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STAFF REPORT

New Solar Homes Partnership Program Quarterly Progress Report 2019 First Quarter

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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 first quarter of 2019. 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

The New Solar Homes Partnership (NSHP) program was created as part of a statewide solar program called the California Solar Initiative. Senate Bill 1 (Murray, Chapter 132, Statutes of 2006) established three goals for the California Solar Initiative (CSI):

1. Install 3,000 megawatts (MW) of solar generating capacity
2. Establish a self-sufficient solar industry
3. Install solar energy on 50 percent of new California homes by 2020

To reach these goals, the California Solar Initiative established the New Solar Homes Partnership.

Launched in January 2007, the NSHP program is the California Energy Commission's (CEC) 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 types¹ defined in the *NSHP Guidebook, Eleventh Edition* including:

- Large development – Developments of six or more residential units with solar on 50 percent or more of dwelling units (also referred to by Solar as Standard).
- 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.

¹ The NSHP does not classify project types based upon single or multi-family construction. Either construction types may be used in Large Development, Affordable Housing, or Other.

- Virtual net metered² projects – Projects that include affordable housing and market-rate housing projects.
- Solar not as standard – Projects where solar will be installed on less than 50 percent of the residential units.
- Small developments – 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.

² Virtual net metering allows the electricity produced by a solar energy system installation to be credited to the benefit of multiple tenants in a multifamily building without requiring the solar energy system to be physically connected to each tenant's meter.

CHAPTER 2:

2019 First Quarter Program Statistics

Reservations

After the April 1, 2018, NSHP program reservation deadline, the CEC stopped accepting reservation applications. This public reservation submission deadline was set to satisfy the June 1, 2018, encumbrance deadline established in Senate Bill 83. No additional reservations will be granted to accommodate new projects or adjustments to existing encumbrances post June 1, 2018. Table 1 displays the reservation applications active in the first quarter of 2019.

Table 1: Reservations as of March 31, 2019

Project Type	# of Systems	Encumbrances	Capacity (MW)
Large Development	65,275	\$126,144,950	241.71
Affordable Housing	398	\$18,729,064	12.12
Custom Homes	113	\$875,134	1.56
Other ³	1,378	\$5,498,731	8.50
Totals	67,164	\$151,247,879	263.89

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 first quarter of 2019.

Table 2: Payment Claims Approved January 1, 2019 Through March 31, 2019

Project Type	# of Systems	Encumbrances	Capacity (MW)
Large Development	4,176	\$4,924,800	12.56
Affordable Housing	8	\$367,145	0.28
Custom Homes	12	\$53,677	0.09
Other ³	30	\$54,077	0.12
Totals	4,226	\$5,399,699	13.05

Source: California Energy Commission

³ Other includes NSHP project types: Common Area, Virtual Net Metered, Solar Not as Standard, and Small Developments.

Payment Claims Received

Table 3 shows the total number of payment claims received during the first quarter of 2019.

Table 3: Payment Claims Received January 1, 2019 Through March 31, 2019

	Received
Payment Claims	2,478

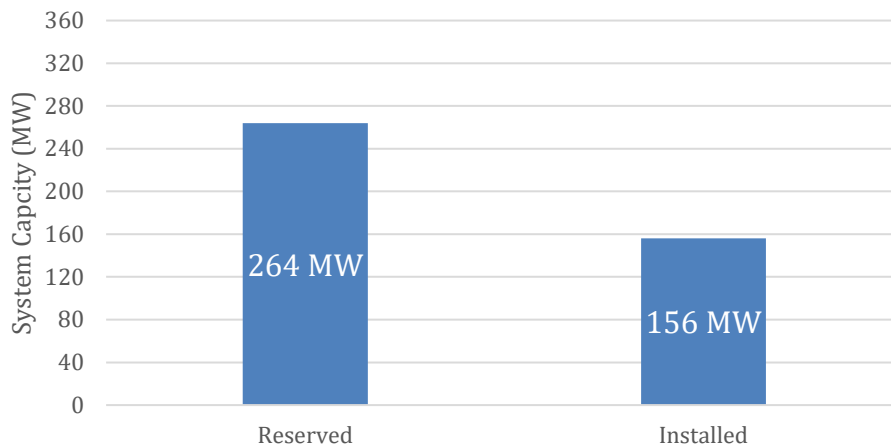
Source: California Energy Commission

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 March 31, 2019, the NSHP program has supported the installation of approximately 156 MW and reserved 264 MW. Combined, the program is on track to install 420 MW of solar PV. Figure 1 represents this data.

Due to applicant selected changes in final building construction, not all projects will 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 Goals



Source: California Energy Commission

CHAPTER 3:

Funding Reporting

Established in 2007, the NSHP was allocated \$400 million from the Public Goods Charge (PGC) collected from IOU ratepayers including funding in the Renewable Resource Trust Fund (RRTF). To address the shortfall in program funding, the California Public Utilities Commission’s Decision 16-06-006 made available up to \$111.78 million in IOU sourced funding. This funding was collected from customers in the IOU territories.

Prior to utilizing additional IOU ratepayer funding, the California Public Utilities Commission requires the NSHP to disburse all funding available through the RRTF.⁴

The utilization of RRTF and IOU funding for the first quarter of 2019 are shown in Table 4 below.

Table 4: NSHP Program Funding Paid and Encumbered as of March 31, 2019

	Encumbered	Paid
RRTF/ PGC Monies (Millions)	\$72.40	\$203.60
IOU Monies (Millions)	\$70.50	\$0

Source: California Energy Commission

⁴ Previously reserved but undisbursed PGC funding may become available due to changes in final and proposed project construction. Funding initially reserved for projects are reassessed during the payment claim. Final project incentives are based upon installed and third-party verified construction. Decreases in project incentives from the reserved amounts create additional funding availability.

CHAPTER 4:

Conclusion and Outlook

During the first quarter of 2019, the NSHP program staff approved 4,226 incentive payment claims representing nearly \$5.4 million and over 13 MW of solar capacity. 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.

To prepare for an increase in incentive payment claims and offer outreach, NSHP program staff coordinated stakeholder workshops. The workshops function to educate solar installers on the procedure of NSHP payment claims. Stakeholders' improved knowledge of NSHP processes further ensures a smooth application and review process. Additionally, program staff reached out to custom homeowners providing assistance through the payment claim process.