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STAFF REPORT

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Geoffrey Dodson

Primary Author

Hally Cahssai

Supervisor

Elizabeth Giorgi

Office Manager

TECHNOLOGY AND INCENTIVES OFFICE

Natalie Lee

Deputy Director

RENEWABLE ENERGY DIVISION

Drew Bohan

Executive Director

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ABSTRACT

The New Solar Homes Partnership (NSHP) program contributes to California's continuing efforts to promote and develop clean, renewable energy electricity generation. This report provides an update on key NSHP program statistics for the third and fourth quarters of 2021. This report is produced in accordance with California Public Utilities Commission Decision 16-06-006, "Decision Funding Authorizations and Related Measures for Continuation of the New Solar Homes Partnership Program," dated June 9, 2016.

Keywords: New Solar Homes Partnership, NSHP, Commission, California Public Utilities Commission, CPUC, Decision 16-06-006, market-rate, affordable housing

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CHAPTER 1:

Introduction and Background

The New Solar Homes Partnership (NSHP) program was established as part of a statewide solar program called the California Solar Initiative (CSI) under Senate Bill 1 (Murray, Chapter 132, Statutes of 2006). This initiative included three goals:

1. Install solar energy systems with a cumulative generation capacity of 3,000 megawatts (MW).
2. Establish a self-sufficient solar industry in which solar energy systems are a viable mainstream option for homes and businesses by 2020.
3. Install solar energy systems on 50 percent of new California homes by 2020.

The CSI established the NSHP and various publicly owned electric utility (POU) incentive programs to achieve these goals.

Implemented in January 2007, NSHP is the California Energy Commission (CEC) component of the CSI and is focused on new home construction in investor-owned utility (IOU) service territories. The program provides financial incentives for homeowners, builders, and developers to include rooftop solar energy systems on new, energy-efficient homes. One goal under the NSHP program goal under the CSI is to offer financial incentives to achieve its goal to install 360 MW of solar capacity by December 31, 2021.

Participation in the NSHP program was a two-step process in which applicants first reserve funding for a project before construction and secondly receive an incentive payment upon completion of the project. More specifically, once the reservation application is approved, applicants have the reservation period to finish construction, install the solar energy system, interconnect with the utility grid, complete third-party field verifications, and submit an incentive payment claim package to the CEC.

A reservation application covered a single site or multiple sites depending on the project. The NSHP program had multiple project types¹ defined in the [*NSHP Guidebook, Eleventh Edition*](#) including:

- Large development — developments of six or more residential units with solar on 50 percent or more of dwelling units (also referred to as solar as standard).
- Custom homes — a project consisting of a single home.
- Affordable housing projects — projects that include affordable housing residential unit projects and affordable housing common area projects.
- Common area projects — projects where the solar systems are installed on the nonresidential portions of market-rate residential developments.

¹ The NSHP does not classify project types based upon single- or multifamily construction. Either construction types may be used in large development, affordable housing, or other types as appropriate.

- Virtual net metered² projects — projects that include affordable housing and market-rate housing projects.
- Solar not as standard — projects where solar is installed on less than 50 percent of the residential units.
- Small developments — developments with fewer than six residential units.

Funding Deadlines

Senate Bill 83 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2015) established an encumbrance deadline of June 1, 2018, for NSHP and an incentive payment disbursement deadline of December 31, 2021. To fulfill these requirements, the CEC established a reservation application deadline of April 1, 2018, and an incentive payment claim deadline of August 31, 2021.

² *Virtual net energy metering* is a tariff arrangement allowing the electricity produced by a solar energy system to be credited to multiple units, in which each has an electric meter.

CHAPTER 2:

2021 Third and Fourth Quarter Program Statistics

Reservations

After the April 1, 2018, NSHP program reservation application deadline, the CEC stopped accepting reservation applications. This reservation application deadline was established to meet the June 1, 2018, encumbrance deadline requirement set forth in Senate Bill 83. No additional reservations were accepted for new projects or adjustments to existing encumbrances after June 1, 2018. Reservation periods for all project types were either 18 or 36 months, meaning any reservation approved on or before June 1, 2018, expired no later than June 1, 2021. Some reservation applicants may have requested, and been approved for, an extension request as outlined in Appendix A, Section O of the NSHP Guidebook, extending reservation deadlines up to August 31, 2021, the latest date an incentive payment claim can be submitted and for which a reservation application can expire. As such, there were no active reservation applications as of September 1, 2021.

Incentive Payment Claims and Program Activity by Project Type

For a site to receive an incentive payment claim approval, the solar energy system must be installed, grid-connected, and third-party verified, and the building must meet or exceed the energy efficiency standards proposed in the applicant's reservation. Table 1 displays the number of incentive payment claims approved in the third and fourth quarters of 2021.

Table 1: Incentive Payment Claims Approved July 1, 2021, Through December 31, 2021

Project Type	# of Systems	Amount of Funds Paid	Capacity (MW)
Large Development	204	\$202,990	0.58
Affordable Housing	24	\$1,929,212	1.34
Custom Homes	0	\$0	0.00
Other ³	0	\$0	0.00
Totals	228	\$2,132,202	1.92

Source: California Energy Commission

³ *Other* consists of NSHP project types: common area, virtual net metered, solar not as standard, and small developments.

Incentive Payment Claims Received and Approved

Table 2 shows the number of incentive payment claims received and approved in the third and fourth quarters of 2021.

**Table 2: Incentive Payment Claims Received and Approved
July 1, 2021, Through December 31, 2021**

	Received	Approved ⁴
Incentive Payment Claims⁵	0	228

Source: California Energy Commission

Incentive Payment Claim Processing Time

NSHP staff received, documented, processed, and approved the incentive payment claim for transmittal to the CEC Accounting Office with an average processing time of two to five weeks. The CEC Accounting Office required an additional six-to-eight-week processing time for preparation and transmittal to the State Controller's Office. The State Controller's Office then processed and disbursed funds within two to four weeks.

⁴ The volume of incentive payment claims approved may exceed the volume received due to unapproved incentive payment claims carrying over from the previous quarter.

⁵ Each incentive payment claim represents one site or system.

CHAPTER 3:

Funding Report

Established in 2007, the NSHP program was initially allocated \$400 million from the Public Goods Charge (PGC) account, funded from fees collected from IOU ratepayers plus funds from the Renewable Resource Trust Fund (RRTF), an early funding source of NSHP, totaling \$288.22 million. CPUC Decision 16-06-006 provided additional funds up to \$111.78 million, collected from IOU ratepayers, to address a projected shortfall in program incentive funding because of a robust market response to the program that exceeded program planning expectations. The expenditure of this IOU funding was restricted by a requirement that PGC funding must first be exhausted.

Table 3 identifies the accounting of RRTF/PGC and IOU funding through the NSHP Program. The third and fourth quarter of 2021 is represented in Table 3.

Table 3: NSHP Program Funding Paid

Funding Source	Initial Allocation	Paid
RRTF/ PGC Funds (Millions)	\$288.22	\$240.84
IOU Funds (Millions)	\$111.78	\$0
Total (Millions)	\$400.00	\$240.84

Source: California Energy Commission

CHAPTER 4:

Conclusion

During the third and fourth quarters of 2021, CEC staff approved 228 incentive payment claims representing \$2.13 million, with an electricity generation capacity of 1.92 MW. As of December 31, 2021, the NSHP program encouraged the installation of 232.86 MW through incentives.

As noted in Chapter 1, Senate Bill 83 mandated an encumbrance deadline of June 1, 2018, for NSHP and a payment disbursement deadline of December 31, 2021. To fulfill these requirements, the CEC established a reservation application deadline of April 1, 2018, and an incentive payment claim submittal deadline of August 31, 2021. As the deadline to submit incentive payment claims occurred in the third quarter 2021, all reservation applications are now expired. CEC staff completed review, approval and finalization of all remaining payment claim applications to successfully achieve and adhere to the statutory incentive disbursement deadline of December 31, 2021. Program administrative activity was completed in the third and fourth quarter of 2021. Since program statistics are no longer changing, this will serve as the last quarterly report for the program. An annual report covering the last year of the program will be published in early 2022 summarizing the program and highlighting the NSHP Program, a success story.