BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	Rulemaking 12-11-005 (November 8, 2012)

COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION ON STAFF PROPOSAL FOR THE IMPLEMENTATION OF ASSEMBLY BILL 217

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Pursuant to the Administrative Law Judge's Ruling (1) Incorporating Staff Proposal into the Record (2) Requesting Comments from Parties and (3) Setting Comment Dates issued in the above captioned proceeding on July 2, 2014, the Solar Energy Industries Association (SEIA)[1] comments on the Staff Proposal for the Implementation of Assembly Bill 217 (Staff Report).

The Single-family Affordable Solar Homes (SASH) and Multifamily Affordable Solar Housing (MASH) programs were created to provide access to solar power to low-income Californians through up-front incentives which were higher than those afforded through the general market California Solar Initiative (CSI) Program. SASH and MASH have been successful, resulting in the legislature authorizing $108 million in additional funding (AB 217, Bradford, 2013) for program extension.

As indicated in the Staff Report, an initial $216 million (including administrative costs) was allocated to the SASH and MASH programs,[2] resulting in the installation of approximately 40 MW of solar capacity.[3] The goal of AB 217 is to install an additional 50 MW of solar capacity serving eligible low-income customers across the three utility territories under the CSI

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1 The comments contained in this filing represent the position of the Solar Energy Industries Association as an organization, but not necessarily the views of any particular member.

2 Staff Report, p. 5

3 *Id.,* p. 8

program. In other words, a doubling of the solar capacity incentivized by the program to-date, with only half the amount of incentive funding. As noted by Staff "to operate within these new constraints, the SASH Program Administrator should be given more latitude in finding ways to maximize these savings for participating homeowners."[4] SEIA agrees and, as illustrated by the Staff Report, submits that the authorization of a third party ownership (TPO) model as part of the SASH program will provide a significant opportunity to maximize the incentive dollars made available through AB 217. For example, absent authorization of such model it is unlikely that the current practice under the SASH program of installing systems cost-free for participating homeowners, with bill savings commencing immediately, will continue.[5] This optionality is critical for expanding the market segment served by the SASH program.

SEIA recognizes that the Commission previously has not permitted third-party owned systems in the SASH program due primarily to consumer protection concerns. The Commission, however, left open the door to such arrangements stating:

> We will consider modifying this order to allow third-party ownership arrangements for low-income customers if we are presented with a proposal that adequately protects and benefits low-income homeowners in third-party ownership arrangements.[6]

In this regard, SEIA believes that Grid Alternatives, the Program Administrator of the SASH program since its inception, is best qualified to fashion a TPO model that maximizes consumer protection and the benefits to low-income families. The Commission should charge Grid Alternatives to work with other stakeholders, including different companies leading the TPO market in California, to create a TPO model for use in the SASH program, presenting it to the Commission for approval. The responsibility for fashioning the TPO model would thereby

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4 *Id.*, p. 30.

5 *Id.*

6 Decision 07-11-045, p. 41.

be placed in the hands of the entity which is most familiar with the clientele who utilize the SASH program, and thus can create a TPO model responsive to their needs.

If, however, the Commission determines to leave the responsibility for creating a TPO model for use in the SASH program with Staff , SEIA seeks further clarification of the Staff proposal. Specifically, Staff states:

> Permitting the SASH Program Administrator to execute a third-party financing agreement with potential outside partners (subject to the Commission's approval in a Tier 3 advice filing from the SASH PA that protects market-sensitive details) would enable the Commission to review and approve the proposal specifically called for in D.07-11-045. The Commission in D.06-06-066 and D.08-04-023 established confidentiality protocols for sensitive information in Renewables Portfolio Standard advice filings that allow for the public dissemination of all non-sensitive details and the review of sensitive details by the Energy Division and select parties such as the Commission's Office of Ratepayer Advocates. Given the success of this approach in ensuring meaningful review of procurement contracts, staff believe the same protocols should be employed here regarding a TPO financing arrangement in SASH.[7]

This language indicates that, divergent to the TPO model used in the CSI general market program in which the third party financing arrangement is between the customer and the installer, Staff appears to be proposing that the contract be between the SASH program administrator and the installer for the benefit of the customer(s). The contract would then be put to the Commission for approval through the advice letter process. Such a construct, if that is what Staff intends, could raise jurisdictional issues.[8]

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[7] *Id.,* p. 34.

[8] *See, e.g.,* Decision No. 01-04-006 (Commission does not have jurisdiction over a contract between a utility customer and a private entity, even if it incorporates a regulated tariff).

Respectfully submitted this July 22, 2014, San Francisco, California.

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