

**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 CALIFORNIA SOLAR ENERGY INDUSTRIES
ASSOCIATION ON THE ADMINISTRATIVE LAW JUDGE'S RULING (1)
INCORPORATING STAFF PROPOSAL INTO THE RECORD (2) REQUESTING
COMMENTS FROM PARTIES AND (3) SETTING COMMENT DATES**

Brad Heavner
Policy Director
California Solar Energy Industries Association
555 5th St. #300-S
Santa Rosa, California 95401
Telephone: (415) 328-2683
Email: brad@calseia.org

July 22, 2014

**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 CALIFORNIA SOLAR ENERGY INDUSTRIES
ASSOCIATION ON THE ADMINISTRATIVE LAW JUDGE’S RULING (1)
INCORPORATING STAFF PROPOSAL INTO THE RECORD (2) REQUESTING
COMMENTS FROM PARTIES AND (3) SETTING COMMENT DATES**

1. INTRODUCTION

On July 2, 2014, an assigned administrative law judge issued a ruling incorporating the California Public Utilities Commission (Commission) staff proposal on the Multifamily Affordable Solar Housing (MASH) and Single Family Affordable Solar Homes (SASH) programs,¹ issued on the same date, into the record in this proceeding and inviting comments from parties on the report. The California Solar Energy Industries Association (CALSEIA) hereby responds to some of the questions posed in the ruling.

In all areas of consideration, we must keep in mind that to get benefits to tenants and property owners, we must make solar projects attractive, keep administrative costs down, and make the process easy. If the administrative burden increases, property owners will be much less likely to participate. As we have learned from the California Solar Initiative (CSI), the success of a solar incentive program is highly dependent on the enthusiastic participation of solar contractors, who are the primary force in the marketplace, disseminating program information and promoting the programs. The MASH and SASH programs can only continue to succeed and serve the low-income community if solar contractors are willing to participate and are able to sell the projects.

¹ CPUC Energy Division Customer Generation Program Staff Proposal for the Implementation of Assembly Bill 217; Extending the Endorse Programs of the California Solar Initiative July 2, 2014.

The best way to make contractors enthusiastic participants is to maintain low administrative barriers and keep the requirements straightforward, simple and consistent. The more difficult it is to participate, the higher the costs and the lower the participation levels will be.

Increasing installations of solar systems in low-income communities is an important overall goal of the energy policy of the State. MASH and SASH have successfully facilitated 40 MW of solar that have been or will be deployed on affordable housing under the current rules,² and more installations have happened independent of those programs. This is an important achievement in itself, but much more such installations must happen. Robust community economic development will occur when solar installations reach a greater scale in low-income communities. A highly efficient incentive program is the best bridge toward that objective.

2. RESPONSES TO QUESTIONS

A. Question 1

Are there specific certifications or program standards at community colleges or other solar job training programs that the Commission should consider in their formulation of job training requirements for the SASH and MASH programs?

Response

Workforce development programs are a highly valuable resource for larger solar companies that have the means to support participation in these programs. However, the great majority of solar contractors have little knowledge of such programs. For small businesses such programs are administratively burdensome and often result in higher installation costs, reduced quality of work, and challenging safety requirements. Though such programs are highly valuable to society and should be supported, smaller solar contractors will be unable to afford the overhead of participating and therefore will likely not work in affordable housing programs. In the interest of increasing participation in MASH and SASH, alternatives to on-site training and direct enrollment in training programs should be allowed.

B. Question 2

What additional factors, issues or requirements (if any) should the Commission

² Ibid.

consider with respect to low-income property eligibility standards in either program?

Response

A joint advice letter was filed by the MASH program administrators (PAs) on June 23, 2014 that proposed “modifications to the CSI Program Handbook to include more detailed and comprehensive low-income eligibility documentation standards for the MASH Program.”³ Those changes are sufficient to address concerns over a lack of a clear definition of PUC 2852 and leniency in eligibility requirements for the Program. They should be retained and need not be augmented in AB 217 implementation.

C. Question 3

Given that economies of scale can be realized through standardization and streamlining of application processing and administration, to what degree would it be more efficient and effective to have a single statewide third- party program administrator for the MASH program as in the SASH program?

Response

CALSEIA believes that the redundancies inherent to maintaining three separate Program Administrators are counterintuitive to managing a statewide program given the extremely limited budget authorized by AB 217. We find it essential to use the \$54 million funding for MASH as efficiently as possible and providing for a single statewide Program Administrator helps achieve the cost effectiveness needed to properly administer this program. A single statewide administrator would likely require less overall administration than having three separate Program Administrators. It could also fast track program implementation, and responses and decisions would likely be more consistent and predictable throughout the state. CALSEIA encourages the Commission to make this change.

D. Question 4

Would it be beneficial for the Commission to pursue competitive bidding to select a single MASH program administrator? If so, should any restrictions on bidding (e.g. limiting bidding only to government and/or non-profit entities) be adopted?

Response

³ Advice No. 48 from the California Center for Sustainable Energy, Advice No. 447 Pacific Gas and Electric, and Advice No. E 3163 from Southern California Edison.

We believe that time is of the essence in getting this program back on track. A competitive bidding process would add both time and expense to the process and should not be used. It would require the expenditure of resources that would be better spent on program priorities. There are a limited number of qualified entities with the experience and resources to handle this program, and the commission already has experience with most if not all of these organizations. The Commission should select one administrator that has experience with PowerClerk and program rules, has a proven track record in program administration, and has the capacity to take on the work.

E. Question 5

What additional steps (if any) must the Commission take to import the tenant benefit requirements of the CSI Thermal program into the MASH program? Would an escrow account to offset rising rents be a feasible requirement? Are there other affordable housing-oriented programs with similar requirements on the local, state or federal level?

Response

Placing additional requirements on the property owner regarding tenant benefits can complicate a financing deal and erode the value of the incentive. That erosion can prevent low-income solar transactions or reduce the energy savings that a solar developer can pass on to the low-income residents. The primary goal of MASH has been to install solar systems on low-income housing buildings to stabilize energy costs. Complicated and overly restrictive requirements that hinder the ability to install solar can work against that goal.

MASH is first and foremost a solar program. Diverting solar rebate funds to other unrelated tenant benefits is not consistent with the primary intent of the program. Tenant benefits like vocational counseling, mental health programs, and legal support services are all laudable programs, but SASH and MASH were created to put as much solar on low-income roofs as possible, in as affordable a way as possible, in order to stabilize energy costs for low-income tenants. Any monies taken away from these purposes will inevitably increase the costs and reduce the amount of solar that is installed.

The definition of “low-income affordable housing” in Public Utilities Code 2852 (a)(3) requires that a property participating in MASH have a deed restriction, regulatory agreement, resale restriction, or equity sharing agreement ensuring that the property will

continue to be managed as affordable housing. With this condition already in place, the benefits of reduced energy costs flow to tenants.

F. Question 6

Given that deed restrictions are an acceptable form of documentation of low-income property status in MASH (but not in SASH), are there specific standards that should be set for this particular type of documentation?

Response

As we asserted in response to Question 2, the changes recommended by the PAs in their advice letter of June 23, 2014 are sufficient to address this need for clear standards.

G. Question 7

To what degree would it be beneficial for the Commission to pursue another round of competitive bidding for SASH program administration services? If the Commission chooses to do so, what restrictions on bidding (e.g. limiting bidding only to government and/or non-profit entities), if any, should be adopted?

Response

CALSEIA opposes the need to pursue another round of competitive bidding for SASH program administration as it is extremely important to ensure the quick and efficient implementation of AB 217. The SASH Program Administrator, Grid Alternatives, has proven to be a valuable asset to the goal of delivering solar to the single-family low-income community. They are well positioned to build upon the effort already proven successful via the first six years of SASH program administration. To delay implementation of SASH to pursue another round of competitive bidding would be unproductive and would slow down the momentum already gained through SASH.

CALSEIA strongly encourages the Commission to avoid a costly round of bidding for SASH program administration. The current SASH administrator, Grid Alternatives, is best situated to continue supplying high quality program implementation.

3. CONCLUSION

CALSEIA appreciates the opportunity to submit these comments and urges the Commission to adopt the recommendations herein.

DATED at Santa Rosa, California, this 22nd day of July, 2014

By: /s/ Brad Heavner
Brad Heavner

Brad Heavner
Policy Director
California Solar Energy Industries Association
555 5th St. #300-S
Santa Rosa, California 95401
Telephone: (415) 328-2683
Email: brad@calseia.org