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California Energy Commission

STAFF REPORT

**New Solar Homes
Partnership Program
Quarterly Progress Report**

(April 1-June 30, 2018)

California Energy Commission

Edmund G. Brown Jr., Governor

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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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CHAPTER 1:

Introduction and Background

Senate Bill 1 (Murray, Chapter 132, Statutes of 2006) 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 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 fewer 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. 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, was the last quarter under which new reservation applications could be submitted for the NSHP.

CHAPTER 2: 2018 Second 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 second quarter of 2018 (April 1-June 30).

**Table 1: Reservation Applications Approved From
April 2018 Through June 2018**

Project Type	# of Systems	Encumbrances	Capacity (kW AC)
Solar as Standard	22,502	\$31,593,490	75,439.98
Affordable Housing	260	\$13,519,091	8,724.97
Custom Homes	70	\$692,826	1,130.91
Other	227	\$2,374,347	3,962.59
Totals	23,059	\$48,179,754	89,258.45

Source: California Energy Commission

Payment Claims

For a project to receive an incentive payment, the solar energy system must be completely installed, grid-connected, and 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 second quarter of 2018.

Table 2: Payment Claims Approved From April 2018 Through June 2018

Project Type	# of Systems	Incentive Amount	Capacity (kW AC)
Solar as Standard	1,182	\$1,887,046	3,297.03
Affordable Housing	6	\$380,298	326.86
Custom Homes	29	\$135,867	234.03
Other	11	\$197,497	332.07
Totals	1,228	\$2,600,708	4,189.99

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 second quarter of 2018.

Table 3: Reservation Applications and Payment Claims Submitted and Processed April 2018 Through June 2018

	Applications Submitted	Approved
Reservation Applications	14	246
Payment Claims	2,403	1,228

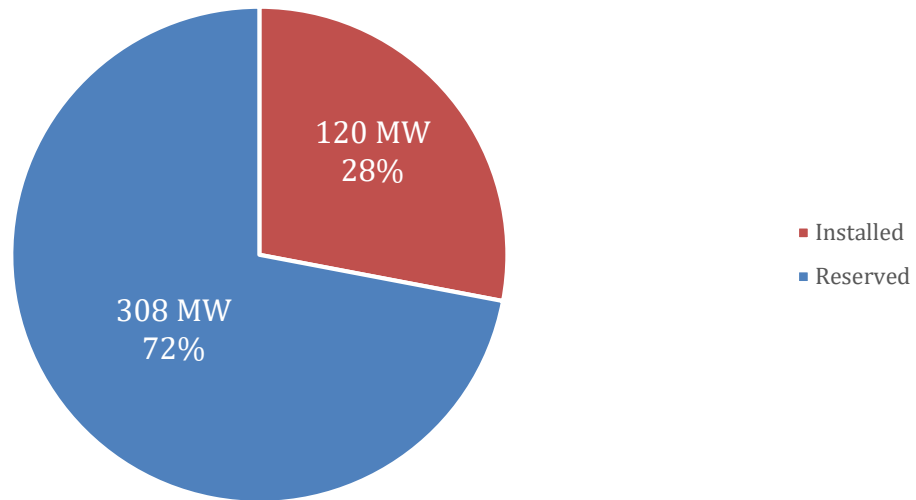
Source: California Energy Commission

Overall Progress Toward Meeting Program Goals

The overall NSHP program goal is to install 360 MW of solar energy capacity on new housing by the end of the program. As of June 30, 2018, the NSHP has supported the installation of about 120 MW.

As shown in Figure 1, the NSHP has approximately 428 MW of reserved and installed systems, approximately 308 MW reserved, and roughly 120 MW of installed systems.

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



Source: California Energy Commission

CHAPTER 4:

Budget Reporting

During the second 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	\$72.03	-	\$39.75

Source: California Energy Commission

CPUC 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 second quarter of 2018, the NSHP reviewed a high volume of reservation applications preceding the June 1, 2018 encumbrance deadline. This resulted in the review and approval of 246 reservation applications representing 23,059 systems and 89 MW of solar capacity.

Since the NSHP no longer accepts reservation applications, California Energy Commission staff shifted its priority reviews to payment claim applications. The NSHP anticipates that between June 30, 2018, and the payment submission deadline of August 31, 2021, more than 70,000 applications will be submitted. The large volume of payments are anticipated to be submitted in batches, with the largest being submitted near the payment submission deadline.

Because of the success of the NSHP program and the projection of surpassing the 360 MW capacity goal, the California Energy Commission will host an NSHP celebration in July 2018 at the UC Davis West Village Community Center. The celebration will highlight program accomplishments and the positive impact the program has had on California's efforts to lead in the adoption of renewable energy across the state. It also acknowledges the hard work of staff members involved in the administration of the NSHP program.