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STAFF REPORT

New Solar Homes Partnership Program Quarterly Progress Report 2019 Third Quarter

Technology Incentive Office
Renewable Energy Division

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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 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 energy metering* is a tariff arrangement that allows the electricity produced by a single solar energy system to be credited to multiple units, in which each has an electric meter.

CHAPTER 2:

2019 Third 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 were granted to accommodate new projects or adjustments to existing encumbrances after June 1, 2018. Table 1 displays the reservation applications active in the third quarter of 2019.

Table 1: Reservations as of September 30, 2019

Project Type	# of Systems	Encumbrance Value (\$)	Capacity (MW)
Large Development	50,390	\$92,156,063	189.82
Affordable Housing	308	\$15,504,018	10.11
Custom Homes	43	\$164,149	0.36
Other ³	529	\$3,188,863	5.08
Totals	51,270	\$111,013,093	205.37

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 2019.

Table 2: Payment Claims Approved July 1, 2019 Through September 30, 2019

Project Type	# of Systems	Encumbrance Value (\$)	Capacity (MW)
Large Development	3,142	\$3,423,004	9.63
Affordable Housing	17	\$1,472,159	0.95
Custom Homes	19	\$71,022	0.14
Other	26	\$96,257	0.19
Totals	3,204	\$5,062,442	10.91

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 and Approved

Table 3 shows the total number of payment claims received and approved during the third quarter of 2019.

Table 3: Payment Claims Received and Approved July 1, 2019 Through September 30, 2019

	Received	Approved
Payment Claims	2,893	3,204

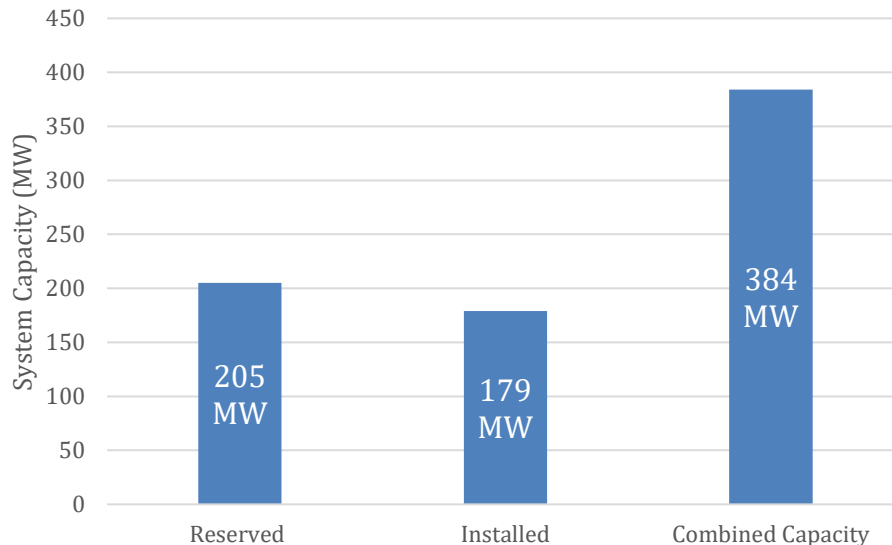
Source: California Energy Commission

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, 2019, the NSHP program has supported the installation of approximately 179 MW and reserved 205 MW. Combined, the program is on track to install 384 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 a shortfall in program funding, the California Public Utilities Commission’s Decision 16-06-006 made available up to \$111.78 million in additional funding. This funding was collected from IOU ratepayers.

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

The accounting of RRTF/PGC and IOU funding for the third quarter of 2019 is represented in Table 4 below.

Table 4: NSHP Program Funding Paid and Encumbered as of September 30, 2019

	Encumbered	Paid
RRTF/ PGC Monies (Millions)	\$57.23	\$214.45
IOU Monies (Millions)	\$66.79	\$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 third quarter of 2019, the NSHP program staff approved 3,204 incentive payment claims representing over \$5 million in incentive money and over 10 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.

The NSHP staff maintains a positive business relationship with applicants. This applicant base consists of affordable housing applicants, custom homeowners, builders, and major program stakeholders. Our relationship provides customer's support to effectively navigate the NSHP process. This close working relationship additionally promotes the NSHP's commitment to exceptional customer service.