

## DOCKETED

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# ORA

Office of Ratepayer Advocates  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

<http://ora.ca.gov>

## THE OFFICE OF RATEPAYER ADVOCATES' COMMENTS ON THE NEW SOLAR HOMES PARTNERSHIP (NSHP) WORKSHOP HELD JULY 8, 2016

The Office of Ratepayer Advocates (ORA) is the independent consumer advocate within the California Public Utilities Commission (CPUC), with a statutory mandate to obtain the lowest possible rates for utility services consistent with reliable and safe service levels. ORA also advocates for consumer protection related to utility service and for cost-effective approaches to achieving California's environmental goals. ORA appreciates the opportunity to comment on the New Solar Homes Partnership (NSHP) workshop that the California Energy Commission (CEC) held on July 8, 2016.

ORA served on the first panel on Incentive Levels and Program Costs, but was unable to attend the second half of the workshop. ORA's comments therefore focus on recommendations regarding measurement and evaluation for the program, which was the topic of the workshop's last panel.

Please contact Helena Oh at [Helena.oh@cpuc.ca.gov](mailto:Helena.oh@cpuc.ca.gov) with questions regarding ORA's comments.

### **Given the CEC's limited resources, ORA proposes the most important baseline metrics for monitoring program achievements.**

The CEC plans to use all of the \$111.78 million in funds for the NSHP program for incentives, so the state agency may not have the resources to contract with an evaluation expert for implementation of a Measurement and Evaluation Plan.<sup>1</sup> Given its limited resources, the CEC should monitor the most important baseline metrics using CEC staff.<sup>2</sup> Important metrics to track include:

1. Determine the value that solar provides to new home sales:
  - Collect data on the sales of units that participated in the NSHP program
    - E.g. value of the NSHP homes and how quickly they were sold to serve as an indicator of demand for solar homes
  - Collect data on the sales of comparable units in California that did not participate

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<sup>1</sup> The CEC's Opening Comments to the Proposed Decision Addressing Funding Authorizations and Related Measures for Continuation of the New Solar Homes Partnership, p. 2

<sup>2</sup> The recommended information is in addition to the information that is already collected pursuant to CPUC Decision 16-06-006, which requires reporting consistent with "go Solar California", including the number of applications, systems and capacity. Other data will be collected through the Net Energy Metering (NEM) interconnection process.

- in the NSHP and that do not have solar
    - Collect the same data and compare them with the NSHP homes in the same cities, counties and/or regions
  - If available, collect data on new, non-NSHP solar homes in California
  - Identify the average marginal cost for builders to add solar to new units
2. Conduct informal surveys of builders to gauge their perception of remaining market barriers once the NSHP sunsets. Conduct informal surveys of participating affordable housing developers to assess remaining market barriers exclusive to the affordable housing construction market.
  3. The CEC staff can also conduct a continuous evaluation of the NSHP applicants' experience with the program through informal discussions. The purpose of this process evaluation is to identify any potential failures in the conceptual program design and inform improvements to the program implementation process.

**If the CEC is able to hire a consultant, ORA recommends a market transformation study to assess the viability of the new solar homes market without the NSHP program:**

Ideally, a program evaluation firm would conduct a market transformation study to assess how successful the NSHP program has been in preparing the new residential construction industry in California to build new homes with solar without the assistance of the NSHP program. In addition to the metrics above, the study would:

- Determine the overall value that a solar system adds to a new home
  - Examine the cost effectiveness of solar systems to new home builders and test the assumption that builders may be hesitant to assume the risk of building higher cost solar homes.<sup>3</sup>
- Identify what the markets barriers are for new solar homes and what role the utilities' Net Energy Metering tariffs play in the demand for new solar homes.
- Investigate whether there are other means for addressing market barriers that are more cost effective than an incentive program.
- Investigate whether incentives, if needed in the future, can be reduced

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<sup>3</sup> According to the Decision that extended the NSHP program, "Without access to the NSHP incentives, builders may be hesitant to assume the risks of increasing building costs in a competitive new home market." (D. 16-06-006, p. 14)