

DOCKETED

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Comments on SMUD Community Shared System Application

Additional submitted attachment is included below.



February 7, 2020

California Energy Commission
1516 9th Street
Sacramento, CA 95814

Docket Number: 19-BTSD-08

Subject: SMUD's Revised Application for SolarShares Program

Dear Chair Hochschild, Vice Chair Scott, and Commissioners Douglas, McAllister, and Monahan:

I wrote to you on November 12, 2019 to express SunPower Corporation's opposition to CEC approval of the Sacramento Municipal Utility District (SMUD) application for a Community Shared Solar Electric System to serve as a compliance alternative to the onsite solar electric generation system and/or battery storage systems required in the 2019 Building Energy Efficiency Standards (BEES).

In addition to expressing support for the positions conveyed by CALSSA and SEIA in their joint comments of October 9, 2019,¹ I expressed concern that the SMUD program, if adopted by homebuilders, would deprive owners of new homes of the bill savings and other benefits that they would otherwise receive from an onsite solar (and storage) system. While SMUD has made some improvements around the edges of the original application, nothing in the revised application has caused us to change our position and we feel that it still falls short of a program that the Commission should approve as an alternative to the onsite solar requirement.

In addition to our continued concern about equivalent benefits, we highlight additional concerns:

- **The SMUD application does not distinguish between providing an alternative compliance pathway for homes that may be hard to serve with rooftop solar and those that are not so constrained.**

In their January 31, 2020 comments in support of SMUD's revised application, the California Building Industry Association (CBIA) notes that "multifamily construction has overtaken single-family home construction in California" and that "this is the new normal." CBIA goes on to say that "with the increase in multifamily construction, especially infill projects with tight lot constraints and limited rooftop area, builders will also be looking for off-site sources of renewable energy to meet this new mandate."²

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

² CBIA letter to CEC dated January 31, 2020, RE: Support for SMUD's Neighborhood Solar Share Program – Revised Application.

We agree that there may be situations where it is difficult to comply with the rooftop solar requirement and thus an offsite solar option might be needed but this should not be an automatic default. We suggest that the Commission consider developing rules to determine when an offsite option may be truly justified based on space constraints. The SMUD application makes no such distinction.

- **New homes would be locked-in to the SMUD SolarShares program for 20 years with no opt-out provision.**

No customer should be discouraged from investing their own private capital to install an onsite solar and storage system that can provide safety and resiliency, particularly given the continuing specter of involuntary power shutoffs, and at the same time help the state meet its climate goals. By locking new homes into SolarShares participation, these homes will continue to be subject to SMUD electricity charges for 20 years.

While SMUD “commits to assisting participating developers/builders to facilitate offering a point of purchase choice option for prospective homebuyers between compliant rooftop solar and Neighborhood SolarShares participation,”³ this is not sufficient to address this concern. Most new homes are purchased after the design has been completed and construction has started, meaning that having such an “option” in place, while appearing to be a concession for the customer, will not help most homebuyers.

- **The housing affordability argument is a red herring.**

Finally, the housing affordability argument advanced by some supporters of the SMUD application⁴ doesn’t hold water. While the State of California is indeed experiencing a crisis in affordable housing, the rooftop solar mandate is not and will not be a contributor.

The Commission has long espoused the use of “lifecycle cost-effectiveness” as the correct method for valuing energy efficiency investments.⁵ In fact, the entire premise of the California building standards is that the front-end investment in energy-saving measures more than pays for itself in utility bill savings over the operational life of the building. This was also determined to be the case in establishing the rooftop solar requirement.⁶ And even CBIA notes that there are options available to provide for a

³ See SMUD’s Revised Application for SolarShares Program, dated January 17, 2020, page 13.

⁴ See for example, the letters submitted by KB Home Sacramento, Inc. and The New Home Company, both dated January 27, 2020.

⁵ From the CEC’s CA Energy Efficiency Strategic Plan - January 2011 Update (page 103): “End users must be educated regarding the long-term benefits of best practice technologies to move the market away from decisions based upon first cost and simple payback (the amount of money spent on purchase/installation and amount of time to recover those costs) and toward lifecycle cost assessments.”

⁶ See E3 PV cost-effectiveness report for the *2019 Building Energy Efficiency Standards. Measure Proposal Rooftop Solar PV Systems*. 2018.

rooftop solar investment with no money down, which will not add to the cost of a house, while still providing bill savings to the customer.⁷

We remain concerned about the precedent that approval of the SMUD application will set for achieving the onsite solar and energy storage goals of the 2019 BEES. We believe that approval of the SMUD application will take California in the wrong direction. If the Commission does decide to approve the application, we request that you do so only after addressing the concerns that we have identified above.

Thank you for your consideration.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Werner", with a long, sweeping horizontal line extending to the right.

Tom Werner
CEO and Chairman of the Board
SunPower Corporation

⁷ Supra Note 2. CBIA letter (page 1), reference to the “lease” or “power purchase agreement” option.