously sold to represent "renewable electricity" to one party, and one or more Attributes associated with the same MWh of generation (such as CO2 reduction) are also sold, to another party.

APPENDIX D: Sample Builder Agreement and Participating Building CC&Rs/Deed Restrictive Covenants

DRAFT – FOR INFORMATIONAL PURPOSES ONLY

BUILDER NEIGHBORHOOD SOLARSHARES® PROGRAM – SAMPLE AGREEMENT

This Builder Neighborhood SolarShares® program Agreement (“Agreement”), entered into and made effective on date of last signature below (“Agreement Date”), by and between BUILDER/DEVELOPER (“BUILDER”), and the Sacramento Municipal Utility District (“SMUD”) – each a “Party” and, collectively, the “Parties” – states the nature and extent of the agreement between the Parties.

RECITALS

This Agreement is entered into with reference to the following facts:

- A. WHEREAS, SMUD is an electric utility serving homes in Sacramento County and small adjoining portions of Placer and Yolo Counties that owns and operates an electric power system; and
- B. WHEREAS, BUILDER is a builder that sells new homes to buyers/occupants (participating customers) that will be served electricity by SMUD; and
- C. WHEREAS, the California Energy Commission (CEC) Title 24 Building Energy Efficiency Standards (Building Energy Standards) require newly constructed low-rise residential buildings either to be equipped with on-site, photovoltaic solar systems or alternatively, to be served by a CEC-approved community shared solar electric generation program; and
- D. WHEREAS, SMUD and BUILDER wish to establish a partnership to facilitate the provision of solar generation to participating buildings, in compliance with the CEC Building Energy Standards; and
- E. WHEREAS, SMUD, as an approved Administrator under the Building Energy Standards, conducts an innovative Neighborhood SolarShares program that provides shares of solar generation that are allocated to meet the electricity needs of each participating building; and

- F. WHEREAS, BUILDER wishes to use the SMUD's Neighborhood SolarShares program to achieve compliance with the CEC Building Energy Standards by requiring the participating buildings to enroll in SMUD's Neighborhood SolarShares program.

NOW, THEREFORE, in consideration of the above-mentioned recitals and the obligations herein, the Parties mutually agree as follows:

AGREEMENT

1. Purpose. The purpose of this Agreement and the intent of the Parties is for SMUD to allocate shares of solar generation to participating buildings in communities built by BUILDER, and BUILDER to require all SMUD customers who occupy participating buildings to purchase the allocated shares of solar generation under SMUD's Neighborhood SolarShares program. SMUD will allocate the shares of solar generation to SMUD's participating customers within Participant Account(s). The allocated shares of solar generation will be established for each participating building based on Title 24 requirements. This Agreement is required as a condition of BUILDER'S participation under SMUD's Neighborhood SolarShares program.
2. Rooftop Solar Option for First Home Buyer. BUILDER may offer rooftop solar in lieu of Neighborhood SolarShares for the first owner of the building and use the rooftop solar alternative for complying with the Building Energy Standard solar compliance requirements.
3. SolarShares® Allocation. Under its Neighborhood SolarShares program, SMUD will allocate shares of solar energy generation to the participating buildings, hereinafter referred to as the "SolarShares Allocation." The Neighborhood SolarShares generation credits associated with the Neighborhood SolarShares Allocation are distributed to the participating customer's electric bills or account based on applicable time-of-day periods. Upon request, SMUD will provide the BUILDER with the SolarShares Allocation tables for each participating building.

The SolarShares Allocation tables are applicable for a term of 5 years from the Agreement Date. After this 5-year period, any buildings that have not commenced electrical service with SMUD will be subject to new SolarShares Allocation table(s) and Origination Fee(s).

4. Renewable Energy Credits. The SolarShares Allocation includes the renewable and environmental attributes associated with the solar generation allocated to each participating building including, but not limited to, the Renewable Energy Credits (RECs). All claims to renewable

and environmental attributes may be made with respect to the participating building, including that the participating customer occupying that participating building uses solar power. The RECs associated with SolarShares Allocation(s) will be retired by SMUD on behalf of the participating building. In the event the laws or regulations for renewable/ environmental attributes or Building Energy Standards change in a manner that impacts this Agreement, the Parties will meet and confer to update this Agreement to be consistent with the law/regulation. If either Party is unable to fulfill its obligations under this Agreement due to a change in law/regulation, the affected Party shall not be in breach of this Agreement.

5. Buydown. The BUILDER has the option of reducing the cost of the SolarShares electricity charge (or commensurately increasing SolarShares Credits, at SMUD's option) on the SMUD bill of participating customers through a one-time buydown, hereinafter referred to as an Origination Fee. The amount of the Origination Fee, if any, is a charge based on the building's SolarShares Allocation, and is described in Exhibit A. When opting for a buydown, BUILDER commits to not passing on the cost of the Origination Fee to the buyer of the building. In the event BUILDER breaches this Section 4 of the Agreement by passing any portion of the cost of the Origination Fee to the buyer of the building, BUILDER shall reimburse the building buyer the said value of the Origination Fee that was passed onto the buyer.
6. Builder Commitment.
 - A. BUILDER shall disclose to all prospective buyers that the participating building is participating in SMUD's Neighborhood SolarShares program, and that each owner or tenant that occupies the participating building for the 20-year period, beginning with the first occupancy of the participating building, must take electricity service under SMUD's Neighborhood SolarShares program, unless the prospective buyer later installs and interconnects an on-site solar electric generation system that meets or exceeds the requirements of the Building Energy Code in effect at the time that BUILDER applied for the original building permit for the participating building and discontinues participation in (i.e., opts out of) SMUD's Neighborhood SolarShares program as described herein. Each participating customer is automatically enrolled in SMUD's Neighborhood SolarShares program. Each participating customer will be obligated to receive energy bill credits resulting from the Allocation of SolarShares generation for that participating building and pay the charges to

participate in the Neighborhood SolarShares program. The BUILDER shall cooperate with SMUD in the distribution of Neighborhood SolarShares marketing materials to be used for communication to prospective buyers. Consistent with SMUD's Neighborhood SolarShares program provisions, SMUD will assist in developing this information upon request by the BUILDER.

- B. BUILDER shall ensure owners/tenants who occupy BUILDER'S participating buildings are enrolled in SMUD'S Neighborhood SolarShares program by imposing this requirement as an equitable servitude through a properly recorded declaration of covenants, codes, and restrictions ("CC&Rs") or other deed restrictive covenant referenced in each deed transferring title for each participating building. The BUILDER shall provide constructive notice of the CC&Rs to prospective buyers of the participating building before the BUILDER sells any participating building to a prospective buyer(s). This equitable servitude shall run with the land and obligate the original owner(s)/tenant(s) and all subsequent owner(s)/tenant(s) who occupy the participating building, to enroll and take electrical service under SMUD'S Neighborhood SolarShares program. BUILDER shall ensure that the CC&Rs provide SMUD with the right to enforce the applicable CC&Rs. This equitable servitude shall remain in force for a period of twenty (20) years from the date that the first SMUD electrical service occurs for the participating building, subject to the opt-out provisions as set forth in the Building Energy Standards.

BUILDER shall submit draft CC&Rs to SMUD and shall obtain SMUD'S approval of the CC&Rs before they are recorded. Sample CC&Rs are attached herein as Exhibit C. The sample CC&Rs are intended as guidance to demonstrate the material substance of acceptable CC&Rs but may reflect a BUILDER'S specific CC&R practice as long as the material substance for Title 24 compliance is conveyed, running with the land and binding the property to participation in Neighborhood SolarShares for 20 years from the start of electrical service. Builder shall provide SMUD a copy of recorded CC&Rs.

7. Non-Compliance with CEC Requirements. BUILDER shall comply with Building Energy Standards in effect at the time of permit application for the participating building, and indemnify and hold SMUD, its directors, employees, and officers harmless against all loss, damage, expense, or liability resulting from BUILDER'S non-compliance with such standards.

8. “Behind-the-Meter” Generation and Opt-out. If at any time during the Term of this Agreement a “behind-the-meter” on-site solar electric generation system is installed for a participating building and interconnected consistent with SMUD’s applicable interconnection requirements, and if such system meets or exceeds the TDV energy generation for the on-site PV solar generation system required by the Building Energy Standards in effect at the time the builder applied for the original building permit for the participating building, and if the building owner satisfies all conditions necessary to discontinue participation (opt-out) in Neighborhood SolarShares as determined and communicated by SMUD consistent with the Building Energy Standards, the building owner may thereafter opt out of SMUD’s Neighborhood SolarShares program.
9. Term and Termination. This Agreement shall commence on the date that BUILDER records the CC&Rs described in paragraph 5 above and expires 20 years from the date that the last participating building begins SMUD electrical service. BUILDER must inform SMUD when applying for final permit for the last participating building.
10. Limitation of Liability. In no event shall one Party be liable to the other Party for any indirect, special, consequential or incidental damages, regardless of whether the Party has been informed of the possibility of such damages or is negligent, and whether or not such damages were reasonably foreseeable.
11. Relationship of the Parties. This Agreement does not constitute, create nor give effect to a partnership, joint venture, or any agency between the Parties.
12. Data Sharing. BUILDER acknowledges that SMUD will provide a list of addresses of participating buildings enrolled in Neighborhood SolarShares, the SolarShares capacity (kW), and the registration and enrollment dates to local lead agencies on a regular basis for compliance verification purposes.
13. Applicable Law. Each Party shall comply with all applicable federal, state and local laws, regulations or ordinances in effect or hereafter adopted. This Agreement shall be governed by and construed and interpreted in accordance with the substantive laws of the State of California, and federal rules and regulations as applicable.
14. Assignment. Builder shall transfer this Agreement to subsequent builders with advance notice provided to SMUD. Subsequent builders shall be obligated to comply with all provisions of this Agreement. Other than that specified transfer, this Agreement, or any interest herein, shall not be

transferred or assigned – in whole or in part - by either Party, without the prior written consent of the other.

15. Notice. Any notice or other writing required or permitted by this Agreement, including but not limited to changes/updates to Exhibit(s), shall be deemed to have been sufficiently given either when personally delivered, emailed or mailed by certified or registered United States mail with postage prepaid to the individual representatives and addresses of the Parties specified herein. The individuals designated below shall, unless and until otherwise specified in writing by another authorized representative of the Party, be the only individuals eligible to receive any and all written notices under this Agreement:

For SMUD:

Dept Name: XXXXX

Dept Email: XXXX

Attn: John Doe

Address: 6301 S Street, M.S. XXXX
Sacramento, CA 95817

Telephone: (916) 732-XXX

For Builder:

Dept Name: XXXXX

Dept Email: XXXX

Attn: John Doe

Address: XXXX
Sacramento, CA XXXXX

Telephone: (916) XXX-XXXX

16. Changes. No modification or amendment to this Agreement shall be binding upon the Parties unless made in writing and signed by a duly authorized official of both Parties. Changes that cause participating buildings to fail to comply with the Building Energy Standards in effect at time of permit application are prohibited.
17. Severability. In the event any portion of this Agreement is deemed invalid or unenforceable for any reason by a court of competent jurisdiction, the remaining portions of this Agreement shall remain in full force and effect.
18. Ambiguities. This Agreement is a product of negotiation and the Parties have agreed to each term of it, and as such, ambiguities, if any, in the terms of this Agreement shall not be construed against any Party.
19. Counterparts/Electronic Delivery. This Agreement may be signed in counterparts, each of which shall be deemed an original, but all or which

together shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile or electronic transmission, and the Parties agree that such facsimile or electronic (e.g., .pdf) execution and delivery shall have the same force and effect as delivery of an original document with original signatures, and that each Party may use such facsimile or electronic signatures as evidence of the execution and delivery of this Agreement by the Parties to the same extent that an original signature could be used.

20. Entire Agreement. This Agreement constitutes the entire understanding between the Parties with regards to Neighborhood SolarShares. Each Party covenants that there is no agreement between itself and any other person, firm, or corporation which would impair the full force and effect of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the dates indicated below.

<p>SACRAMENTO MUNICIPAL UTILITY DISTRICT</p> <p>By:</p> <p>Name:</p> <p>Title:</p> <p>Date:</p>	<p>BUILDER</p> <p>By:</p> <p>Name:</p> <p>Title:</p> <p>Date:</p>
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Exhibit A

A.1 Neighborhood SolarShares BUILDER Origination Fee

The BUILDER Origination Fee, if any, is based on the buydown amounts established for this Agreement, determined by SMUD and the BUILDER for each participating building based on Title 24 Building Energy Efficiency Standards requirements and the Neighborhood SolarShares allocation table for that participating building. The Origination Fee for the participating buildings shall be \$___/watt of Neighborhood SolarShares Allocation for each participating building under the Neighborhood SolarShares allocation table currently in effect.

A.2 Mutual Agreement

The Parties, upon mutual agreement, may revise this Exhibit A as appropriate to modify the Origination Fee, and issue a new Exhibit A, which shall then become part of this Agreement. No formal amendment of the Agreement is required to update this Exhibit A.

Signature of Builder

Signature of SMUD

Exhibit B (cont) Legal Description of Property

Legal description as written on most recent deed. This is the full description of the property, not just the address.

Exhibit C

Sample CC&R Provisions

Article 5. Utilities – Neighborhood SolarShares

Section 1, Obligation to Enroll. Each Owner and/or Tenant occupying a Neighborhood SolarShares participating building shall obtain electrical service by enrolling and participating in SMUD’s Neighborhood SolarShares program. SMUD’s Neighborhood SolarShares program shall be the exclusive provider of off-site electrical service for participating buildings. Nothing in this Declaration shall be construed to effectively prohibit or unreasonably restrict the installation or use of a “behind-the-meter” solar electric generation system to serve the electricity demand of participating buildings. To the extent any such system is installed, it must satisfy the Opt-Out Requirements of section 10-115(a)(4)(D) of Title 24 of the California Code of Regulations, and upon successful installation and interconnection of such system, the Owner must discontinue participation in Neighborhood SolarShares.

Section 2, Term of Obligation. The condition, covenant and restriction to enroll in SMUD’s Neighborhood SolarShares program specified in Section 1 shall be required for each participating building from the date electrical service is first established for that building. The condition, covenant and restriction specified in Section 1 shall be required for a period of twenty (20) years from the date electrical service is first established for each participating building and then automatically terminate.

Section 3, Building Opt-Out. Any Owner shall be excused from its obligation to enroll or continue participation in Neighborhood SolarShares under Sections 1 and 2 of this Article if the participating building Owner satisfies the Opt-Out Requirements of section 10-115(a)(4)(D) of Title 24 of the California Code of Regulations, as confirmed by SMUD pursuant to section 10-115(a)(4)(D)(ii), and thereafter discontinues participation in SMUD’s Neighborhood SolarShares program. Any Tenant occupying a building that was previously enrolled in Neighborhood SolarShares shall be excused from its obligation under Section 1 of this Article if the Owner of the building would also be excused under this Section.

Article 15. General Provisions

Section 1, Enforcement. Any Owner (or the community Association if applicable), shall have the rights to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now and hereafter imposed by the provisions of this Declaration. The community Association (if applicable) shall have a non-discretionary duty to enforce the restrictions and covenants contained in Article 5 of this Declaration. SMUD shall have the right to enforce, by any proceeding at law or

in equity, the restrictions, conditions and covenants contained in Article 5. Any failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Neither SMUD, the community Association, nor any Owner shall have a right to enforce the restrictions and covenants contained in Article 5 of this Declaration against an Owner or Tenant who has satisfied the Opt-Out Requirements of section 10-115 of Title 24 of the California Code of Regulations and thereafter discontinued participation in SMUD’s Neighborhood SolarShares program. The prevailing party in any legal action is entitled to recover legal fees as provided in current California law and elsewhere in the Declaration.

Section 2, Term of Declaration and Amendment. The conditions, covenants and restrictions of this Declaration shall run with and bind the land. This Declaration may be amended by approval of at least fifty-one percent (51%) of the Lot Owners; provided that the restrictions and covenants contained in Article 5 are irrevocable and may not be amended in any way. Any amendment must be properly recorded to be effective.

Sample Content of Deed Restrictive Covenant

Recording Requested by

CITY OF SACRAMENTO

When Recorded Mail to:

City Clerk

City of Sacramento

915 I St., Sacramento, CA 95814

Exempt from recording fees

Pursuant to Gov’t Code § 27383

NOTICE OF CONVEYANCE RESTRICTIONS

(Government Code § 27281.5)

THIS NOTICE OF CONVEYANCE RESTRICTIONS (“Notice”) is executed on [MONTH, DATE, YEAR], by [PROPERTY OWNER NAME], a [PROPERTY OWNER TYPE (E.G., INDIVIDUAL, CORPORATION, LLC)] (“Declarant”).

RECITALS

WHEREAS, Declarant is the owner of certain real property located in the [LOCAL AGENCY NAME], County of Sacramento, California commonly known as [NAME OF CENSUS DEFINED PLACE, CITY, COUNTY AREA, OR OTHER] with an Assessor's Parcel Number of [_____], which is more particularly described in the attached and incorporated Exhibit A ("the Property"); and

WHEREAS, the [LOCAL AGENCY NAME] ("City/County") approved an [accessory dwelling unit / single family home / multi-family development / multiplex] ("Structure") on the Property subject to the conditions set forth in the applicable [City/County] Code; and

WHEREAS, Section 27281.5 of the California Government Code requires a recorded document in the event a governmental entity imposes a restriction on the ability of an owner of real property to convey the real property; and

WHEREAS, Declarant has elected to comply with the solar mandate condition of the permit by ensuring that the accessory dwelling unit receives power through the Sacramento Municipal Utility District's ("SMUD") Neighborhood SolarShares program; and

WHEREAS, this Declaration is being recorded in compliance with Section 27281.5 of the California Government Code and the [City/County Code].

NOW, THEREFORE, Declarant declares as follows:

1. Covenant Running with Land. In consideration of the approval of the Structure, the Declarant does hereby covenant and agree to restrict, and does by this instrument intend to restrict, the future use of the Property as set forth below, by the establishment of this covenant running with the land.

2. Restrictive Covenants. The following restrictive covenants shall apply to the Property:

a. The Structure shall obtain electrical service from SMUD. Electrical service for the Structure will automatically include enrollment in SMUD's Neighborhood SolarShares program with no action required on the part of the customer. SMUD's Neighborhood SolarShares program shall provide off-site electrical solar generation for the Structure.

b. This restriction shall be binding for a period of twenty (20) years from the date electrical service is first established for the Structure and then automatically terminate. Lack of compliance with this Notice may result in legal action against the property owner, including revocation of any right to maintain a Structure on the Property. The [City/County] and SMUD shall have the right to enforce this Notice and the conditions contained herein by appropriate action at law or suit in equity against Declarant and any persons claiming an interest in the Property.

c. Nothing in this Notice shall be construed to effectively prohibit or unreasonably restrict the installation or use of a "behind-the-meter" solar energy system to serve

the Structure's electricity demand. The Structure shall be excused from its obligation to enroll or continue participation in Neighborhood SolarShares under section 2.a. if it satisfies the Opt-Out Requirements of section 10-115(a)(4)(D) of Title 24 of the California Code of Regulations, as confirmed by SMUD pursuant to section 10-115(a)(4)(D)(ii), and thereafter discontinues participation in SMUD's Neighborhood SolarShares program.

3. Declarant's Reserved Rights. Declarant reserves to itself, and to its representatives, heirs, successors, assigns, transferees, agents, and lessees, all rights inuring from ownership of the Property not otherwise restricted or prohibited by virtue of this Notice, including, but not limited to, the right to engage in or permit others to engage in all uses of the Property that are not expressly prohibited by this Notice, and are not inconsistent with the purposes of this Notice.

4. Successors and Assign Bound. Declarant hereby agrees and acknowledges that the Property shall be held, sold, conveyed, owned, and used subject to the applicable terms, conditions and obligations imposed by this Notice relating to the use of the Property, and matters incidental thereto. Such terms, conditions, and obligations are a burden and restriction on the use of the Property, as applicable.

The provisions of this Notice shall (subject to the limitations Notice in this Declaration and without modifying the provisions of this Notice) be enforceable as equitable servitudes and conditions, restrictions and covenants running with the land, and shall be binding on the Declarant and upon each and all of its respective heirs, devisees, successors, and assigns, grantees, mortgagees, lienors, officers, directors, employees, agents, representatives, executors, trustees, successor trustees, beneficiaries, administrators, any person who claims an interest in the Property, and upon future owners of the Property and each of them.

5. No Other Restrictions. This Notice imposes no other obligations or restrictions on Declarant, and neither its successors, nor any other person or entity claiming under them, shall be in any way restricted from using the Property except as provided herein or as otherwise provided in the [City/County] Code.

6. General Provisions.

a. Controlling Law. The interpretation and performance of this Notice shall be governed by the laws of the State of California and applicable federal law.

b. Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Notice shall be liberally construed to effect the purposes of this Notice. If any provision in this Notice is found to be ambiguous, an interpretation consistent with the purposes of this Notice that would render the provision valid shall be favored over any interpretation that would render it invalid.

c. Severability. If any provision of this Notice or the application thereof is found to be invalid, the remaining provisions of this Notice or the application of such provisions other than that found to be invalid shall not be affected thereby.

d. Termination of Rights and Obligations. A party's rights and obligations under this Notice terminate upon transfer of the party's interest in the Notice or Property, except that liability for acts, omissions or breaches occurring prior to transfer shall survive transfer.

7. Modification. This Notice shall not be amended, released, terminated, or removed from the Property. The conditions, covenants and restrictions of this Notice are irrevocable and shall run with and bind the land.

8. Recordation. This Notice shall be recorded in the Sacramento County Recorder's Office.

DECLARANT:

By: _____

Print Name: _____

Title: PROPERTY OWNER

By: _____

Print Name: _____

Title: PROPERTY OWNER

[Notarization Required]

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EXHIBIT A

Legal Description of the Property