

DOCKETED

Docket Number:	19-BSTD-08
Project Title:	Community Shared System Applications
TN #:	230610
Document Title:	SunPower Comments - on Community Shared Electric Generation System Application by SMUD
Description:	N/A
Filer:	System
Organization:	SunPower
Submitter Role:	Public
Submission Date:	11/12/2019 3:37:38 PM
Docketed Date:	11/12/2019

*Comment Received From: SunPower
Submitted On: 11/12/2019
Docket Number: 19-BSTD-08*

**Comments on Community Shared Electric Generation System Application
by SMUD**

Additional submitted attachment is included below.



November 12, 2019

California Energy Commission
1516 9th Street
Sacramento, CA 95814

Docket Number: 19-BTSD-08

Subject: SACRAMENTO MUNICIPAL UTILITY DISTRICT (SMUD) COMMUNITY SHARED SOLAR ELECTRIC GENERATION APPLICATION

Dear Commissioners,

As CEO of SunPower Corporation, I am writing to communicate our opposition to CEC approval of the SMUD application for a Community Shared Solar Electric Generation System to serve as a compliance alternative to the onsite solar electric generation system and/or battery storage system required in the 2019 Building Energy Efficiency Standards (BEES).

SunPower is a California-based company with more than 30 years of proven experience providing a diverse group of customers with complete solar solutions and services. Homebuilders are a key customer segment. SunPower has a long history of providing solar solutions for new homes and currently works with a large number of production builders in California.

SunPower supports the positions expressed in the joint comments submitted by CALSSA and SEIA on October 9,¹ particularly, that the SMUD program, if approved as proposed, will “undermine the vision of building smart clean energy homes.”

SunPower takes pride in providing superior solar and energy storage system solutions to customers, as well as offering a variety of customer financing options. The following comments focus on the specific issue of the benefits that new homeowners would lose if required by their homebuilder to be enrolled in SMUD’s proposed “offsite solar” program option.

The primary benefits of a customer-sited rooftop solar system are the bill savings that accrue to customers, including protection from future electric rate increases, and protection from power interruptions, particularly when solar systems are paired with energy storage. These “resiliency” benefits are becoming more important to customers seeking to avoid future disruptions in their power supply.

¹ CALSSA and SEIA letter to CEC dated October 9, 2019, SACRAMENTO MUNICIPAL UTILITY DISTRICT (SMUD) APPLICATION TO ADMINISTER A COMMUNITY SHARED SOLAR SYSTEM.

As noted previously, SunPower offers its customers a variety of financing options, including cash purchase, loan, and lease. In its November 6 letter² responding to Party comments, SMUD claims that solar lease customers face payments “similar to the program charges on the bills of Neighborhood Solar Shares participants.” In fact, under the current terms of SunPower’s solar lease, the average SMUD new solar home customer saves **\$95 per year** versus the SMUD-proposed credit of **\$17.50 per year**.³ And SunPower’s lease rate has no escalator, meaning that, all other things equal, the lease customer’s savings become greater with future SMUD rate increases.

New home customers save even more if they roll the price of the solar system into their mortgage because of low mortgage interest rates and the tax-deductibility of mortgage interest payments. And by owning the system outright, these customers also qualify for the federal investment tax credit, which is currently 30% of the total system price. The CEC has estimated that based on a 30-year mortgage, the net savings realized from solar on an average new home in California would be \$40 per month or **\$480.00 per year**.⁴

Additionally, in its November 6 letter, SMUD notes that the annual net benefit for participants under SMUD’s SolarShares program is guaranteed for 20 years while claiming that “The benefits that come with on-site solar are not guaranteed for any period (because) they can be substantially diminished by changes in utility rates, failures in on-site system components, and system degradation over time.” In fact, SunPower guarantees the performance of their residential solar and storage systems for a period of **25 years**.⁵ And the only way that a solar customer’s savings would be “diminished by changes in utility rates” is if SMUD itself were to change the rates for solar customers to cause this to happen.⁶

Finally, the 2019 BEES incentivizes the addition of energy storage as a compliance measure. Solar paired with storage allows customers to take greater control over how they use energy and provides resiliency benefits that cannot be provided through SMUD’s proposed program. In fact, SMUD states as much in its November 6 letter, writing that “. . . participants in a community solar program are not afforded the potential ‘resiliency’ benefit that customers with on-site solar may receive (if paired with on-site storage).”

A robust compliance credit was included in the 2019 BEES to incentivize builders to include energy storage to new homes and SunPower expects many of the solar systems installed in future new homes to be paired with energy storage. In addition to providing resiliency benefits for homeowners, the

² SMUD letter to CEC dated November 6, 2019, RE: Comments on Community Shared Solar Electric Generation System Application by the Sacramento Municipal Utility District.

³ SunPower’s lease rate is fixed at 10% less than the average SMUD rate. SMUD’s current rate is slightly above \$0.12/kwh, making SunPower’s average lease rate \$0.106/kWh. Assuming an average solar system size of 3.5 kW, a SunPower system in SMUD territory would generate approximately 6,300 kWh per year. Under the SunPower lease, this solar customer would save nearly \$95.00 per year compared to receiving a credit of \$17.50 per year. At end of the 20-year lease term, the customer has the option to renew the lease, buy the system, or have it removed.

⁴ See [CEC Fact Sheet](#): “an overview of the 2019 Building Energy Efficiency Standards – PDF.”

⁵ See: <https://us.sunpower.com/home-solar-system-warranty>

⁶ In fact, SMUD recently proposed to add a punitive charge to the bills of its solar customers.

deployment of behind-the-meter storage will help maintain grid stability as large amounts of solar continue to be added. The SMUD program, if approved, will counteract that goal.

For these reasons and those that have been expressed by CALSSA and SEIA, we oppose approval of the SMUD proposal. The value of the solar new homes requirement as espoused by the CEC is that “The buildings that Californians buy and live in will operate very efficiently while generating their own clean energy. They will cost less to operate, have healthy indoor air and provide a platform for ‘smart’ technologies that will propel the state even further down the road to a low emissions future.”⁷ Approval of the SMUD proposal would take California in the wrong direction.

Thank you for your consideration of our comments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Werner". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Tom Werner
SunPower Corporation

⁷ Quotation of Commissioner Andrew McAllister in [CEC Fact Sheet](#): “an overview of the 2019 Building Energy Efficiency Standards – PDF.”