<table>
<thead>
<tr>
<th><strong>Docket Number:</strong></th>
<th>16-NSHP-01</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Title:</strong></td>
<td>Continuation of the New Solar Homes Partnership Program</td>
</tr>
<tr>
<td><strong>TN #:</strong></td>
<td>238878</td>
</tr>
<tr>
<td><strong>Document Title:</strong></td>
<td>New Solar Homes Partnership Program Quarterly Progress Report - 2020 First Quarter</td>
</tr>
<tr>
<td><strong>Description:</strong></td>
<td>Staff Report - NSHP 1st Quarter 2020 Progress Report</td>
</tr>
<tr>
<td><strong>Filer:</strong></td>
<td>Geoffrey Dodson</td>
</tr>
<tr>
<td><strong>Organization:</strong></td>
<td>California Energy Commission</td>
</tr>
<tr>
<td><strong>Submitter Role:</strong></td>
<td>Commission Staff</td>
</tr>
<tr>
<td><strong>Submission Date:</strong></td>
<td>7/14/2021 5:04:01 PM</td>
</tr>
<tr>
<td><strong>Docketed Date:</strong></td>
<td>7/14/2021</td>
</tr>
</tbody>
</table>
New Solar Homes Partnership Program Quarterly Progress Report 2020 First Quarter

Technology and Incentives Office
Renewable Energy Division

Gavin Newsom, Governor
January 2021 | CEC-300-2021-003
DISCLAIMER

Staff members of the California Energy Commission prepared this report. As such, it does not necessarily represent the views of the Energy Commission, its employees, or the State of California. The Energy Commission, the State of California, its employees, contractors, and subcontractors make no warrant, express or implied, and assume no legal liability for the information in this report; nor does any party represent that the uses of this information will not infringe upon privately owned rights. This report has not been approved or disapproved by the Energy Commission nor has the Commission passed upon the accuracy or adequacy of the information in this report.
ABSTRACT


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

Please use the following citation for this report:
TABLE OF CONTENTS

Abstract .............................................................................................................................................. i
Table of Contents .................................................................................................................................. iii
List of Figures ......................................................................................................................................... iii
List of Tables ......................................................................................................................................... iii
CHAPTER 1: Introduction and Background .......................................................................................... 1
  Funding Deadlines .............................................................................................................................. 2
CHAPTER 2: 2020 First Quarter Program Statistics ............................................................................. 3
  Reservations ....................................................................................................................................... 3
  Incentive Payment Claims and Program Activity by Project Type ...................................................... 4
  Incentive Payment Claims Received and Approved ........................................................................... 4
  Incentive Payment Claim Processing Time ......................................................................................... 4
  Overall Progress Toward Meeting Program Goals ........................................................................... 5
CHAPTER 3: Funding Reporting ............................................................................................................ 6
CHAPTER 4: Conclusion and Outlook ................................................................................................... 7

LIST OF FIGURES

Page

Figure 1: Progress Toward NSHP Program Goals as of March 31, 2020 ........................................... 5

LIST OF TABLES

Page

Table 1: Active Reservations as of March 31, 2020 ........................................................................ 3
Table 2: Incentive Payment Claims Approved January 1, 2020 Through March 31, 2020 .......... 4
Table 3: Incentive Payment Claims Received and Approved January 1, 2020 Through March 31, 2020................................................................................................................................. 4
Table 4: NSHP Program Funding Encumbered and Paid.................................................................... 6
The New Solar Homes Partnership (NSHP) program was created as part of a statewide solar program called the California Solar Initiative (CSI). Senate Bill 1 (Murray, Chapter 132, Statutes of 2006) established three goals for the 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 CSI established the California Solar Initiative incentive program, the NSHP, and various publicly owned utility (POU) programs.

Launched in January 2007, the NSHP program is the California Energy Commission’s (CEC) component of the CSI and is focused on 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 prior to construction and 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 an incentive 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\(^1\) 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 types as appropriate.
• Virtual net metered projects – projects that include affordable housing and market-rate housing projects.

• Solar not as standard – projects where solar is installed on less than 50 percent of the residential units.

• Small developments – developments with fewer than six residential units.

**Funding Deadlines**

Senate Bill 83 (Committee on Budget and Fiscal Review, 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 application submittal deadline of April 1, 2018, and an incentive payment claim submittal deadline of August 31, 2021.

---

*Virtual net energy metering* is a tariff arrangement allowing the electricity produced by a single solar energy system to be credited to multiple units, in which each has an electric meter.
CHAPTER 2:  
2020 First Quarter Program Statistics

Reservations

After the April 1, 2018, NSHP program reservation application deadline, the CEC discontinued accepting reservation applications. This reservation application deadline was established to meet the June 1, 2018, encumbrance deadline, provided for in Senate Bill 83 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2015). No additional reservations were accepted for new projects or adjustments to existing encumbrances after June 1, 2018. Table 1 displays the active reservations as of March 31, 2020.3

<table>
<thead>
<tr>
<th>Project Type</th>
<th># of Systems</th>
<th>Encumbrance Value</th>
<th>Capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Development</td>
<td>36,658</td>
<td>$64,936,605</td>
<td>135.98</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>267</td>
<td>$13,442,254</td>
<td>8.88</td>
</tr>
<tr>
<td>Custom Homes</td>
<td>23</td>
<td>$80,319</td>
<td>0.18</td>
</tr>
<tr>
<td>Other4</td>
<td>30</td>
<td>$1,500,648</td>
<td>1.91</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>36,978</strong></td>
<td><strong>$79,959,826</strong></td>
<td><strong>146.95</strong></td>
</tr>
</tbody>
</table>

Source: California Energy Commission

3 Since the program is not accepting new reservations, table 1 displays active reservations as of March 31, 2020. Reservations listed in this table were granted prior to the June 1, 2018 encumbrance deadline.

4 Other consists of NSHP project types: Common Area, Virtual Net Metered, Solar Not as Standard, and Small Developments.
Incentive Payment Claims and Program Activity by Project Type
For a site to receive an incentive payment claim approval, the solar energy system must be installed, grid-connected, 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 incentive payment claims approved in the first quarter of 2020.

Table 2: Incentive Payment Claims Approved January 1, 2020 Through March 31, 2020

<table>
<thead>
<tr>
<th>Project Type</th>
<th># of Systems</th>
<th>Amount of Funds Paid</th>
<th>Capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Development</td>
<td>3,297</td>
<td>$3,444,003</td>
<td>9.77</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>14</td>
<td>$1,221,354</td>
<td>0.78</td>
</tr>
<tr>
<td>Custom Homes</td>
<td>10</td>
<td>$36,773</td>
<td>0.07</td>
</tr>
<tr>
<td>Other(^5)</td>
<td>6</td>
<td>$44,045</td>
<td>0.09</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>3,327</strong></td>
<td><strong>$4,746,175</strong></td>
<td><strong>10.71</strong></td>
</tr>
</tbody>
</table>

Source: California Energy Commission

Incentive Payment Claims Received and Approved
Table 3 shows the total number of incentive payment claims received and approved in the first quarter of 2020.

Table 3: Incentive Payment Claims Received and Approved January 1, 2020 Through March 31, 2020

<table>
<thead>
<tr>
<th>Incentive Payment Claims(^7)</th>
<th>Received</th>
<th>Approved(^6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,049</td>
<td>3,327</td>
<td></td>
</tr>
</tbody>
</table>

Source: California Energy Commission

Incentive Payment Claim Processing Time
NSHP staff receives, documents, processes, and approves the incentive payment claim for transmittal to CEC Accounting Office for processing with an average processing time of 3-6 weeks. The CEC Accounting Office requires an additional 6-8 week processing time for preparation and transmittal to the State Controller’s Office. The State Controller’s Office then processes for disbursement of incentive money within an average timeline of 2-4 weeks.

\(^5\) Other consists of NSHP project types: Common Area, Virtual Net Metered, Solar Not as Standard, and Small Developments.
\(^6\) The volume of incentive payment claims approved may exceed the volume received due to unapproved incentive payment claims carrying over from the previous quarter.
\(^7\) Each incentive payment claim represents one site or system.
Overall Progress Toward Meeting Program Goals

A 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, 2020, the NSHP program has supported the installation of 197.76 MW and has 146.95 MW of reserved capacity. Therefore, the NSHP program is on track to install 344.71 MW of solar PV by 2021. Figure 1 represents this data.

Due to applicant selected changes in final building construction, not all reserved projects will meet NSHP program requirements. Projects or sites unable to meet NSHP program requirements are disapproved. Sites disapproved, withdrawn, or expired are removed from program metrics and do not count towards the program goal tracker.

Figure 1: Progress Toward NSHP Program Goals as of March 31, 2020

Source: California Energy Commission
Established in 2007, the NSHP program was allocated $400 million from the Public Goods Charge (PGC) account. The PGC account is funded from fees collected from IOU ratepayers plus funding from the Renewable Resource Trust Fund (RRTF). To address a projected shortfall in program funding, the California Public Utilities Commission’s Decision 16-06-006 provided for funds up to $111.78 million. This funding was collected from IOU ratepayers. The expenditure of this IOU funding was restricted by a requirement that PGC funding must first be exhausted prior to the expenditure of any of this IOU based funding.\(^8\)

The accounting of RRTF/PGC and IOU funding through the first quarter of 2020 is represented in Table 4 below.

**Table 4: NSHP Program Funding Encumbered and Paid**

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Initial Allocation</th>
<th>Encumbered(^9)</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>RRTF/ PGC Funds (Millions)</td>
<td>$288.22</td>
<td>$65.40</td>
<td>$222.82</td>
</tr>
<tr>
<td>IOU Funds (Millions)</td>
<td>$111.78</td>
<td>$14.56</td>
<td>$0</td>
</tr>
<tr>
<td>Total (Millions)</td>
<td>$400.00</td>
<td>$79.96</td>
<td>$222.82</td>
</tr>
</tbody>
</table>

Source: California Energy Commission

---

8 Previously reserved and encumbered but undisbursed RRTF funding may become available due to changes in projects. 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.

9 The encumbrance balances allocated to the funding source RRTF/PGC and IOU are based on the incentive paid and the funding reserved as of March 31, 2020.
CHAPTER 4: 
Conclusion and Outlook

During the first quarter of 2020, CEC staff approved 3,327 incentive payment claims in the amount of $4.75 million and representing 10.71 MW of solar capacity.

CEC staff makes every effort to maintain a positive business relationship with NSHP customers and stakeholders. The NSHP incentive claim applicant base consists of affordable housing applicants, custom homeowners, builders, and major program stakeholders. CEC staff provides applicants support to effectively navigate the NSHP incentive claim application process. This working relationship promotes and demonstrates the NSHP program’s commitment to exceptional service.

As our state continues to combat COVID-19, the CEC staff are managing its impacts through deployment of electronic application submittal, review, and approval processes. CEC staff remain 100 percent committed to advancing our mission and effectively administering programs to the fullest capacity possible. The NSHP incentive payment process were adjusted to ensure accessibility by NSHP applicants given the current circumstances. NSHP-2 Payment Claim forms may now be electronically submitted rather than mailed in, and NSHP call center staff remain available to offer application support for our applicants, stakeholders, and customers. Internally, the NSHP process is now mostly electronic-based and we continue to adjust processes for optimized efficiency and production. As conditions continue to develop, changes may be made to the NSHP program to further assist applicants.