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**STAFF REPORT**

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

(July 1-September 30, 2018)

**California Energy Commission**

Gavin Newsom, Governor

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# California Energy Commission

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## ABSTRACT

The New Solar Homes Partnership (NSHP) program contributes to California's continuing efforts to promote and develop clean, renewable electricity generation. This report provides an update on key NSHP program statistics for the third quarter of 2018. This report is produced as required by California Public Utilities Commission Decision 16-06-006, "Decision Funding Authorizations and Related Measures for Continuation of the New Solar Homes Partnership Program," approved June 9, 2016.

**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

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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 implemented by the California Energy Commission (CEC), the California Public Utilities Commission (CPUC), and the state's local publicly owned electric utilities in different programs that share common goals.

Launched in January 2007, the New Solar Homes Partnership (NSHP) program is the CEC's component of the CSI and is limited to new home construction in investor-owned utility (IOU) service territories. The program provides financial incentives for homeowners, builders, and developers to include solar energy systems on new, energy-efficient homes. The NSHP program goal under the CSI is to incentivize the installation of 360 MW solar capacity.

Participation in the NSHP program is a two-step process in which applicants reserve funding for a project in advance and receive an incentive payment upon completion of the project. Once the reservation application is approved, applicants have the reservation period to finish building construction, install the solar energy system, interconnect with the utility grid, complete third-party field verifications, and submit a payment claim package to the CEC.

A reservation application may cover a single site or multiple sites depending on the project. The NSHP program has multiple project types defined in the *NSHP Guidebook, Eleventh Edition* including:

- 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 area projects - Projects where the solar systems are installed on the nonresidential portions of market-rate residential developments.
- Virtual net metered<sup>1</sup> projects - These projects include affordable housing and market-rate housing projects.

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<sup>1</sup> *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.



- 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.

## **Funding Deadlines**

Senate Bill 83 (Chapter 24, Statutes of 2015) established an encumbrance deadline of June 1, 2018, for the NSHP program, and a payment disbursement deadline of December 31, 2021. To fulfill these requirements, the CEC established a reservation submittal deadline of April 1, 2018, and a payment submission deadline of August 31, 2021. The first quarter of 2018 was the last quarter new reservation applications could be submitted for the NSHP program.

# CHAPTER 2: 2018 Third Quarter Program Statistics

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## Reservations

After the April 1, 2018 NSHP program reservation deadline, the CEC has discontinued accepting NSHP program reservation applications. This public reservation submission deadline was set to satisfy the June 1, 2018 encumbrance deadline set in Senate Bill 83. After June 1, 2018, no additional reservations will be granted to accommodate new projects or adjustments to existing encumbrances.

**Table 1: Reservations as of September 2018<sup>2</sup>**

Project Type	# of Systems	Encumbrances	Capacity (MW)
<b>Solar as Standard</b>	72,883	\$139,255,518	269.71
<b>Affordable Housing</b>	411	\$19,374,425	12.63
<b>Custom Homes</b>	148	\$1,030,296	1.82
<b>Other</b>	1,422	\$5,728,814	8.81
<b>Totals</b>	<b>74,864</b>	<b>\$165,389,053</b>	<b>292.97</b>

Source: California Energy Commission

## Payment Claims

For a site to receive a payment claim approval, the solar energy system must be installed, grid-connected, and third-party verified, and the building must meet or exceed the energy efficiency standards proposed in the applicant's reservation. Table 2 displays the number of payment claims approved in the third quarter of 2018.

**Table 2: Payment Claims Approved  
July 2018 Through September 2018**

Project Type	# of Systems	Incentive Amount	Capacity (kW AC)
<b>Solar as Standard</b>	2,972	\$4,350,592	8,851.42
<b>Affordable Housing</b>	48	\$1,290,754	745.01
<b>Custom Homes</b>	24	\$92,138	170.04
<b>Other</b>	50	\$166,231	331.94
<b>Totals</b>	<b>3,094</b>	<b>\$5,899,715</b>	<b>10,098.41</b>

Source: California Energy Commission

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<sup>2</sup> Reservations on this table are outstanding reservations not incentivized as of the indicated date. The reservations listed in this table were approved during the third quarter of 2018 and remained outstanding until September 30, 2018. Reservations on this report do not include disapproved, withdrawn, or canceled sites/projects.

# Payment Claims Submitted and Approved

Table 3 shows the total number of payment claims submitted and approved during the third quarter of 2018.

**Table 3: Payment Claims Submitted and Approved July 1, 2018 Through September 30, 2018**

	Applications Submitted	Approved
<b>Payment Claims</b>	3,769	3,094

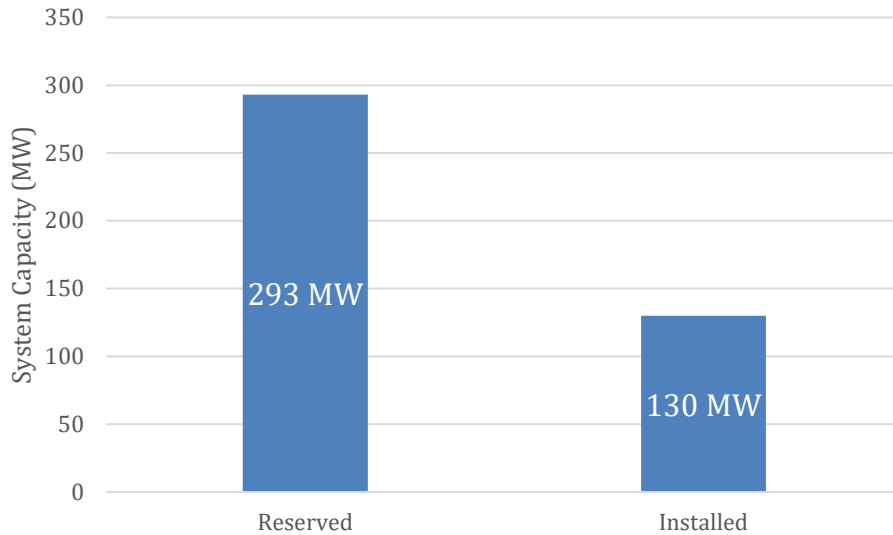
Source: California Energy Commission

# Overall Progress Toward Meeting Program Goals

The goal of the NSHP program is to install 360 MW of solar energy capacity on new housing by December 31, 2021. As of September 30, 2018, the NSHP program has supported the installation of approximately 130 MW and reserved 293 MW. Combined, the NSHP program is on track to install 423 MW of solar PV.

Due to changes in proposed new residential construction, projects may no longer meet NSHP program requirements. Projects or sites no longer meeting NSHP program requirements will be disapproved. Sites disapproved, withdrawn, or expired are removed from program metrics and will not count towards the program goal tracker.

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



Source: California Energy Commission

# CHAPTER 3:

## Funding Reporting

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During the third quarter of 2018, all Renewable Resource Trust Fund (RRTF) monies, also referred to as Public Goods Charge (PGC) funding, were paid out or encumbered. Pursuant to CPUC Decision 16-06-006, up to \$111.78 million in funding was made available to the NSHP program from the investor owned utilities, referred to here as IOU funding. IOU funds not encumbered by June 1, 2018, were forfeited. Currently, \$72.07 million of IOU funds have been encumbered.

Projects not fully utilizing their original encumbrance will forfeit the difference. For these reasons, the utilization of reserved IOU funds may decline as projects transition to utilize available PGC funds.

**Table 4: NSHP Program Funding Paid and Encumbered as of September 2018<sup>3</sup>**

	<b>Encumbered</b>	<b>Paid</b>
<b>RRTF/ PGC Monies (Millions)</b>	\$95.96	\$192.28
<b>IOU Monies (Millions)</b>	\$72.07	\$0

Source: California Energy Commission

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<sup>3</sup> NSHP project funding amounts are subject to change. The information in this section reflects funding amounts effective as of the creation date of this report.

## **CHAPTER 4:**

# **Conclusion and Outlook**

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NSHP program staff approved 3,094 payment claims representing nearly \$5.9 million paid in incentives and over 10 MW of solar capacity installed as of September 30, 2018. Based upon the reserved and installed MW capacities, the NSHP program is on track to reach or exceed the installed solar electric capacity goal of 360 MW.

The NSHP program staff anticipate an increasing number of payment claim submissions per month in 2019-2020. To prepare for this increase, NSHP program staff are working with the CEC accounting office, Information Technology Services Branch, and the California State Controller to ensure payment claims are processed in a timely manner, identifying and streamlining payment processing procedures. In addition, staff are assisting program participants with payment claim applications, maintaining existing reservations, and helping with NSHP program-related inquiries and tasks.