



CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION

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April 17, 2009

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 06-NSHP-01
1516 Ninth Street
Sacramento, CA 95814-5512

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| DOCKET | |
| 06-NSHP-01 | |
| DATE | April 17 2009 |
| RECD. | April 20 2009 |

Re: Docket Number 06-NSHP-01, Staff Workshop on the Proposed Changes to the New Solar Homes Partnership Guidebook

Thank you for the opportunity to provide comments on the proposed changes to the NSHP Program.

Public Resources Code 25780(a), enacted in 2006, lays out three goals for increasing the use of solar in California:

- to install solar energy systems with a generation capacity equivalent of 3,000 megawatts,
- to establish a self-sufficient solar industry in which solar energy systems are a viable mainstream option for both homes and businesses in 10 years, and
- to place solar energy systems on 50 percent of new homes in 13 years.

Since the program began in mid-2007, the New Solar Home Partnership has received nearly 7,000 rebate applications and paid rebates for around 950 homes.

In the attached document, CALSEIA's comments focuses first on recommendations to accelerate program participation. Later, we will provide specific comments on items raised by staff at the workshop held on April 10, 2009.

CALSEIA appreciates this opportunity and looks forward to working with the Commission to help achieve the goals articulated in statute. Please do not hesitate to contact me if you have any questions.

Best regards,

A handwritten signature in blue ink that reads "Sue Kateley". The signature is fluid and cursive, with the first name "Sue" and last name "Kateley" clearly distinguishable.

Sue Kateley
Executive Director

ACCELERATING PROGRAM PARTICIPATION in the NSHP
CALSEIA COMMENTS
APRIL 17, 2009

1. NSHP Advisory Committee. CALSEIA recommends that the purpose of the Advisory Committee be reoriented. These meetings have been used to present informational updates on the program. It does not appear that minutes or meeting summaries are made and the action items and suggestions made in this venue are not used to develop recommendations for program modifications. CALSEIA recommends that the Commission summarize and publish the comments made at the Advisory Committee meetings to develop a record of the feedback received. This will help inform future program updates.
2. Streamlining Team. At the April 17 workshop, staff estimated that program changes would be adopted in June 2009. CALSEIA recommends that between now and mid-May, the Commission convene weekly meetings to review the administrative process with CALSEIA with the intent of identifying areas where the program creates administrative barriers to participation. Administrative burdens have been identified since the program's inception and discussed at every NSHP Advisory Committee. CALSEIA has worked closely with the administrators (Pacific Gas and Electric, Southern California Edison, and the California Center for Sustainable Energy) of the California Solar Initiative (CSI) to streamline the administration of that program. The administrators have done exceptional work to make the program user friendly while enhancing its ability to achieve program goals. CALSEIA recommends that the NSHP take the next four weeks and go through the items that CALSEIA submitted to staff in October 2008 (attached) and new comments on program obstacles that we have also attached, to identify streamlining opportunities.
3. CSI Forums. CALSEIA recommends that the Energy Commission provide regular program updates at the quarterly CSI Forums. The Public Utilities Commission convenes quarterly forums, rotating among the Program Administrator regions. Energy Commission staff are usually present at these forums, either in person or by phone. A 10-minute update that is similar to the data that includes number of new applications, number of rebates paid, and a summary of marketing and outreach activities would be very useful for the audience at these meetings. It would also provide staff an opportunity to receive direct feedback from industry and other forum participants on their experiences with the NSHP.
4. Custom homes. Since the program started, CALSEIA has raised the issue of custom homes. Custom homes have experienced difficulties participating in the NSHP program. According to the solar companies that we have heard from, it is because the decision to add solar to a home is made later in the building sequence, when it is difficult to make changes to modify energy efficiency features. The Energy Commission can address this by providing information to architects and remodeling contractors about the NSHP and emphasize that it is important to consider the solar features at early stages in the design process. There may be nothing that can be done for the homes that are already permitted now, but outreach to the custom home builders and architects should help to increase participation in the future.
5. NSHP Database. The Commission should add the NSHP data to the CSI database maintained so that the progress of all of the various solar rebate programs can be assessed. For example, the staff reported that some developments are close to the end of their reservation period. There is no public

information available to assess the extent of this problem. Without this information it is difficult to make recommendations on what might be the best solution. Further, there is no information about the average cost of the installations or the number of sites and contractors participating in the program and the percentage of homes that are taking Tier I or Tier II rebates. This is important information to understand how the program is progressing toward its goals. If the Commission cannot integrate its data into the CSI database, then a separate database containing information should be made publicly available.

6. Solar Water Heating. CALSEIA is concerned that solar water heating is not included in the NSHP program. It is referenced as an option to achieving compliance with the energy efficiency requirements but it does not yet receive rebates. Public Utilities Code 2851(b) authorized \$100 million for solar thermal and water heating devices. In areas where homes are not connected to natural gas service, these homes will use either electricity or propane for water heating, particularly for all electric homes equipped with photovoltaics. The Commission is missing an opportunity to encourage solar water heating. CALSEIA recommends that the Commission coordinate with the Public Utilities Commission (as authorized by Public Utilities Code 2863(a)(3) to include solar water heating in the NSHP.
7. Shading. Shading continues to be an area of concern for the solar industry. Identifying species of trees, site visits, and paperwork associated with documenting shading is a major issue that CALSEIA has raised and continues to raise. Requiring landscape plans to obtain a rebate is major barrier to participation in the program. CALSEIA believes that there is a way to achieve the results that the Commission desires in a manner that is less cumbersome and time consuming. CALSEIA would appreciate the opportunity to have a detailed conversation with the Commission on this issue.
8. Staff Proposals Made at April 17 Workshop:
 - a. Eliminate or revise 'solar as an option'; Revise 'solar as standard' option to allow phases. It was not clear from the staff presentation how this modification would impact the program. Solar as an option means the reservation can only be up to 10 percent of the applications (NSHP Guidebook page 27) and solar as standard means a development of 6 units or more that commits to installing 50% of the homes with solar (NSHP Guidebook, page 20). The staff proposal was not clear how the reservation process would change for developers. CALSEIA recommends the Commission provide information on how these changes would impact the application process.
 - b. For custom homes drop system size justification and pay on first 10kW of system. It was not clear from the staff presentation how many homes have been affected by the current requirements. Therefore it is difficult to assess the proposal. CALSEIA recommends using the same criteria that is used in the CSI program (see section 2.2.7.1 of the CSI Handbook): "For small residential, installing systems of less than or equal to 10kW, a calculation of 2 watts per square foot can be used instead of an engineering estimate. Systems over 10 kW would require an engineering estimate."
 - c. Eliminate NSHP 1.6 reservation form. CALSEIA supports this recommendation
 - d. Affordable housing: remove requirement for 45 years of affordable housing status; allow efficiency documentation after FCAC approval; evaluate/incorporate virtual net metering for NSHP affordable housing projects as necessary (subject to PRC 25401.6). CALSEIA concurs with

the recommendation to incorporate virtual net metering. The other changes were not described in sufficient detail to comment on. CALSEIA reserves the right to comment.

- e. NSHP Paperwork: eliminate build out schedule, system size justification letter, final solar permit sign off, final paid invoice, hard copies of residential new construction program acceptance letter, CF-4R and CF-4R-PV forms, interconnection letter. CALSEIA concurs with these recommendations.
- f. NSHP Paperwork Simplification: Random audits to verify maintenance and monitoring for affordable housing; option to allow payee to sign all documents; require Payee Data Record form STD-204 at the payment claim step. CALSEIA requests more details on random audits and changes which allow payee's to sign all documents. It would be helpful to define 'payee' if it is not already defined in the NSHP Handbook or Guidebook.
- g. Calculator. CALSEIA appreciates the changes proposed to improve the calculator. These changes will help reduce administrative overhead. CALSEIA would like to work with the Commission to identify further improvements to the calculator. Commission staff identified new user-friendly changes and we applaud that effort. CALSEIA will continue to provide suggestions to staff to help improve the operation of the calculator. CALSEIA appreciates the Commission recommendation to provide advance notice of changes to the calculator. It is not clear how the changes to the calculator will or will not impact reservations that are pending. CALSEIA requests clarification on this question.
- h. Staff soliciting input:
 - 1) Longer reservation period for large developments (200-300+ homes). CALSEIA requests more information on the effect of this modification due to concerns that speculative projects may drive down the incentives for viable projects.
 - 2) Option to increase system size after initial reservation approval. CALSEIA requests more information on the rationale for this modification.
 - 3) PV lease program/3rd party ownership (what guidelines, requirements, and conditions?). CALSEIA requests more information on the rationale for this modification. If the Commission chooses to allow lease programs and 3rd party financing, CALSEIA also recommends the Commission establish standard terms and conditions for leases and 3rd party ownership. Please refer to CALSEIA's website for information on residential leases and 3rd party ownership arrangements: <http://calseia.org/residential-leases-and-power-purchase-agreements.html>.
 - 4) Target audience (builder? Developer?). CALSEIA agrees that the target audience for the NSHP includes builders and developers. However, the target audience also includes custom home builders, local government planning staff to help identify opportunities in the planning stages of the development to include solar, architects, and remodelers.
 - 5) NSHP rebate level? One of the recommendations made at the April 17 workshop was to create a 'bonus' rebate for new home buyers. CALSEIA agrees that this concept should be investigated and a more detailed proposal should be made available for public review.

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| <ul style="list-style-type: none"> • The download of NSHP-2 forms for subdivisions requires us to download one file per home. |
| <ul style="list-style-type: none"> • Unique Site ID Number not included on each NSHP-2 |
| <ul style="list-style-type: none"> • Correspondence with Program Administrators is one-way going to an unknown person. • No return correspondence is received. |
| <ul style="list-style-type: none"> • The web tool displays status for each project. There is no date entered to enable the applicant to anticipate status changes. |
| <ul style="list-style-type: none"> • The NSHP-2 is two pages long. The electronic files are three pages long – page two is blank. |
| <ul style="list-style-type: none"> • Status of 'More Information' does not indicate what is missing. |
| <ul style="list-style-type: none"> • The IOUs are taking 2-3 months to approve a community in the EE program, delaying the NSHP approvals and claims, and potentially pushing communities into lower incentive tiers. |
| <ul style="list-style-type: none"> • The NSHP requires the EE Program Acceptance Letter • The installer is not allowed to receive a copy of this letter, only the builder receives a copy. |
| <ul style="list-style-type: none"> • The CFI range for azimuth is difficult for builders to comply with for every lot in large subdivisions with many shading obstacles and smaller lots. |
| <ul style="list-style-type: none"> • Rebate levels are going to drop soon. Builder contracts are signed in advance of the NSHP application filing. Contract totals will be affected by the drop in incentive levels. |
| <ul style="list-style-type: none"> • High costs and time to inspect homes are a barrier to solar adoption. |
| <ul style="list-style-type: none"> • Each rerun of the PV Calculator during the project triggers the HERS rater to inspect that home, with no sampling allowed. • The builders are paying higher costs for HERS ratings. |
| <ul style="list-style-type: none"> • Two payment processing locations for PG&E elongates the payment time (CEC and PG&E split projects). |
| <ul style="list-style-type: none"> • Copy of Final Solar Permit needs to be included with other documentation for Rebate Claims. Payee needs to control the document. |
| <ul style="list-style-type: none"> • The Solar Installer has to submit the CF-4R as part of the Rebate Claim packet. • The solar installers are the applicants and payees for NSHP, and they do not control the equipment installed at the site after the builder enrolls in the EE program. • The EE HERS and Solar HERS ratings are performed at different stages in the project, delaying the NSHP claims. |
| <ul style="list-style-type: none"> • The NSHP incentive is capacity based. The required inspections verify the type and size of the system installations. |
| <ul style="list-style-type: none"> • The equipment information required on all check stubs is prohibitive (proof of payment). |
| <ul style="list-style-type: none"> • The Payee is often waiting for the CF-4R and CF-4R-PVs to be able to submit the Rebate Claim, as there are no regulations with regard to document turnaround time. |
| <ul style="list-style-type: none"> • If further information is required to enable the CEC to pay the Rebate Claim, that information is either not communicated until the Payee makes an inquiry, or is communicated at the time the incentive should have been paid, thus delaying the payment up to 4 months. |
| <ul style="list-style-type: none"> • When a home falls outside of CFI, or there is an equipment change, the CECPV Calculator has to be re-run and the resulting CF-1R-PV must be signed by the Builder and Installer. • Slight equipment changes – like inverter changes – trigger PV Calculator reruns. • This slows down the Rebate Claim process, and is a nuisance to the Builder. The builders question why they need to sign more forms since the rebates were already assigned to the installer. |
| <ul style="list-style-type: none"> • Builder signatures required by NSHP: <ul style="list-style-type: none"> ○ NSHP-1 ○ CF-1R-PV |

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| <ul style="list-style-type: none"> ○ NSHP-2 (per home) ○ CF-1R-PV reruns (per home) |
| <ul style="list-style-type: none"> • The program is designed as if the builders administered the program. The builders currently are not, and do not want to be, the NSHP applicants. |
| <ul style="list-style-type: none"> • NSHP requires 50% or more homes to have solar as standard. |
| <ul style="list-style-type: none"> • The CEC has made changes to the PV Calculator that affected the incentive levels. The CEC currently provides a 30-day grace period after the new calculator is implemented to submit reservations using the previous calculator. |