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January 8, 2010

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

Re: Proposed Changes to the New Solar Homes Partnership Guidebook

PetersenDean Roofing and Solar Systems submits the following comments in response to the New Solar Homes Partnership Third Edition draft of the Committee Guidebook.

We are pleased with the majority of the improvements made to the guidebook and are excited about the pace at which we believe the program will be adopted and utilized by homebuilders throughout California over the next 12 to 24 months.

PetersenDean looks forward to working closely with the California Energy Commission and all industry stakeholders to ensure the success of the New Solar Homes Partnership and the widespread adoption of solar energy solutions by homebuilders throughout the state of California.

Sincerely,

Aaron Nitzkin
Executive Vice President, Solar
PetersenDean Roofing and Solar Systems
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Feedback and Recommended Changes

Please find below our comments and recommendations in the order that they appear in the guidebook.

Chapter I, Section B - Program Overview

In the paragraph on the bottom of page 3 that starts with “Applicants are strongly encouraged...” we recommend adding language clarifying that there are, in fact, discrepancies between the NSHP and the Renewable New Construction Energy Efficiency Program (RNC) with regards to the length of the reservation periods. For example, PG&E’s RNC program has a 30 month reservation period whereas the NSHP has a 36 month period. PetersenDean recommends that the RNC programs extend their reservation periods to 36 months to be consistent with that of the NSHP.

Also, there is no reference to the fact that if an applicant does choose to participate in an RNC program, the NSHP reservation approval is contingent upon the RNC approval. New applicants might not be aware of this and might unintentionally put off submitting the necessary documents to the RNC program coordinator, thereby delaying NSHP approval.

The optimal solution to this problem, as we have recommended to the Energy Commission in the past, is to separate the application approval and payment processes of these two program so that they don’t hinder one another. Delays in NSHP application approvals due to pending RNC approvals causes concern for losing or decreasing the solar rebate. This is due to the fact that production builders will not slow their production schedule to wait for the NSHP application to be approved. Therefore, in many situations, we as the solar contractor, are asked to install a system prior to the rebates being secured. This puts us in a difficult situation because we can’t control the RNC application process. During times when we are close to reaching the next rebate level, the delay in the NSHP application approval causes additional concern for the rebate level dropping before rebates are secured.

Chapter I, Section C – Summary of New Solar Homes Partnership Guidebook Requirements

In the table on page 6 under the Energy Efficiency Requirements, for clarity, we recommend adding back in the language stating that builders are, in fact, required to install Energy Star appliances, if applicable.

Chapter I, Section D – Flow Chards of the NSHP Application and Payment Process

In the flow chart on page 8, we recommend adding for clarity and consistency in box # 3 the form number (NSHP 1.5) that is being referenced.

Chapter II, Section L – Leases and Power Purchase Agreements

1. The eligibility date of July 1, 2009 for leases, as referenced in the first paragraph of page 18 seems arbitrary and inappropriate. It seems unfair to retroactively award rebate money for systems that were leased when a leasing option was not allowable under the program. PetersenDean recommends that the eligibility date be modified from July 1, 2009 to the effective date of the new guidebook, estimated to be January 13, 2010 or soon thereafter.
2. Regarding the options that homebuyers will have at the end of the PPA/lease term, we recommend the following modified language: “Lease agreements and PPAs must have an initial term of no less than 10 years. At the end of the initial term, the lease agreements and PPAs must provide the lessee or customer the option to renew the agreement, purchase the system, or remove the system.”
3. Regarding the annual status reporting requirement for the lessor or system owner, PetersenDean feels strongly that this requirement places an unnecessary and unprecedented burden on the system owner. There are no similar requirements under the California Solar Initiative (“CSI”) program or for homeowner owned systems. It seems the concern is that the NSHP Program Administrator or the Energy Commission should be notified in the event that a system falls out of service or has a change in status. We agree that a change in status should trigger a reporting requirement; therefore a simple requirement getting at this issue should suffice.
4. PetersenDean recommends that language be added to the guidebook that addresses remedies for system owners in the event of a default by a homeowner. A lessor or system owner needs to be able to terminate the agreement and remove the system in the event that lessee or homeowner is not paying. As the language is currently written the homeowner has an incentive to not pay knowing that the lessor or system owner will incur a repayment penalty if the system is retrieved. We recommend the following modified language:

“In the event that the agreement is terminated due to lessee or customer default of the lease or PPA, and the system is removed from the property, the lessor or system owner can avoid the repayment penalty by moving the system to another location within the service area of the original load serving utility.”
5. Please see comments regarding definitions of stakeholders in Appendix 3 comments below.

Chapter IV, Section B2a – Forms and Documentation, Proof of Residential New Construction For Solar as Standard Projects

Many builders within California, especially within certain regions of the state, do not pre-plot their communities. In other words, these builders allow homebuyers to choose their own lot and place on that lot the plan and elevation of the homebuyer’s choosing. If such a builder commits to offering solar as a standard feature, thereby meeting all of the guidebook requirements, we feel that they should qualify for the higher incentive level. Accordingly, PetersenDean recommends deleting the last two sentences of this paragraph and limiting the language to read as follows: “A copy of the final subdivision map, or “tract map” must be submitted.”

Chapter IV, Section C – Projects Where Solar is Offered as an Option to Homebuyers

Regarding the build-out schedule, builders offering solar as an option have no idea which lots in particular will get solar and which will not. Accordingly, requiring a timeline for completing the construction of the lots that will get solar will lead to builders and/or their solar installers making up numbers to meet this requirement, the accuracy of which would be poor at best. If the Energy Commission is concerned about funds being encumbered and not utilized, we recommend introducing a formula, whereby over the course of the reservation, a percentage of the reserved but unused funds return to the “bucket” at certain intervals. For example, with a three year reservation, one suggestion would be that at the end of year one, 33% of the reservation amount minus the paid out rebates goes back into the bucket.

Appendix 1, Section C – Time Extensions

PetersenDean recommends that additional language is added providing clarity around the procedure for requesting an extension. Questions to address: where is request sent? Is there a deadline for making this request? Is there a form that needs to be filled out or is a letter sufficient?

Appendix 3 – NSHP-1 Form

When factoring in leases, there is confusion within the guidebook as well as within the NSHP-1 form regarding the names of the various stakeholders. There are generally four stakeholders involved in a leasing scenario: the Applicant, Host Customer, System Owner, and Installer. PetersenDean recommends that these terms be used in a consistent manner as to how they are used within the CSI program.

The Applicant, per the guidebook, is the builder/homeowner. In the case of a system being leased, PetersenDean believes the Applicant (the entity that fills out the forms) will likely be the installer, the Host Customer will likely be the builder / homeowner, and the System Owner will be the third party lessor.

It is important to note that in many cases, there will not be an equipment purchase agreement between the installer and the Host Customer, but rather between the installer and the System Owner. Accordingly, PetersenDean recommends that the signing party for the NSHP-1 document be the System Owner.

Additional Recommendations

For existing reservations for solar as an upgrade option, where 10% of a given subdivision has already been reserved, what is the procedure for increasing the number of systems within this reservation?