BEFORE THE CALIFORNIA ENERGY COMMISSION

In the Matter of the Design of the New Solar Homes Partnership	Energy Commission Docket No. 06-NSHP-1

SUNRUN, INC.'S COMMENTS ON THE PROPOSED CHANGES TO THE NEW SOLAR HOMES PARTNERSHIP GUIDEBOOK

I. INTRODUCTION

On December 30, 2009, the California Energy Commission ("Commission") issued a Notice to Consider Adoption of Revisions to the New Solar Homes Partnership Guidebook ("Notice"). We applaud the Commission for including leased systems and systems providing electricity under power purchase agreements in the program and we submit the following brief comments on the revised Guidebook.

SunRun, Inc. ("SunRun") is a retail supplier of residential solar power systems that provides affordable, hassle-free solar electricity to homeowners. By owning, operating, and maintaining these on-site solar systems, SunRun offers its customers the option of solar generated electricity without the burdensome capital expenses and effort associated with solar panel acquisition, installation and maintenance. Customers are provided free service and repair and have flexible end-of-term and home sale options. SunRun pioneered the residential solar power purchase agreement and is the largest owner of residential solar systems in the country today.

II. ANNUAL STATUS REPORT REQUIREMENT

The revised Guidebook states:

> For the first five years of the lease or PPA, the lessor or owner of the solar energy system, in the case of a PPA, shall provide an annual status report to the Program Administrator on the operation of the NSHP-funded solar energy system. The annual status report shall address agreements executed through December 31 of each year, be submitted to the Program Administrator no later than January 31 of each year, and shall include the following information for each system:
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> 1) Date that the agreement was fully executed and the start date of the agreement;
> 2) Operational status of the system; and,
> 3) Status of the agreement, and if status has changed, date of change and reason for the change. (Status changes would primarily include, change in lessee or customer, system purchase, termination of agreement, and system removal.)

Chapter II, Section L, pg. 18.

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 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.

III. END OF TERM OPTIONS

The revised Guidebook states:

> Lease agreements and PPAs must have a term of no less than 10 years and must provide the lessee or customer the option to renew the agreement, purchase the system, or remove the system at the end of the agreement term.

Chapter II, Section L, pg. 18.

Since a third party owner cannot offer perpetual renewal terms, this language needs to be modified. For example, if a system is broken a renewal would not be appropriate. 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."

IV. EARLY TERMINATION CLAUSE

The revised Guidebook states:

> If any lease agreement or PPA for a system that received funding from the NSHP is terminated and the system is removed from the building on which it was originally installed, the NSHP funding received by the applicant shall be repaid by the Lessor or system owner to the Energy Commission in the amounts specified below:
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> - If the agreement is terminated within one year of the system's installation or the start date of the agreement, whichever is later, 100 percent of the funding received shall be repaid;
> - If the agreement is terminated within two years of the system's installation or the start date of the agreement, whichever is later, 80 percent of the funding received shall be repaid;

- If the agreement is terminated within three years of the system's installation or the start date of the agreement, whichever is later, 60 percent of the funding received shall be repaid;
- If the agreement is terminated within four years of the system's installation or the start date of the agreement, whichever is later, 40 percent of the funding received shall be repaid;
- If the agreement is terminated within five years of the system's installation or the start date of the agreement, whichever is later, 20 percent of the funding received shall be repaid;
- Repayment shall not be required if the agreement is terminated more than five years after the system's installation or the start date of the agreement, whichever is later.

Repayment will not be required if a system is destroyed by natural disaster or fire at no fault of the lessor/owner or lessee/customer.

Chapter II, Section L, pg. 19.

This language does not address remedies for a system owner in the event of a default by the homeowner. A lessor or owner needs to be able to terminate the agreement and remove the system in the event that lessee or customer is not paying. As the language is currently written the homeowner has an incentive to not pay knowing that the system owner or lessor 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."

V. ELIGIBILITY DATE

The revised guidebook states:

> Solar energy systems that are leased by an end-use customer or provide electricity to an end-use customer under a power purchase agreement (PPA) are eligible for NSHP funding if the lease agreement or PPA is executed and has a start date on or after July 1, 2009.

Chapter II, Section L, pg. 18.

A July 1, 2009 eligibility date is arbitrary and inappropriate. The eligibility date for NSHP funding should coincide with the approval and effective date of the Guidebook. We recommend that the eligibility date should be January 13, 2010 or soon thereafter.

VI. CONCLUSION

Thank you for considering these comments and we look forward to participating in this exciting new program to provide new homeowners with cost effective residential solar systems.

Respectfully submitted this 8th day of January, 2010,

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