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CBIA Support for SMUD Neighborhood Solar Shares Program

Additional submitted attachment is included below.



California Building Industry Association

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October 18, 2019

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

RE: Support for Approval of SMUD's Neighborhood Solar Share Program

Dear Commissioners,

The California Building Industry Association (CBIA) is a statewide trade association representing 3,100 member-companies involved in residential and light-commercial construction. CBIA member-companies are responsible for over 85% of the new homes built in California each year. Please be advised of CBIA's strong and continued support for the certification of SMUD's Neighborhood Solar Shares Program.

Background:

The CEC's adoption of a solar mandate for new low-rise residential dwellings represents one of the most significant single changes to our state building code in the history of our state building code.

Recognizing that the State of California is still in the grips of an enduring housing crisis and that, in a state the size of California, one-size-does-not-fit all, the CEC worked with CBIA and other stakeholders to provide our industry with a robust toolbox of design options. In general terms, the CEC has allowed for three compliance paths in meeting California's renewable energy mandate for new homes and low-rise apartments. Each of these three options has pros and cons as discussed below.

- 1. The "for-sale" option:** This is where the builder installs rooftop solar and sells it to the homebuyer along with the rest of the home. While the entire cost of the rooftop solar system is passed along to the homebuyer, the homebuyer also receives 100% of the benefit from the solar panels.
- 2. The "lease" or "power purchase agreement" option:** This represents the least-cost option for a new homebuyer and is where a third-party solar provider installs solar panels on the roof of the home. The third-party solar provider owns and maintains the rooftop system and enters into a 20-year arrangement with the homebuyer to provide a certain amount of electricity for a reduced rate. While this represents the least-cost option for a new homebuyer, the homebuyer does not receive the full benefit of the rooftop PV system.
- 3. The Community Solar option:** This is where the builder complies with some or all the renewable energy mandate using solar energy produced at an **off-site** facility.
This option will be especially useful in new:
 - low-rise multifamily (where there is more than one unit located under the same area of roof),
 - infill projects, and
 - high-density single-family home projects.

For the Community Solar examples cited above, it may be impossible to find enough area on-site to install an adequate supply of solar panels. Besides, even if there were, it would probably serve our state's housing

needs better to use such open areas for additional dwelling unit production and to bring in renewable energy from some remote, off-site source where the land is available and probably at a much lower cost.

And down the road, when the CEC adopts a renewable component requirement for new high-rise residential and commercial buildings, the community solar option may well be the most practical approach to compliance. For example, an analysis of a very energy efficient 15-story office building in Oakland showed a need for 9.50 acres of solar panels to be zero net energy. However, the building only has 0.33 acres of rooftop area, most of which is not available for solar panel installation.

SMUD's Neighborhood Solar Share Program:

When the CEC worked with interested parties in the drafting of the Administrative Code §10-115 regulation governing the minimum requirements of Community Solar programs, the CEC did not restrict who could own and operate a community solar farm, where that farm was located, or, the size of the farm. In doing so, the CEC recognizes the need for a wide range of possibilities to fill this important aspect of the nation's first-ever solar mandate.

When the CEC refers to the "entity" that provides the community solar program, the CEC is effectively saying it could be a builder, a jurisdiction, a third-party solar provider, a utility, or any combination of those. For example, there is great potential for a developer to work with either a third-party solar provider or a utility to provide some or all the renewable needs for either a small housing project or a major development consisting of thousands of new homes and apartments.

The SMUD Solar Share Program is a great example of one approach to providing community solar, but certainly not the only approach.

Why is CEC Certification of the SMUD Program so desperately needed?

The effective date of the mandate is right around the corner, and the SMUD program is presently the only community solar program in the CEC's certification "pipeline." As expected, it has taken a long time for SMUD, the first submitter, to wind its way through the CEC process. But it has finally reached the point where the CEC Staff analysis has indicated the program has met all five of the CEC's administrative requirements, and the Staff is now recommending approval of the Program by the Commission. It is vital that the program is certified to send the message to others who may be considering submitting their program that the process is fair and can be navigated to a successful conclusion.

At the same time, further delay will place this important design option into question and send the wrong message to not only those also considering the development of a community solar program in the future, but to those builders who already plan to use the SMUD Solar Share Program. In the case of the latter, a further delay in certification could prompt some builders (who had intended to use the SMUD program) to submit their permit applications before the effective date of January 1, 2020, to avoid compliance with the new mandate. *As mentioned earlier, "community solar" may be the only practical and cost-efficient way for a two- or three-story apartment complex to comply with the new solar mandate, especially if it is an infill project.*

Once again, CBIA strongly supports the CEC approval of SMUD's Neighborhood Solar Shares Program.

Sincerely,



Robert E. Raymer, PE
Technical Director/Senior Engineer