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STAFF REPORT

New Solar Homes Partnership Program Quarterly Progress Report

(January 1-March 31, 2018)

California Energy Commission

Edmund G. Brown Jr., Governor

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Kevin Wong
Primary Author

Elizabeth Hutchison
Contributor

Sherrill Neidich
Program Supervisor

Armand Angulo
Office Manager
RENEWABLE ENERGY DIVISION

Natalie Lee
Deputy Director
RENEWABLE ENERGY DIVISION

Drew Bohan
Executive Director

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ABSTRACT

The New Solar Homes Partnership (NSHP) Program is integral to California's continuing efforts to promote and develop clean, renewable electricity generation. This report provides a quarterly update on key NSHP Program statistics, including program status and activity for market-rate and affordable housing projects, and available funds for incentives. This report is produced in response to the June 9, 2016, California Public Utilities Commission (CPUC) Decision 16-06-006, "Decision Funding Authorizations and Related Measures for Continuation of the New Solar Homes Partnership Program."

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

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TABLE OF CONTENTS

	Page
Abstract	i
Table of Contents	ii
List of Figures	ii
List of Tables	ii
CHAPTER 1: Introduction and Background.....	1
CHAPTER 2: 2018 1 st Quarter Program Statistics.....	3
Reservation Applications	3
Payment Claims	4
Reservation Applications and Payment Claims Submitted and Approved	4
Overall Progress Toward Meeting Program Goals.....	5
CHAPTER 4: Budget Reporting.....	6
CHAPTER 5: Conclusion and Outlook	7

LIST OF FIGURES

	Page
Figure 1: Progress Toward NSHP 360 MW Goal.....	5

LIST OF TABLES

	Page
Table 1: Reservation Applications Approved From January 2018 Through March 2018.....	3
Table 2: Payment Claims Approved From January 2018 Through March 2018	4
Table 3: Number of Reservation Applications and Payment Claims Submitted By Applicants and Reviewed From January 2018 Through March 2018.....	4
Table 4: Current NSHP Funding	6

CHAPTER 1:

Introduction and Background

Senate Bill 1 established the California Solar Initiative (CSI) with three goals: (1) installing solar energy systems with a generating capacity equivalent to 3,000 megawatts (MW), (2) establishing a self-sufficient solar industry within 10 years, and (3) placing solar energy systems on 50 percent of new California homes by 2020. The CSI is being implemented by the California Energy Commission (Energy Commission), the California Public Utilities Commission (CPUC), and the state's local publicly-owned electric utilities in different programs that share common goals.

The NSHP program is the Energy Commission's component of the CSI and is limited to new home construction located in IOU service territories. Launched in January 2007, the program provides financial incentives for homeowners, builders, and developers to include solar energy systems on new, energy-efficient homes. The NSHP goal under the CSI is 360 MW of installed solar capacity by the end of the program.

The NSHP program has multiple project types which are defined in the *NSHP Guidebook, Eleventh Edition*, and include:

- Solar as Standard - Defined as developments of six or more residential units with solar on 50 percent or more of dwelling units.
- Custom Homes - A project consisting of a single residence.
- Affordable Housing Projects - Projects that include affordable housing residential unit projects and affordable housing common area projects.
- Common areas Projects - Projects where the solar systems are installed on the nonresidential portions of market-rate residential developments.
- Virtual-Net-Metered¹ Projects: These projects include affordable housing and market-rate housing projects.
- Solar Not as Standard - Defined as projects where solar will be installed on less than 50 percent of the residential units.
- Small developments - Defined as developments with less than six residential units.

¹ *Virtual net energy metering* is a tariff arrangement that allows a property owner to allocate credits from a single solar energy system to multiple units, in which each has an electric meter.

Funding Deadlines

Senate Bill 83 established an encumbrance deadline of June 1, 2018, for the NSHP, and a payment deadline of December 31, 2021. In order to fulfill these requirements, the Energy Commission established a reservation submittal deadline of April 1, 2018, and payment claim submittal deadline of August 31, 2021, for the NSHP. Therefore, the first quarter of 2018, which is the period covered by this report, was the last quarter under which new reservation applications could be submitted for the NSHP.

CHAPTER 2:

2018 1st Quarter Program Statistics

Reservation Applications

Participation in the NSHP program is a two-step process in which applicants 1) reserve funding for a project in advance and 2) receive an incentive payment upon completion of the project. 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 a payment claim package to the Energy Commission. A single reservation application may cover a single site or multiple sites depending on the project.

Reservation applications are approved based on the date they were submitted and funding is reserved for an 18- or 36-month reservation period, depending on the project type as described in the NSHP Guidebook, Eleventh Edition.

Table 1 shows the breakdown of reservation applications that were approved in the first quarter of 2018 (January 1-March 31).

Table 1: Reservation Applications Approved from January 2018 Through March 2018

Project Type	# of Systems	Encumbrances	Capacity (kW AC)
Solar as Standard	15,817	\$28,449,372	59,570.94
Affordable Housing	39	\$2,940,865	2,069.68
Custom Homes	24	\$101,998	231.18
Other	81	\$492,263	794.16
Totals	15,961	\$31,984,498	62,665.96

Source: California Energy Commission

Payment Claims

For a project to receive an incentive payment, the solar energy system must be completely installed, grid-connected, third-party verified, and the building must comply with the energy efficiency standards proposed in the applicant's reservation. Table 2 displays the number of payment claims approved in the first quarter of 2018.

Table 2: Payment Claims Approved from January 2018 Through March 2018

Project Type	# of Systems	Incentive Amount	Capacity (kW AC)
Solar as Standard	1,730	\$2,988,544	4,542.77
Affordable Housing	6	\$532,045	371.62
Custom Homes	17	\$73,085	126.66
Other	23	\$43,458	81.05
Totals	1,776	\$3,637,132	5,122.11

Source: California Energy Commission

Reservation Applications and Payment Claims Submitted and Approved

Table 3 shows the total number of reservation applications and payment claims submitted and reviewed during the first quarter of 2018.

Table 3: Reservation Applications and Payment Claims Submitted and Processed January 2018 Through March 2018

	Applications Submitted	Approved
Reservation Applications	690	300
Payment Claims	1,807	1,776

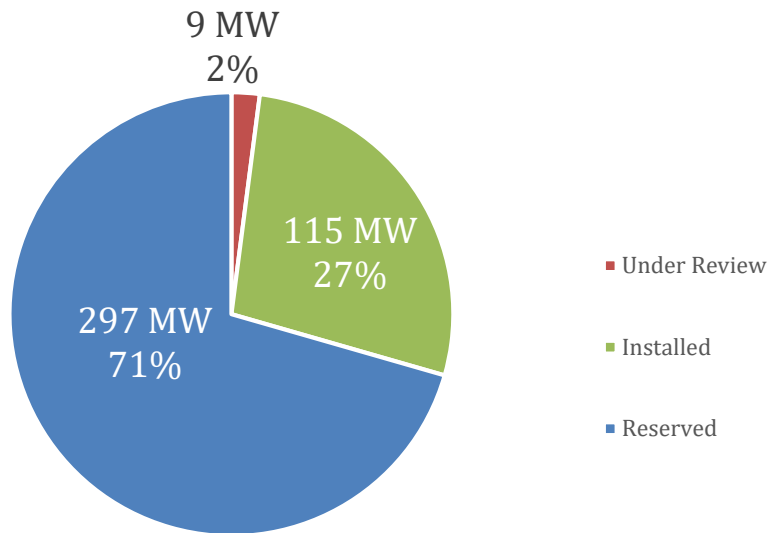
Source: California Energy Commission

Overall Progress Toward Meeting Program Goals

The overall NSHP Program goal is to install 360 MW of solar energy capacity on new residential housing by the end of the program. As of March 31, 2018, the NSHP has supported the installation of approximately 115 MW.

As shown in Figure 1, the NSHP has 421 MW of reserved, installed and under review reservations, approximately 297 MW reserved, approximately 9 MW under review reservations, and approximately 115 MW of installed systems.

Figure 1: Progress Toward NSHP MW Goal (All Years)



The chart is based off a total MW value of 421 MW.

Source: California Energy Commission

CHAPTER 4:

Budget Reporting

During the first quarter of 2018, all Renewable Resource Trust Fund (RRTF) monies, also referred to as Public Goods Charge (PGC) funding, was accounted for, having either been used for payment claims or encumbered in approved reservations. Pursuant to California Public Utilities Commission Decision 16-06-006, up to \$111.78 million in funding was made available for the NSHP from the Investor Owned Utilities, referred to here as IOU funding

The table below provides the balance of each fund at the end of the reporting period.

Table 4: Current NSHP Funding

	Available Funding	Reserved	Under Review	Remaining
RRTF/ PGC Monies (Millions)	\$282	\$282	-	-
IOU Monies (Millions)	\$111.78	\$24.32	\$87.46	-

Source: California Energy Commission

California Public Utilities Commission Decision 16-06-006 requires that all RRTF/PGC funds be expended before any IOU funds are used for NSHP payments. Although projects may initially be encumbered with IOU funding, all RRTF/PGC funds will be paid prior to the use of IOU funds for payment claims. Since some projects are not completed, or are completed for less than the reserved amount, and some reservations expire, the encumbrances may be reduced. Following the June 1, 2018, encumbrance deadline, no additional encumbrances or increases to encumbrances will be made.

CHAPTER 5:

Conclusion and Outlook

During the first quarter of 2018, the NSHP prepared for the June 1, 2018 encumbrance deadline as set forth in Senate Bill 83 (2015), and the related application submission deadline of April 1, 2018. Projects submitted by the April 1, 2018, deadline are guaranteed review before the June 1, 2018 encumbrance deadline, but staff will continue to review applications submitted after the April 1, 2018 deadline, if time allows.

The first quarter of 2018, saw a significant increase in the volume of reservation applications submitted. Staff prioritized the review of reservation applications to ensure that all submitted projects were reviewed before the June 1, 2018, encumbrance deadline. In the first quarter of 2018, 300 reservation applications were reviewed representing 15,961 systems and nearly 63 MW of solar capacity.

Staff also experienced an increase in the number of payment claims submitted during this time period. Based on the increases in volumes of reservation applications over the last few quarters, staff anticipate that payment claim submittal rates will continue to increase. Program participants have also indicated that due to a focus on reservation applications in the first quarter, payment claim workload has been deferred and claim submittal volumes will increase in the second quarter of 2018.

Based on all reservation applications under review, approved, completed, and paid projects, the NSHP program has the potential to support the installation of 421 MW of solar capacity in California.