

DOCKETED	
Docket Number:	19-BSTD-08
Project Title:	Community Shared System Applications
TN #:	229834
Document Title:	Notice of Availability and Summary of Staff's Review of SMUD's Community Solar Application
Description:	Possible approval of an application from the Sacramento Municipal Utility District (SMUD) to administer a community shared solar electric generation system program to provide an alternative compliance approach to the onsite photovoltaic requirements for newly constructed low-rise residential buildings in the 2019 Building Energy Efficiency Standards
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CEC-57 (Revised 1/19)

Notice of Availability and Summary of Staff's Review of SMUD's Application

TO ADMINISTER A COMMUNITY SHARED SOLAR SYSTEM AS AN ALTERNATIVE TO THE ONSITE PHOTOVOLTAIC REQUIREMENTS FOR NEWLY CONSTRUCTED LOW-RISE RESIDENTIAL BUILDINGS IN THE 2019 BUILDING ENERGY EFFICIENCY STANDARDS DOCKET # 19-BSTD-08

California Energy Commission (CEC) staff is making available for public review and comment SMUD's application for CEC approval to administer their new *Neighborhood SolarShares Program* as a community shared solar electric generation system, to serve as an alternative approach for complying with the onsite photovoltaic system requirements in the *2019 Building Energy Efficiency Standards (2019 Energy Code)*. SMUD's application will be presented for CEC consideration at the October 14, 2019 Business Meeting.

SMUD's application will be posted to the Docket for review and can be found here: <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=19-BSTD-08>. Written comments should be submitted to the Docket no later than October 9, 2019 at 5:00 pm.

Background

The *2019 Energy Code*¹ include an exception to the solar electric generation design rating performance standards requirements for all newly constructed low-rise residential buildings in Part 6, §150.1(b)1. As a compliance alternative, shares of a community shared solar system, which is approved by the CEC, can be substituted for the otherwise required onsite photovoltaic system. The community shared solar system must meet the requirements specified in Part 1, § 10-115 of the *2019 Energy Code*. Any entity may apply to the CEC for approval to administer a community shared solar electric generation system that meets the requirements in § 10-115. The application must demonstrate to the CEC's satisfaction that each requirement will be met. All applicants have the burden of proof to establish that their application should be granted.

¹ California Code of Regulations, Title 24, Part 1, Chapter 10, and Part 6.

Summary of Staff's Review of SMUD's Application

Staff has reviewed SMUD's application to determine whether it properly addresses each of the following § 10-115 requirements.

Enforcement Agency. § 10-115(a)1 establishes several requirements to ensure effective coordination with building department review and enforcement of buildings that apply for permits, using the community shared solar system as an alternative compliance approach. SMUD commits in their application to meet all of these requirements.

Energy Performance. § 10-115(a)2 requires the community-shared solar system to be shown to provide the same or better energy performance as onsite photovoltaic systems using CEC-approved compliance software. SMUD commits in their application to demonstrate using compliance software that the *Neighborhood SolarShares* generation allocated to the building equals or exceeds the time dependent value energy generation determined for the otherwise required onsite photovoltaic (PV) system. SMUD also commits to working with CEC staff on modifications that will need to be made to compliance software to enable *Neighborhood SolarShares* to be easily and accurately modeled, and to compliance forms to enable energy consultants and builders to easily and effectively document the use of *Neighborhood SolarShares* for building department review and enforcement of 2019 *Energy Code* compliance. SMUD also commits to working with participating builders to ensure that compliance simulations are correctly completed and documented to demonstrate compliance.

Dedicated Building Energy Savings Benefits. § 10-115(a)3 requires that the community shared solar electric generation system provide energy savings benefits dedicated to the building, which are equivalent to the reductions in energy consumption that would have resulted from the otherwise required onsite photovoltaic system. The community-shared solar system also must ensure cost effectiveness to participating buildings, whereby the reduction in the building's energy bills must be greater than the added cost to the building to participate in the community shared solar system. SMUD will guarantee that the energy bill reductions resulting from *Neighborhood SolarShares* allocated to the building will be greater than the cost for the building to participate in *Neighborhood SolarShares*. SMUD also will facilitate a process where participating builders can buy-down a portion of the charge to participate in the *Neighborhood SolarShares* program to increase the net energy bill benefit beyond the guaranteed level. This builder buy-down will be voluntary with the builder determining the amount of buy-down they wish to provide, if any. SMUD's participation agreement with the builder will prohibit the builder from passing on the cost of the buy-down in the sales price of the building.

Durability. § 10-115(a)4 requires that the community-shared solar system provide energy savings benefits dedicated to the building for a period of no less than twenty (20) years. SMUD commits in their application to administration of the *Neighborhood SolarShares* program, providing energy savings benefits in compliance with § 10-115(a)3 that are dedicated to each participating building for 20 years, starting with the

initial electric service to the participating building. Each participating builder will sign a builder agreement that binds each building, which uses the community-shared solar system to comply with the *2019 Energy Code*, to participation in the program for 20 years. The agreement requires the participating builder to include a Declaration of Covenants, Conditions, and Restrictions (Declaration of CC&Rs) in the deed transferring title for each participating building requiring the building to participate in the SolarShares program for the required duration. The Declaration of CC&Rs runs with the land for the 20-year period, starting with the electric service of the first occupant of the participating building, continuing with the electric service of all subsequent occupants throughout the 20-year period.

Additionality. § 10-115(a)5 requires the energy savings benefits dedicated to each building to be provided exclusively to the dedicated building. Those energy savings benefits shall in no way be attributed to other purposes or transferred to other buildings or property. SMUD commits that the *Neighborhood SolarShares* generation allocated to each participating building will not be allocated to or used for any other purpose, including SMUD's or any other entity's Renewable Portfolio Standards (RPS) compliance, resale of Renewable Energy Credits (RECs) or renewable generation to any other person or entity, or any other mandatory or voluntary renewable electricity claim that would constitute double use.

SMUD will track and retire bundled RECs ((RECs that would qualify to be considered Portfolio Content Category 1) associated with the allocated generation on behalf of the participating home in specific Western Renewable Energy Generation Information System (WREGIS) subaccounts established for the *Neighborhood SolarShares Program*, ensuring that the bundled RECs are used once and only once, and cannot be used for other purposes. SMUD will also cause the Neighborhood SolarShares program to be certified by the *Center for Resource Solutions* as meeting the applicable *Green-e* standard for voluntary renewable programs (or be certified by an equivalent or stronger verification protocol). *Green-e* certification includes annual auditing of the program to verify that *Green-e* requirements for resource eligibility and additionality are met. SMUD expects to subtract the *Neighborhood SolarShares* generation allocated to participating homes to the extent that generation meets the requirements of Public Utility Code § 399.30(c)(4) and CEC RPS regulations, from SMUD's general retail sales prior to calculation of SMUD's obligation in the RPS program. Also, consistent with ARB's *Voluntary Renewable Energy (VRE) Program* rules, SMUD will have *VRE* carbon allowances retired on behalf of participating homes. All of these steps will ensure that GHG reductions and renewable claims are legitimate, and do not violate the § 10-115(a)5 additionality provision.

SMUD will supply *Neighborhood SolarShares* to participating homes from a portfolio of existing solar resources and resources under development. SMUD will closely track, document and ensure that the *Neighborhood SolarShares* dedicated to participating homes from this portfolio are in all cases additional during the period of time that the allocation is made to participating homes.

Accountability and Record Keeping. § 10-115(a)6 requires that applicants for CEC approval for administration of community shared solar electric generation systems are accountable to all parties who rely on these systems as an alternative approach to compliance with the *2019 Energy Code*, including but not limited to builders, building owners, enforcement agencies, and the CEC. Recordkeeping that documents ongoing compliance with each § 10-115 requirement over a 20-year period for each participating home must be maintained. Access to these records must be provided to any entity approved by the CEC for auditing compliance with these requirements. SMUD commits in their application to meet these requirements.

Staff Position

Staff finds that SMUD's application as the administrator of their *Neighborhood SolarShares* Program as a community shared solar electric generation system for achieving compliance with the *2019 Energy Code*, meets all of the Part 1, § 10-115 requirements. Staff recommends approval of SMUD's application. Approval should be contingent on SMUD working closely with CEC staff to effectively incorporate use of the *Neighborhood SolarShares* program into *2019 Energy Code* compliance software and compliance forms.

Public Comment

Written comments: Written comments should be submitted to the Docket no later than October 9, 2019 at 5:00 p.m. Written comments, attachments, and associated contact information (e.g. address, phone number, email address) become part of the viewable public record. This information may also become available via any Internet search engine.

The CEC encourages use of its electronic commenting system. Visit <https://efiling.energy.ca.gov/Ecomment/Ecomment.aspx?docketnumber=19-BSTD-08>, which links to the comment page for this docket. Enter your contact information and a comment title describing the subject of your comment(s). Comments may be included in the "Comment Text" box or attached in a downloadable, searchable Microsoft® Word (.doc, .docx) or Adobe® Acrobat® (.pdf) file. Maximum file size is 10 MB.

Written comments may also be submitted by email. Include the docket number, 19-BSTD-08, and SACRAMENTO MUNICIPAL UTILITY DISTRICT (SMUD) APPLICATION TO ADMINISTER A COMMUNITY SHARED SOLAR SYSTEM in the subject line, and send to docket@energy.ca.gov.

If preferred, a paper copy may be submitted to:

California Energy Commission
Docket Unit, MS-4
Re: Docket No. 19-BSTD-01
1516 Ninth Street
Sacramento, CA 95814-5512

Please direct all news media inquiries to the Media and Public Communications Office at (916) 654-4989, or by email at mediaoffice@energy.ca.gov.

If you have questions on the subject matter of this notice, please contact Bill Pennington at (916) 698-0604, or by email at bill.pennington@energy.ca.gov.

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