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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering.

Rulemaking 14-07-002  
(Filed July 10, 2014)

**ADMINISTRATIVE LAW JUDGE'S RULING SEEKING PROPOSALS AND COMMENTS ON IMPLEMENTATION OF ASSEMBLY BILL 693**

**Background**

Assembly Bill (AB) 693 (Eggman), Stats. 2015, ch. 582, created the Multifamily Affordable Solar Housing Roofs Program (Program). The Program is intended to provide financial incentives for the installation of solar energy photovoltaic (PV) systems on multifamily affordable housing properties throughout California. The statute, among other things, prescribes criteria for participation in the incentive program; sets targets for installation of solar PV systems; identifies various required elements for the Program; and gives direction to the California Public Utilities Commission (Commission) on administration of the Program.

Earlier in this proceeding, the Administrative Law Judge's Ruling Seeking Comment on Assembly Bill 693 (October 21, 2015) (October Ruling), asked parties to comment on AB 693 in the context of the statutory requirement for the net energy metering (NEM) successor tariff to include "specific alternatives

designed for growth [of customer-sited renewable distributed generation] among residential customers in disadvantaged communities.”<sup>1</sup> A number of parties submitted comments and reply comments at that time. After consideration, the Commission decided to undertake the development of alternatives for disadvantaged communities in a second phase of this proceeding.<sup>2</sup>

The Second Amended Scoping Memo and Ruling of Assigned Commissioner (March 4, 2016) added implementation of AB 693 to the tasks for the second phase of this proceeding. The text of AB 693, codified at Sections 748.5 and 2870, is attached to this ruling as Attachment A.

### **Format of Proposals and Comments**

This ruling seeks proposals for implementing the AB 693 Program, as well as comments on the questions set forth below. Parties responding to this ruling may do so in one of three ways:

1. File and serve a proposal for implementing AB 693 that addresses each issue identified in the questions in this ruling, as well as any other issues the party making the proposal considers relevant;
2. File and serve comments that respond to each question in the ruling;
3. File and serve a proposal for implementing AB 693 and, to the extent that the proposal does not address each issue identified in the questions this ruling, simultaneously file and serve comments responding to the remaining issues.

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<sup>1</sup> Public Utilities Code § 2827.1(b)(1). All further references to sections are to the Public Utilities Code, unless otherwise specified.

<sup>2</sup> Decision (D.) 16-01-044, at 101-102, Conclusion of Law 26.

Proposals, comments, responses to proposals, and reply comments may be filed and served as follows: Proposals and/or comments may be filed and served not later than August 3, 2016; responses to proposals and/or reply comments may be filed and served not later than August 16, 2016.

Comments, if that is the format used, should address each question presented in this ruling. It is not necessary to reproduce the question, but responses should be numbered to match the questions addressed, or otherwise clearly identify the issue being discussed. Proposals do not need to refer to individual questions, but must cover all issues identified in the questions, or be accompanied by comments responding to the remaining issues.

Comments and/or proposals should be as specific and precise as possible. Legal arguments should be supported with specific citations. Where appropriate and useful, quantitative examples should be provided.

Comments and/or proposals should be complete in themselves and should not attach or incorporate by reference a party's prior comments or reply comments in response to the October Ruling. If relevant or helpful to explain an element of the current proposal and/or comments, comments or reply comments to the October Ruling may be cited.

Any materials necessary to the response should be attached, or, if the materials are available on a website, the link to the materials should be given. All comments and/or proposals should use publicly available materials. All comments and/or proposals should specifically identify, with respect to each question, whether any potential sources of information addressed in the response to the question are confidential.

## Questions for Structuring Party Proposals and for Comment

At the beginning of each proposal, or before the answer to the first question (if filing comments on the questions), each party should outline its view of the major purpose or purposes of the implementation of the Program (e.g., maximizing number of MW installed; maximizing number of participants; maximizing economic development; maximizing impact of incentives provided, etc.) If a party considers no one purpose or group of purposes to be “the major” purpose, it should present its view of the range of purposes that should be considered, and any special emphasis that should be put on one or more of the identified purposes.

1. Section 2870 requires that a property meet the statutory definition of “qualified multifamily affordable housing property” in order to be eligible to receive an incentive from the Program.<sup>3</sup> How should the Program implement this requirement?

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<sup>3</sup> Section 2870(a)(3) states that:

“Qualified multifamily affordable housing property” means a multifamily residential building of at least five rental housing units that is operated to provide deed-restricted low-income residential housing, as defined in clause (i) of subparagraph (A) of paragraph (3) of subdivision (a) of Section 2852, and that meets one or more of the following requirements:

- A. The property is located in a disadvantaged community, as defined by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code.
- B. At least 80 percent of the households have incomes at or below 60 percent of the area median income, as defined in subdivision (f) of Section 50052.5 of the Health and Safety Code.

Section 2852(a)(3)(A)(i) provides the definition:

A multifamily residential complex financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or

*Footnote continued on next page*

2. Should the Program use the CalEnviroScreen tool developed by the California Environmental Protection Agency to determine the boundaries of “a disadvantaged community, as defined by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code”<sup>4</sup>? Why or why not? If you recommend using another method, please provide sources for the method, a detailed justification for its use, and examples of its potential application to the Program.
3. What specific types of documentation should an applicant be required to submit in order to demonstrate that it meets all relevant elements of the statutory definition:
  - a. The Section 2852(a)(3)(A)(i) definition of “low-income residential housing;”
  - b. At least one of:
    - i. Location in a disadvantaged community, as statutorily defined; or
    - ii. At least 80 percent of households have incomes at or below 60 percent of Area Median Income (AMI).

Provide a justification for the relevance and sufficiency of each type of documentation identified. If more than one type of documentation, or alternative forms of documentation, are recommended, please specify whether any type is preferred, and why.
4. If some tenants of an otherwise qualified property are customers of community choice aggregators (CCAs),

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local, state, or federal loans or grants, and for which either of the following applies:

- (i) The rents of the occupants who are lower income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

<sup>4</sup> The current version of CalEnviroScreen is denominated CalEnviroScreen 2.0 and may be found at: <http://oehha.ca.gov/ej/ces2.html>.

- should this affect the eligibility of the property for the program? Why or why not? Would the number or proportion of tenants who are customers of CCAs be relevant to your recommendation? How?
5. Should the available incentive funding be allocated as a certain percentage to properties that qualify by virtue of location in a disadvantaged community and to those that qualify by virtue of low-income tenant households? Why or why not?
    - a. If such a division of incentive funding should be made, should a predetermined fixed division be made (e.g., 50 percent to each type)? What percentage should such a fixed division be? Please provide a detailed justification for the recommended proportions.
    - b. Should such a division of incentive funding, if one is made, be determined each program year? For some other time period? Why or why not?
  6. Should the 300 megawatt (MW) capacity goal be allocated as a certain percentage to properties that qualify by virtue of location in a disadvantaged community and to those that qualify by virtue of low-income tenant households? Why or why not?
    - a. If such a division of MW should be made, should a predetermined fixed division be made (e.g., 50 percent to each type)? What percentage should such a fixed division be? Please provide a detailed justification for the recommended proportions.
    - b. Should such a division of MW, if one is made, be determined each program year? For some other time period? Why or why not?

7. What type of incentive structure should the Commission adopt for the Program? Should the Commission implement an upfront, estimated performance-based incentive, similar to the MASH program, or should a different incentive structure be adopted (e.g., an auction mechanism)? Please describe why your proposed incentive structure would be best suited to achieving the Program goals.
  - a. Please describe in detail how your proposal complies with the requirement of Section 2870(f)(4).<sup>5</sup>
  - b. If you believe an upfront incentive structure should be adopted, please describe how the incentive level or levels should be determined. Please include quantitative data to support your recommendation.
  - c. If you believe a different incentive structure should be adopted, please describe in detail how such a structure would be implemented. Please include quantitative data to support your recommendation
8. Would a solar energy system paired with a storage device meet the definition in Section 2870(a)(4) of “solar energy system”?<sup>6</sup> Why or why not?

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<sup>5</sup> Section 2870(f)(4) provides:

The commission shall ensure that incentive levels for photovoltaic installations receiving incentives through the program are aligned with the installation costs for solar energy systems in affordable housing markets and take account of federal investment tax credits and contributions from other sources to the extent feasible.

<sup>6</sup> Section 2870(a)(4) defines “solar energy system” as “a solar energy photovoltaic device that meets or exceeds the eligibility criteria established pursuant to Section 25872 of the Public Resources Code.”

Pursuant to Section 25872 of the Public Resource Code, the California Energy Commission (CEC) created “Guidelines for California’s Solar Electric Incentive Programs” which establish eligibility criteria, conditions for incentives and rating standards to qualify for ratepayer-funded incentives. The Guidelines can be accessed at:

*Footnote continued on next page*

9. If you believe that a solar energy system paired with a storage device meets the Section 2870 definition, should the Commission adopt incentive levels or structures for these projects that differ from the incentive structure that you have recommended in response to Question 7 for systems without storage? If so, how should the incentives differ? Please be specific and provide quantitative examples if relevant.
10. Which, if any, features of the California Solar Initiative (CSI) and Multifamily Affordable Solar Homes (MASH) programs should be continued under the Program?<sup>7</sup>  
Examples include:
  - Systems must be installed by a contractor with an active Contractors State License Board (CSLB) license.
  - Generation system equipment eligibility rules including.
    - o System size justification and sizing based on future load growth
    - o System size between 1 kW CEC-AC and 1 MW CEC-AC
  - Warranty requirements
  - Performance and permanency requirements
  - Requirement to interconnect to the electric utility's distribution system
  - Energy production metering requirements
  - Inspection requirements
  - Energy efficiency requirements

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<http://www.energy.ca.gov/2012publications/CEC-300-2012-008/CEC-300-2012-008-ED5-CMF.pdf>.

<sup>7</sup> Please see CSI General Market Program Handbook at: [http://www.gosolarcalifornia.ca.gov/documents/CSI\\_HANDBOOK.PDF](http://www.gosolarcalifornia.ca.gov/documents/CSI_HANDBOOK.PDF) and MASH Program Handbook at: [http://www.gosolarcalifornia.ca.gov/documents/MASH\\_Handbook.pdf](http://www.gosolarcalifornia.ca.gov/documents/MASH_Handbook.pdf).



- Incentive limitations including total eligible project costs, other incentives/rebates received, and project size and host customer site limitations
- Application process (Reservation Request, Proof of Project Milestone, Incentive Claim)
- 18-month incentive reservation period
- Payment designation process
- Other aspects to ensure systems meet the eligibility criteria established by the CEC pursuant to Section 25782 of the Public Resources Code.

For each program feature that you recommend be adopted for the Program, please provide a justification for its applicability and effectiveness for the Program.

11. How should the requirements regarding third-party owned systems set out in Section 2870(f)(3) be implemented?<sup>8</sup> Please specifically address at least the following statutory requirements:

- Enforcing contractual restrictions that ensure no additional costs are passed on to low-income tenants.

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<sup>8</sup> Section 2870(f)(3) provides:

The Commission shall require that qualifying solar energy systems owned by third-party owners are subject to contractual restrictions to ensure that no additional costs for the system be passed on to low-income tenants at the properties receiving incentives pursuant to the program. The Commission shall require third-party owners of solar energy systems to provide ongoing operations and maintenance of the system, monitor energy production, and, where necessary, take appropriate action to ensure that the kWh production levels projected for the system are achieved throughout the period of the third-party agreement. Such actions may include, but are not limited to, providing a performance guarantee of annual production levels or taking corrective actions to resolve underproduction problems.

- Requirement that third-party system owners provide ongoing operations and maintenance of the system, monitor energy production and ensure that projected system production is achieved.
12. What types of local hiring requirements should be adopted?
- a. How should the local hiring requirements be designed to ensure that they “provide economic development benefits to disadvantaged communities”?<sup>9</sup> Please address, among other things, whether the requirements should be focused on hiring residents of disadvantaged communities and/or on businesses located in disadvantaged communities.
  - b. Should these requirements include job training requirements similar to MASH?<sup>10</sup>
13. How should the Commission implement the requirement that the electricity generated by incentivized systems “be primarily used to offset electricity usage by low-income tenants”?<sup>11</sup> Please address at least the following:
- a. Should all, or a percentage of, electricity generated by the system offset low-income tenants’ usage? Please provide a justification, including quantitative examples if relevant, for your recommendation.
  - b. If you believe only a percentage of electricity generated by the system should be required to offset usage by low-income tenants, please propose and justify a method for allocating the percentage, including quantitative examples.

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<sup>9</sup> Section 2870(f)(6).

<sup>10</sup> MASH job training requirements are described on pages 23 – 25 of the Program Handbook: [http://www.gosolarcalifornia.ca.gov/documents/MASH\\_Handbook.pdf](http://www.gosolarcalifornia.ca.gov/documents/MASH_Handbook.pdf).

<sup>11</sup> Section 2870(f)(2).

- c. How should the Program Administrator(s) verify that electricity generated by incentivized systems is offsetting electricity usage by low income tenants?  
In your response, please discuss at least:
    - i. The role of utility allowances, and
    - ii. Required covenants or restrictions in deeds.
  - d. Which utility tariffs and credits should qualify as meeting the requirements of Section 2870(g)(1)?<sup>12</sup>  
Please identify any other issues of coordination with current utility tariffs and credits that should be considered in the implementation of the Program.
14. How should the Commission address the requirements of Section 2870(g)(2)?<sup>13</sup>
- a. Which existing tariffs could this requirement implicate?  
Please specifically describe the relationship of Section 2870(g)(2) to each tariff identified.
  - b. How should the Commission account for the impact of potential changes to utility tariffs being considered in other proceedings or contexts (e.g., residential rate redesign) on the obligation set out in Section 28709(g)(2)?

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<sup>12</sup> Section 2870(g)(1) provides:

Low-income tenants who participate in the program shall receive credits on utility bills from the program. The Commission shall ensure that utility bill reductions are achieved through tariffs that allow for the allocation of credits, such as virtual net metering tariffs designed for MASH Program participants, or other tariffs that may be adopted by the Commission pursuant to Section 2827.1.

<sup>13</sup> Section 2870(g)(2) provides:

The Commission shall ensure that electrical corporation tariff structures affecting the low-income tenants participating in the program continue to provide a direct economic benefit from the qualifying solar energy system.

15. Should the Program include a limit on the amount of incentive payments that can be paid to projects developed by any one third-party owner, supplier or installer of qualified solar energy systems? Why or why not? If there should be such a limit, how should it be determined?
16. Should the Program include a limit on the number of MW for which projects developed by any one third-party owner, supplier or installer of qualified solar energy systems may be paid with Program incentives? Why or why not? If there should be such a limit, how should it be determined?
17. What program administration structure should be adopted? Please address at least the following with specificity:
  - a. Both the benefits and the drawbacks of utility administration;
  - b. Both the benefits and the drawbacks of third-party administration;
  - c. Both the benefits and the drawbacks to selecting one statewide administrator;
  - d. Both the benefits and the drawbacks of selecting different administrators in each utility territory;
  - e. If you believe a third-party administrator should be selected through a competitive bidding process, what criteria should be used to evaluate proposals?
  - f. What, if any, program rules or funding/budget specifications would be affected by your recommendation for administrative structure?

18. In D.12-12-033, the Commission established a framework for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), Liberty Utilities (CalPeco Electric) LLC (Liberty), and PacifiCorp to distribute proceeds of greenhouse gas (GHG) allowances allocated to electric investor-owned utilities (IOUs) in furtherance of the goals of AB 32 (Nuñez/Pavley), Stats. 2006, ch.488 (the Global Warming Solutions Act of 2006), to their customers. The GHG allowance proceeds identified in Section 748.5 and called out in Section 2870 are those of “an electrical corporation,” a category that includes all five utilities listed above.
- a. Should PG&E, SCE, SDG&E, Liberty, and PacifiCorp all be required to contribute GHG allowance proceeds to fund the Program? Why or why not?
  - b. Should incentives from the Program be available to eligible projects in the service territories of all five utilities? Why or why not?
  - c. If you believe that any of the five IOUs should be exempt from contributing to and/or having projects in their service territories participate in the Program, please provide an explanation for the recommended exemption(s).
19. Section 2870(c) directs the Commission to annually authorize “the allocation of one hundred million dollars (\$100,000,000) or 10 percent of available funds, whichever is less, from the revenues described in subdivision (c) of Section 748.5,” to fund the Program. The statute also allows up to 10 percent of total funds allocated to the Program to be used for administration.<sup>14</sup>

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<sup>14</sup> Section 2870(e) provides that “[n]ot more than 10 percent of the funds allocated to the program shall be used for administration.”

- a. If the annual allocation of funds is \$100,000,000 (because this amount is less than 10 percent of available funds), how should each IOU's contribution be determined (e.g., based on retail sales, based on another methodology)? Please provide a detailed explanation for the method chosen. Please provide quantitative examples, including a complete calculation with your recommended method.
- b. If the annual allocation of funds is 10 percent of available funds (because this amount is less than \$100,000,000), how should each IOU's contribution be determined (e.g., based on retail sales, based on another methodology)? Please provide a detailed explanation for the method chosen, including the calculation of "10 percent of available funds." Please provide quantitative examples, including a complete calculation with your recommended method.
- c. While AB 693 discusses the Program budget in terms of fiscal years (*see, e.g.,* Section 2870(c)), IOUs record and distribute GHG allowance proceeds over the course of a calendar year. Do funding calculations need to account for this timing difference? If so, how? Please provide quantitative examples, if relevant.
- d. Since the amount of annual GHG allowance proceeds in future years is unknown, the amount of funding available for the Program each year cannot be specified in advance. How should budgets for the Program be determined in the context of this uncertainty? Please provide specific justifications for your proposed method.
- e. What types of activities should administration funds be used for? Please specifically address at least: program administration; measurement and evaluation; and marketing and outreach.

- f. What proportion of the total Program budget (not exceeding 10 percent) should be allocated to administration? Please justify the number chosen with reference to the activities identified in response to Question 22e.
20. What is the appropriate regulatory accounting mechanism for the IOUs to use to set aside GHG allowance proceeds for the Program? Please explain in detail the basis for your recommendation.
21. The California Air Resources Board's Cap-and-Trade Regulation prevents utilities from publicly disclosing auction bidding information, including intent to participate in an auction, bidding strategy, and bid quantity information (17 CCR § 95914 (c)(1)). How should the Commission take this requirement into account in structuring the funding and budgeting for the Program?
22. The Commission is required to establish energy efficiency requirements for the Program.<sup>15</sup>
  - a. How should such energy efficiency requirements be determined? Should the Commission simply adopt requirements equal to those in Section 2852? Why or why not?
  - b. If the Commission should adopt different energy efficiency requirements, how should those requirements be determined?
  - c. What documentation should applicants be required to provide of compliance with the requirements set in accordance with Section 2870(f)(7)?

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<sup>15</sup> Section 2870(f)(7) provides:

The Commission shall establish energy efficiency requirements that are equal to the energy efficiency requirements established for the program described in Section 2852, including participation in a federal, state, or utility-funded energy efficiency program or documentation of a recent energy efficiency retrofit.

23. Should the Commission establish interim targets for the installation of capacity under the Program?<sup>16</sup> Why or why not? How should such interim goals, if they are appropriate, be determined?
24. What types of data collection and reporting requirements should the Commission adopt for the Program? Please include a discussion of whether data from the Program should be reported on the Cal DG Stats website that is currently under development and intended to replace the current California Solar Statistics website.<sup>17</sup>
25. What safety issues should be considered in the implementation of the Program? Please specify who should be responsible for meeting any safety requirements you identify (e.g., applicant, utility, supplier of solar energy system, etc.)
26. Please identify and, if relevant, comment on any additional topics related to implementation of the Program that are not addressed in the questions above.

**IT IS RULED** that:

1. Proposals on the implementation of AB 693 and/or comments on the questions in this ruling may be filed and served in accordance with the instructions in this ruling not later than August 3, 2016.

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<sup>16</sup> “The target of the program is to install a combined generating capacity of at least 300 megawatts on qualified properties.” (Section 2870(f)(1)).

<sup>17</sup> <https://www.californiasolarstatistics.ca.gov/>.



2. Responses to proposals and/or reply comments may be filed and served in accordance with the instructions in this ruling not later than August 16, 2016.

Dated July 8, 2016, at San Francisco, California.

/s/ ANNE E. SIMON  
Anne E. Simon  
Administrative Law Judge

**ATTACHMENT A**

**ASSEMBLY BILL 693**

SECTION 1. The Legislature finds and declares all of the following:

- (a) It is necessary to provide assistance to low-income utility customers to make sure they can afford to pay their energy bills.
- (b) Programs that reduce the costs of the energy utilities' California Alternate Rates for Energy, or CARE, program can support the long-term ability of the CARE program to meet the needs of low-income customers.
- (c) Installing qualifying solar energy systems in disadvantaged communities can provide local economic development benefits while advancing the state's renewable energy policies and policies to reduce emissions of greenhouse gases.
- (d) The Greenhouse Gas Reduction Fund Investment Plan and Communities Revitalization Act (Chapter 4.1 (commencing with Section 39710) of Part 2 of Division 26 of the Health and Safety Code) requires that a minimum of 25 percent of the available moneys in the Greenhouse Gas Reduction Fund be allocated to projects that provide benefits to disadvantaged communities and 10 percent fund projects in disadvantaged communities.
- (e) It is the goal of the state to make qualifying solar energy systems more accessible to low-income and disadvantaged communities and, as in the case of the Multifamily Affordable Housing Solar Roofs Program, to install those systems in a manner that represents the geographic diversity of the state.
- (f) It is the goal of the state to install qualifying solar energy systems that have a generating capacity equivalent to at least 300 megawatts for the express purpose of lowering the energy bills of tenants at low-income multifamily housing.

SEC. 2. Section 748.5 of the Public Utilities Code is amended to read:

748.5. (a) Except as provided in subdivision (c), the commission shall require revenues, including any accrued interest, received by an electrical corporation as a result of the direct allocation of greenhouse gas allowances to electric utilities pursuant to subdivision (b) of Section 95890 of Title 17 of the California Code of Regulations to be credited directly to the residential, small business, and emissions-intensive trade-exposed retail customers of the electrical corporation.

(b) Not later than January 1, 2013, the commission shall require the adoption and implementation of a customer outreach plan for each electrical corporation, including, but not limited to, such measures as notices in bills and through media outlets, for purposes of obtaining the maximum feasible public awareness of the crediting of greenhouse gas allowance revenues. Costs associated with the implementation of this plan are subject to recovery in rates pursuant to Section 454.

(c) The commission may allocate up to 15 percent of the revenues, including any accrued interest, received by an electrical corporation as a result of the direct allocation of greenhouse gas allowances to electrical distribution utilities pursuant to subdivision (b) of Section 95890 of Title 17 of the California Code of Regulations, for clean energy and energy efficiency projects established pursuant to statute that are administered by the electrical corporation, or a qualified third-party administrator as approved by the commission, and that are not otherwise funded by another funding source.

SEC. 3. Chapter 9.5 (commencing with Section 2870) is added to Part 2 of Division 1 of the Public Utilities Code, to read:

Chapter 9.5. Multifamily Affordable Housing Solar Roofs Program

2870. (a) As used in this section, the following terms have the following meanings:

- (1) "CARE program" means the California Alternate Rates for Energy program established pursuant to Section 739.1.
- (2) "Program" means the Multifamily Affordable Housing Solar Roofs Program established pursuant to this chapter.
- (3) "Qualified multifamily affordable housing property" means a multifamily residential building of at least five rental housing units that is operated to provide deed-restricted low-income residential housing, as defined in clause (i) of subparagraph (A) of paragraph (3) of subdivision (a) of Section 2852, and that meets one or more of the following requirements:
  - (A) The property is located in a disadvantaged community, as identified by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code.
  - (B) At least 80 percent of the households have incomes at or below 60 percent of the area median income, as defined in subdivision (f) of Section 50052.5 of the Health and Safety Code.
- (4) "Solar energy system" means a solar energy photovoltaic device that meets or exceeds the eligibility criteria established pursuant to Section 25782 of the Public Resources Code.

(b) (1) Adoption and implementation of the Multifamily Affordable Housing Solar Roofs Program may count toward the satisfaction of the commission's obligation to ensure that specific alternatives designed for growth among residential customers in disadvantaged communities are offered as part of the standard contract or tariff authorized pursuant to paragraph (1) of subdivision (b) of Section 2827.1.

(2) Nothing in this section shall preclude electrical corporations from offering and administering a distributed energy resource program, including solar energy systems, in disadvantaged communities offered under current or proposed programs using funds provided under subdivision (c) of Section 748.5 or programs proposed to comply with paragraph (1) of subdivision (b) as approved by the commission.

(c) The commission shall annually authorize the allocation of one hundred million dollars (\$100,000,000) or 10 percent of available funds, whichever is less, from the

revenues described in subdivision (c) of Section 748.5 for the Multifamily Affordable Housing Solar Roofs Program, beginning with the fiscal year commencing July 1, 2016, and ending with the fiscal year ending June 30, 2020. The commission shall continue authorizing the allocation of these funds through June 30, 2026, if the commission determines that revenues are available after 2020 and that there is adequate interest and participation in the program.

(d) The commission shall consider the most appropriate program administration structure, including administration by a qualified third-party administrator, selected by the commission through a competitive bidding process, or administration by an electrical corporation, in an existing or future proceeding.

(e) Not more than 10 percent of the funds allocated to the program shall be used for administration.

(f) (1) By June 30, 2017, the commission shall authorize the award of monetary incentives for qualifying solar energy systems that are installed on qualified multifamily affordable housing properties through December 31, 2030. The target of the program is to install a combined generating capacity of at least 300 megawatts on qualified properties.

(2) The commission shall require that the electricity generated by qualifying renewable energy systems installed pursuant to the program be primarily used to offset electricity usage by low-income tenants. These requirements may include required covenants and restrictions in deeds.

(3) The commission shall require that qualifying solar energy systems owned by third-party owners are subject to contractual restrictions to ensure that no additional costs for the system be passed on to low-income tenants at the properties receiving incentives pursuant to the program. The commission shall require third-party owners of solar energy systems to provide ongoing operations and maintenance of the system, monitor energy production, and, where necessary, take appropriate action to ensure that the kWh production levels projected for the system are achieved throughout the period of the third-party agreement. Such actions may include, but are not limited to, providing a performance guarantee of annual production levels or taking corrective actions to resolve underproduction problems.

(4) The commission shall ensure that incentive levels for photovoltaic installations receiving incentives through the program are aligned with the installation costs for solar energy systems in affordable housing markets and take account of federal investment tax credits and contributions from other sources to the extent feasible.

(5) The commission shall require that no individual installation receive incentives at a rate greater than 100 percent of the total system installation costs.

(6) The commission shall establish local hiring requirements for the program to provide economic development benefits to disadvantaged communities.

(7) The commission shall establish energy efficiency requirements that are equal to the energy efficiency requirements established for the program described in Section 2852,

including participation in a federal, state, or utility-funded energy efficiency program or documentation of a recent energy efficiency retrofit.

(g) (1) Low-income tenants who participate in the program shall receive credits on utility bills from the program. The commission shall ensure that utility bill reductions are achieved through tariffs that allow for the allocation of credits, such as virtual net metering tariffs designed for Multifamily Affordable Solar Housing Program participants, or other tariffs that may be adopted by the commission pursuant to Section 2827.1.

(2) The commission shall ensure that electrical corporation tariff structures affecting the low-income tenants participating in the program continue to provide a direct economic benefit from the qualifying solar energy system.

(h) Nothing in this chapter is intended to supplant CARE program rates as the primary mechanism for achieving the goals of the CARE program.

(i) The commission shall determine the eligibility of qualified multifamily affordable housing property tenants that are customers of community choice aggregators.

(j) (1) On or before July 30, 2020, and by July 30 of every third year thereafter through 2029, the commission shall submit to the Legislature an assessment of the Multifamily Affordable Housing Solar Roofs Program. That assessment shall include the number of qualified multifamily affordable housing property sites that have a qualifying solar energy system for which an award was made pursuant to this chapter and the dollar value of the award, the electrical generating capacity of the qualifying renewable energy system, the bill reduction outcomes of the program for the participants, the cost of the program, the total electrical system benefits, the environmental benefits, the progress made toward reaching the goals of the program, the program's impact on the CARE program budget, and the recommendations for improving the program to meet its goals. The report shall include an analysis of pending program commitments, reservations, obligations, and projected demands for the program to determine whether future ongoing funding allocations for the program are substantiated. The report shall also include a summary of the other programs intended to benefit disadvantaged communities, including, but not limited to, the Single-Family Affordable Solar Homes Program, the Multifamily Affordable Solar Housing Program, and the Green Tariff Shared Renewables Program (Chapter 7.6 (commencing with Section 2831)).

(2) Every three years, the commission shall evaluate the program's expenditures, commitments, uncommitted balances, future demands, performance, and outcomes and shall make any necessary adjustments to the program to ensure the goals of the program are being met. If, upon review, the commission finds there is insufficient participation in the program, the commission may credit uncommitted funds back to ratepayers pursuant to Section 748.5.

(3) As part of the annual workplan required pursuant to Section 321.6, the commission shall provide an annual update of the Multifamily Affordable Housing Solar Roofs Program that shall include, but not be limited to, the number of projects approved,

number of projects completed, number of pending projects awaiting approval, and geographic distribution of the projects.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

**END OF ATTACHMENT A**