



BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA

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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)

COMMENTS OF THE UTILITY REFORM NETWORK
ON THE IMPLEMENTATION OF THE ASSEMBLY BILL 693 PROGRAM



THE UTILITY REFORM NETWORK

Lower bills. Livable planet.

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**COMMENTS OF THE UTILITY REFORM NETWORK
ON THE IMPLEMENTATION OF THE ASSEMBLY BILL 693 PROGRAM**

Pursuant to the Ruling of ALJ Simon on July 8, 2016, Seeking Comments on Assembly Bill 693 (*hereafter* Ruling), The Utility Reform Network (TURN) hereby provides the following comments and responses to the questions in the Ruling.

I. INTRODUCTION

AB 693 creates the Multifamily Affordable Housing Solar Roofs Program (*hereafter* “the Program” or “the AB 693 Program”), which requires the Commission to allocate funds annually through 2020 (and continuing through 2026 if funds are available) to support incentives for the installation of solar energy systems on certain types of low-income multifamily housing. The Ruling seeks a proposal for the Program and responses to specific implementation questions.” In the following sections, TURN presents a proposal for an upfront incentive structure based on the level of project output and addresses most of the implementation issues raised in the ruling.

II. RESPONSES TO QUESTIONS IN RULING REGARDING AB 693

1. Implementation of the Requirement that a Property Meet the Statutory Definition of a “Qualified Multifamily Affordable Housing Property”

Pursuant to P.U. Code §2870, participation in the AB 693 Program is limited to “deed-restricted low-income” multifamily housing as defined in §2852. The Multifamily Affordable Solar Housing (MASH) Program has similar participation requirements, though they are broader than the AB 693 Program because they include both definitions of “low-income residential housing” under

§2852(a)(3), whereas the AB 693 Program is limited to properties that meet the definition of “low-income residential housing” under only §2852(a)(3)(A)(i).¹

TURN recommends that the AB 693 Program utilize the same property eligibility verification processes as the MASH Program to ensure the property qualifies as low-income housing under §2852(a)(3)(A)(i). According to the 2011-2013 CSI Biennial Evaluation Studies for the SASH and MASH Programs, program administrators of the MASH program require the following documentation to ensure compliance with §2852(a)(3)(A)(i):

“one of the following signed and executed documents between the affordable housing property owner/developer ... must be submitted:

- i. Deed restriction
- ii. Regulatory agreement”²

The AB 693 Program should utilize the same compliance procedure and require a notarized deed restriction or regulatory agreement be submitted to ensure the property complies with §2870(a)(3).

2. Definition of Disadvantaged Communities

The definition of disadvantaged communities (DACs) referenced in §2870(a)(3)(A) of AB 693 is specific, “(T)he 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.” Due to the restrictive nature of the statute, it appears that the California Environmental Protection Agency (CalEPA) definition of DACs is what must be used to identify eligible communities pursuant to §2870(a)(3)(A). CalEPA uses the CalEnviroScreen tool to identify DACs, and has identified DACs as census tracts that “scored at or

¹ Participation in the existing MASH program is limited to properties that are designated “low-income residential housing” as defined by P.U. Code §2852(a)(3).

² Navigant, California Solar Initiative – Biennial Evaluation Studies for the Single-Family Affordable Solar Homes and Multifamily Affordable Solar Housing Low-Income Programs Market and Program Administrator Assessment Program Years 2011–2013, p. 77. Available at <http://www.cpuc.ca.gov/General.aspx?id=3752>.

above the 75th percentile using the methodology in CalEnviroScreen for ranking communities burdened by environmental and socioeconomic issues.”³

Many parties have noted the limitations of using the CalEnviroScreen tool to identify DACs for the purposes of the AB 693 Program implementation. For example, Grid Alternatives noted:

“approximately half of the population included in the CalEnviroScreen top 25% DACs census tracts reside in non-IOU territories; and, large regions of the IOU territories, including many rural communities and all tribal reservations north of San Francisco and rural, coastal communities from Monterey to Los Angeles, are not located in the top 25% DACs.”⁴

TURN shares these concerns and recommends that the Commission consider using a modified definition of DACs. The funding for the AB 693 Program comes from the five privately owned utilities⁵ (*hereinafter* “utilities”) and participation in the AB 693 Program should be limited to customers of those five utilities and eligible CCA customers. Accordingly, the Commission should permit participation in the Program by the top 25% most impacted communities as identified by the CalEnviroScreen tool within the five utility service territories. This approach complies with the requirements of §2870(a)(3)(A) and also addresses the fact that a limited number of “qualified multifamily affordable housing properties” are located within DACs in the utilities service territories under the statewide CalEnviroScreen definition.

There is recent Commission precedent to support the use of a modified approach to identifying DACs using the CalEnviroScreen tool. In a recent Decision

³ CalEPA, Designation Of Disadvantaged Communities Pursuant To Senate Bill 535, October 2014, p. 1.

⁴ See Proposal of Grid Alternatives For A Net Energy Metering Successor Tariff For Disadvantaged Communities, August 3, 2015, p. 10, referencing <http://oehha.maps.arcgis.com/apps/Viewer/index.html?appid=dae2fb1e42674c12a04a2b302a080598>.

⁵ The five utilities are: Pacific Gas & Electric, Southern California Edison, San Diego Gas & Electric, PacifiCorp, and Liberty Utilities LLC.

regarding IOU ratepayer funded incentive programs, the Commission determined:

“the use of a state-wide scope for determining which disadvantaged communities would be eligible for site installations poses a challenge to the extent that certain utility territories – as a result of their relative geographic size, local industrial composition, and residents – have relatively few census tracts that are scored within the top quartile by the CalEnviroScreen tool on a state-wide basis.”⁶

This same rationale should be applied to the implementation of the AB 693 P Program. As noted in the written ex parte communication of the California Housing Partnership Corporation (CHPC), only 20% of all deed restricted affordable housing in California is located in a CalEnviroScreen identified DAC (top 25%) on a statewide basis and located in an IOU service territory.⁷ Using the CalEnviroScreen tool on a statewide basis to identify DACs would significantly limit the number of eligible deed restricted affordable housing properties. The Commission should analyze the impact of considering only the utilities service territories when identifying the top 25% most impacted communities as identified by the CalEnviroScreen tool. The Commission must utilize a definition of DACs that is broad enough that it allows for robust participation in the AB 693 Program and ensures the Program is available to underserved communities.

TURN notes that §2870(a)(3)(B) includes an alternative means for identifying communities eligible to participate in the Program. Section 2870(a)(3)(B) utilizes socioeconomic factors to identify eligible communities, “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.”

TURN believes that the use of the a more inclusive definition of DACs for the participating utilities service territories discussed above, coupled with the alternative means of identifying eligible communities enumerated in §2870(a)(3)(B), will allow for eligibility requirements that are broad enough to

⁶ Decision 16-01-045, p. 138.

⁷ Notice of Ex Parte Communication filed by CHPC in R.14-07-002, March 3, 2016.

capture a majority of communities that need targeted investment to enable equitable access to solar energy and to make the program successful and viable.

3. Documentation to Establish Eligibility

TURN's response to Question 1 generally addresses the necessary documentation to establish that a property meets the statutory definition of "low-income residential housing" but TURN may expand on that requirement in reply comments on the proposals. Regarding subpart (b) of this question, TURN does not have specific recommendations and looks forward to reviewing the responses of other parties with experience and expertise in program administration. TURN may address this issue in reply comments on the proposals.

4. Impact of CCA Customers as Residents of an Eligible Building

If a portion of a qualified property's residents are CCA customers that should not impact the overall eligibility of the building to participate in the AB 693 Program. CCA customers should be eligible to participate in the Program. Accordingly, the proportion or amount of tenants who are CCA customers should also not impact eligibility. In order for CCA customers to participate in the Program, their community choice aggregator must offer a NEM or VNM tariff that is compatible with the Program's structure. TURN may address this issue in greater detail in reply comments on the proposals.

5. AB 693 Program Funding Allocation

At this time TURN does not see a program design rationale for allocating funding according to which locational definition of §2870(a)(3) the property satisfies. The primary eligibility requirement of AB 693, that the property be deed restricted low-income housing, gives strong assurances that the Program will benefit low-income tenants. At the early stages of program implementation it is important that the terms are flexible enough to allow the Program to be

successful. TURN also does not want to disadvantage utility service territories that have more eligible properties meeting one of the locational definitions.

The Commission should require annual reporting on the percentage of properties participating in the Program under each locational definition. If after three years of program implementation the reporting indicates that one of the specified location types is receiving significantly more of the funding than the other location type, the program administrator should submit an advice letter requesting that each location type receive 50% of the funding.

6. Megawatt Capacity Goal Allocation

See response to Question 5. TURN does not recommend a specific allocation of the 300 megawatt capacity goal at this time.

7. AB 693 Program Incentive Structure

a) The Commission should Utilize an Upfront Incentive Structure

TURN recommends that the Commission utilize an upfront incentive structure that is based on the size of the projected system output. This incentive structure addresses one of the primary barriers to renewable distributed generation (DG) access for low-income communities - the upfront financial cost and challenges to these customers accessing sufficient capital on reasonable terms. The amount of the upfront incentive should be based on the size of the system and the estimated system output that will be allocated to tenants. This upfront per watt incentive structure is similar to the structure of the MASH Program which offers upfront incentives based on an estimate of the system's future performance. This incentive structure has the dual benefits of encouraging systems that are sized to provide maximum benefits with the administrative simplicity of a one-time

incentive paid upon project completion.⁸ Similar to the MASH Program, TURN also recommends providing a lower incentive for the portion of the system's output that will be allocated to common area load, as will be explained in greater detail below.

(1) Tenant Crediting Mechanism

Once the system is installed, the solar output should be measured at the system meter level to determine gross production that is being used to serve all loads on the property. The gross production should be allocated to the tenants via Virtual Net Energy Metering (VNM) in the form of a bill credit netted against each tenant's consumption charges. The initial calculation of the financial bill credit should be based on the applicable NEM tariff (NEM 2.0 or a future Value of Solar method). However, because TURN's proposed up-front incentive would result in tenants making no payments for the output and entering into no obligations with the building owner or third-party vendor, the Commission should consider downward adjustments to the bill credit. These adjustments would be designed to recapture some or all of the up-front incentives and to reduce the long-term cost-shifting consequences for non-participating ratepayers.

Under TURN's proposal, each tenant's monthly bill credit should be subject to an adjustment that would effectively recapture the up-front subsidy over time. Because funds used to finance the up-front subsidy would otherwise be returned to all customers through the Climate Dividend, TURN's approach is intended to promote non-participating ratepayer indifference. Moreover, this approach recognizes the fact that the tenant, who would not be required to make any financial contribution to participate in the program, would still receive significant value and savings from the allocation of free solar electricity to their account and a reduction in their monthly bills.

⁸ CPUC MASH Program Handbook, First Edition, p. 31.

The solar credit reduction amount over the life of the system for all tenants should be equivalent to the upfront incentive provided by the Program for the tenant's share of the system. The bill credit reduction amount should be determined by calculating the net present value of all the credit adjustments expected over the 20-year life of the system and comparing this amount to the cost of the upfront incentive. The bill credit reduction should be set at a level that will equal the upfront incentive amount after 240 (once a month for 12 months over the 20 year life of the system) bill credits are issued for each participating tenant from the system.

Illustrative Example Bill Credit Reduction Calculation⁹

- Tenant credit for their allocation of system output: \$20/month
- Number of billing periods over 20 year system life: 240 (monthly credits for 20 years)
- Total Upfront incentive for entire multi-family property = \$20,000
- Number of Units = 20
- Upfront incentive per unit: $\$20,000/20 = \$1,000$
- Bill Credit Reduction Calculation: $\$1,000/240 = \4.16
- Monthly credit received by tenant: $\$20 - \$4.16 = \$15.84$

TURN recommends this approach in an effort to develop an innovative program structure that can be ultimately scaled up to higher levels of penetration across a broader low-income customer population. This structure recognizes that significant up-front incentives are the key to successful system deployment for low-income tenants who rent their units, cannot obtain financing for onsite solar, and may not live in their apartment for the duration of the 20-year period.¹⁰ Since

⁹ This illustrative example does not perform a Net Present Value calculation but is instead intended to provide a simplified calculation. TURN would recommend using an NPV approach if the Commission decides to adopt this concept.

¹⁰ TURN proposes that the bill crediting mechanism, and the associated adjustments, should run with the unit and apply to any future tenant.

there are limits to the amount of financial resources available to provide free solar to low-income tenants, TURN's approach would ensure that the cost of the up-front incentives are recaptured over time. This approach potentially creates more funding for additional deployment under this Program and other future expansions of similar incentives by lowering overall cost to non-participating ratepayers.

(2) Common Area Load Treatment

Similar to the MASH Program, TURN recommends that the Program include common area load in the sizing determination for the system. Including common area load in the Program is an important incentive to encourage building owner participation in the Program. However, as with the MASH Program, the per watt incentive level for the portion of the system that will go to common area load should be lower than the per watt incentive level for the portion of the system that will go to tenants. According to the CPUC's website, the current MASH incentive for a PV system offsetting common area load is \$1.10 per watt whereas the incentive for offsetting tenant load is \$1.80 per watt. TURN is not endorsing these exact incentive levels as appropriate for the AB 693 Program but recommends that a similar differential between incentives for common area load vs. tenant load be adopted. Bill credits from system output that are allocated to common area load should also be subject to the proposed bill credit reduction discussed above.

- b) The Incentive Level should be High Enough that it does not Require Tenants to Make a Financial Contribution to Participate in the Program

The upfront incentive level should be sufficient to fully cover the cost of the portion of the system that will serve low-income tenants. Many low-income tenants in multi-family buildings will not participate in renewable energy programs that require them to make an upfront investment or sign a contract that involves monthly payments for participating. Structuring the Program in a

way that does not require a financial contribution from tenants also addresses key implementation challenges for the Program including the consequences of tenant turnover, remedies in the event a tenant defaults on their monthly solar payments, transaction costs relating to negotiating individual agreements, and other landlord-tenant, tenant-vendor and public assistance eligibility concerns. Under TURN's proposal, the output from the system will be allocated to each qualified low-income unit. If a tenant moves out, the next tenant can continue to receive the solar allocated to that unit in the form of a bill credit without needing to sign a contract or pay a participation fee. TURN's bill credit reduction proposal allows for generous upfront incentives and no commitment by the tenant in exchange for adjustments to the ongoing bill credit in order to reduce the overall level of subsidy while still providing significant benefits to low-income tenants.

c) TURN's Upfront Incentive Proposal Complies with the Requirement of Section 2870(f)(4)

Section 2870(f)(4) requires that the incentive levels for the Program be aligned with the installation costs and account for federal investment tax credits and "contributions from other sources to the extent feasible". Consistent with the statutory requirements, TURN proposes that the upfront incentive amount account for the federal investment tax credit and any other subsidies or outside funding the project will receive. In order to ensure that the incentive levels reflect current installation costs, TURN recommends that the incentive levels be evaluated and adjusted annually to account for changes in solar pricing or installation costs.

8. Eligibility of a Solar Energy System Paired with a Storage Device

TURN does not think that a solar energy system paired with storage should be eligible for incentives under the Program. 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.” Public Resources Code §25872 does not address solar paired with storage. A solar system paired with storage does not appear to meet the statutory definition of a solar energy system that would be eligible for incentives under the Program.

Including systems paired with a storage device also adds unnecessary complexity to the Program. Many additional program administration issues would have to be addressed if a system paired with storage was included in the scope of the Program. For example, it is not clear what entity would be responsible for controlling and dispatching the storage. Including storage also does not fit within the requirement of §2870(f)(2) that the electricity generated by the system primarily be used to offset low-income tenants’ electricity usage. Further, it is unclear if this pairing will be cost-effective. Allowing storage systems to be eligible for Program funds could reduce the amount of remaining resources that would otherwise be spent on additional projects providing more low-income tenants access to renewable energy.

9. Incentive Levels and Structure for a Solar Energy System Paired with a Storage Device

See TURN’s response to Question 8.

10. Features of California Solar Initiative and Multifamily Affordable Solar Homes Programs to Continue under the AB 693 Program

Due to the similarities between the scope and goals of the MASH program and the AB 693 Program TURN primarily focuses on the features of the MASH program that should be applied to the AB 693 Program. TURN recommends that the following features of the MASH Program be continued under the AB 693 Program, this list is not exhaustive and TURN may recommend additional features after reviewing other parties’ responses and proposals.

- Require that systems be installed by a contractor with an active

Contractors State License Board license.¹¹

- System sizing requirements: size systems so that the amount produced is not higher than the previous 12-month usage. For new or expanded sites with no electric bill history or where the existing electric bill does not reflect the Applicant's expected expanded consumption, require the Applicant to include an estimate of the expected expanded consumption.
- Warranty requirements: at least 10 years to protect against defects and undue degradation of electrical generation output.¹² Most solar distributed generation systems have a useful life of 20 years so the Commission should consider requiring a warranty for more than 10 years.
- Energy production metering requirements: all systems must have a basic meter with accuracy of ± 5 percent.¹³
- Measurement and evaluation requirements, which are necessary for data collection to inform future program design and implementation.
- Require System Owner to contract with a pre-approved Performance Monitoring and Reporting Service provider in order to monitor and report on the specified minimum data points.¹⁴
- Project inspection and verification requirements.

11. Implementation of Requirements for Third-Party Owned Systems

Regarding third-party owned systems, §2870(f)(3) includes two important consumer protection provisions. First, the statute requires that third-party owned systems be subject to contractual requirements to ensure that no additional costs for the system are passed on low-income tenants. TURN strongly supports the use of contractual provisions to prevent cost collection from tenants in order to allow low-income tenants to participate in the Program. TURN looks forward to reviewing the recommendations of parties with more expertise in this subject area. TURN notes that one potential enforcement mechanism could include randomly sampling low-income tenants participating in the Program with a third-party owned system, to see if they are being charged for their participation.

¹¹ CPUC MASH Program Handbook, First Edition, p. 12.

¹² CPUC MASH Program Handbook, First Edition, p. 26.

¹³ *Id.* at p. 28.

¹⁴ *Id.* at pp. 67-68.

The second important consumer protection provision of §2870(f)(3) is:

“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.”

In response to Question 10 above, TURN recommended that the warranty requirements from the MASH Program be utilized in the AB 693 Program. This recommendation should also apply to third-party owned systems and ongoing operation and maintenance should also be included in the warranty. The warranty and operation and maintenance requirements should be enforced contractually and in the case of a third-party owned system, the system owner should be required to sign the contract prior to the project receiving any incentive funding from the AB 693 Program. The operation and maintenance requirement should apply for the life of the system. Operation and maintenance costs for rooftop solar are generally low but the Program incentives should be set at a level that accounts for these costs.

12. Local Hiring Requirements

TURN supports local hiring requirements generally but does not have specific recommendations regarding the implementation of the local hiring requirements of AB 693. TURN looks forward to reviewing the responses of other parties regarding this issue and may address it in reply comments on the proposals.

13. Offsetting Low-Income Tenant Load and the Appropriate Tariff for the AB 693 Program

- a) A Majority of the System’s Output should go to Offset Low-Income Tenant Usage

The Commission should set a limit on the amount of system output that be used for common area load and other non-tenant purposes. Section 2870(f)(2) requires

that the electricity generated “be primarily used to offset electricity usage by low-income tenants.” Therefore, the vast majority of system output should be allocated to low-income tenants. This important objective needs to be considered in the context of the level of building owner benefits that are necessary to incent participation. TURN does not have a specific recommendation regarding the proper balance between low-income tenant benefits and building owner benefits, but limiting the allocation to non-tenant/common area load to 20% could be a reasonable maximum allowance. TURN may provide a more specific proposal in reply comments after reviewing the recommendations of other parties.

b) System Output Allocated to Non-Tenant Load should Receive a Lower Incentive

As was discussed above in response to Question 7, the portion of a system that will serve common area load and other non-tenant purposes should receive a lower incentive level than the portion of the system that will be dedicated to low-income tenants. Consistent with TURN’s proposal discussed above, bill credits from system output that are allocated to common area load should also be subject to the proposed bill credit reduction.

c) The Program Administrator should be Responsible for Implementation and Verification of Section 2870(f)(2)

For some types of incentives under the MASH Program, the host customer is required to demonstrate that tenants receive at least 50% of the economic benefit from the system output. This requirement is implemented via two mechanisms. First, the program administrator reviews the VNM allocation form submitted with the interconnection application, which shows the load allocation between common areas and tenant areas.¹⁵ Second, site hosts are required to sign an affidavit ensuring 50% tenant economic benefit.¹⁶ Both of these implementation mechanisms should be considered for implementation in the AB 693 Program,

¹⁵ CPUC MASH Program Handbook, First Edition, pp. 25 & 50.

¹⁶ *Id.* at p. 25.

though the affidavit requirement should be modified to ensure a greater level of tenant benefit.

Regarding enforcement of the tenant benefit requirement, the utility should provide the program administrator with the system's meter data and bill credit information for the tenants. Similar to the MASH Program, the program administrator should then review and compare this information to verify that the tenants are receiving the level of system output declared in the VNM allocation form.¹⁷ The Commission should determine if this compliance verification is necessary for all projects or if the verification process should be limited to a random sample.

d) TURN's Incentive Structure Proposal can Work under a Net Energy Metering Tariff but the use of a Value of Solar Tariff would Reduce Complexity and Ensure Greater Certainty for Program Participants

Utilizing the current NEM 2.0 structure is possible but adds complexity to the program design and implementation. Under NEM 2.0 the Commission will need to determine if the rate used to calculate the bill credits will: 1) be specific to each tenant; 2) be based on the retail rate paid by each tenant and 3) be time-differentiated. Because many of the tenants are likely to be CARE customers, it remains unclear whether the bill credit will be based on the CARE rate or the non-CARE rate. Due to these complexities and other inherent flaws with the NEM structure, TURN urges the commission to consider moving to a value

¹⁷ The verification process for the MASH program is as follows: "The PA checks with the generation and interconnection team to confirm that the system was interconnected then they verify which meters are connected and check if it matches the allocation that was on the VNM application form. On the VNM application form, the applicant will list the benefitting meters from the system and the percentage of the generation that is allocated to each meter. They compare this to the incentive that was reserved and the incentive on the claim form and verify that it matches." Navigant, CSI MASH and SASH Program Administrator Performance Assessment, April 5, 2011, p. 106.

based approach as soon as possible, as advocated in TURN's NEM 2.0 proposal.¹⁸ A value of solar tariff would also make it easy and transparent to meter the output and will not be impacted by changes to retail rates as will be discussed in greater detail below in response to Question 14.

14. Tariff Structures for Ensuring Participating Tenants Receive a Direct Economic Benefit

Section 2870(g)(1) requires that participating tenants receive bill credits from the Program, a result that would be achieved with VNM. Section 2870(g)(2) requires that the tariff structures affecting low-income tenants participating in the Program continue to provide a direct economic benefit. First, under TURN's proposal, the low-income tenant is not required to make any financial contribution to participate in the Program, therefore any amount of bill credits received from the system provide a direct economic benefit. However, as was discussed above in response to Question 13, the NEM 2.0 tariff can be used but due to upcoming changes in residential rate design, it will be difficult to provide any level of certainty regarding the economic benefits tenants will receive.

TURN's value of solar tariff proposal is a much better tariff option for this Program. Under a value of solar tariff, participating tenants would be compensated for the value created by distributed energy system by the utility through a two-part retail tariff that charges tenants for their total gross consumption based on the applicable retail rate structure and provides offsetting credits based on value of all system output. Like traditional net metering, the resulting charge/credit will reflect the net benefits provided by the onsite renewable generation. This approach also delinks compensation from retail rate design and thereby ensures that all customers, including program participants, have their full usage subjected to the pricing signals embedded in retail rate

¹⁸ Proposal Of The Utility Reform Network For A Net Energy Metering Successor Standard Tariff, August 3, 2015, pp. 3-7.

design. Under TURN's value of solar proposal, the tariff would provide a locked in compensation rate for the first 10 years of system operation. The promise of predictable bill credits regardless of future changes to retail rate design promotes certainty and provides greater assurances of compliance with Section 2870(g)(2).

15. Limits on the Amount of Incentive Payments that can be Paid to Any One Third-Party Owner, Supplier or Installer of a Qualified Solar Energy System

TURN sees some value in limiting the amount of incentive payments that can be paid to any one third-party owner, supplier or installer of a system. TURN does not have a specific recommendation at this time but may provide more detailed recommendations in reply comments.

16. Limits on the Amount of Program Megawatts that can be Allocated to Any One Third-Party Owner, Supplier or Installer of a Qualified Solar Energy System

See response to question 15 above.

17. Program Administration Structure

- a) The Commission should Select One Third-Party Statewide Program Administrator

TURN recommends using a third-party administrator for the AB 693 Program. One statewide program administrator (PA) would be the most efficient use of the Program's administrative resources. California's statewide marketing, education and outreach program is administered by a statewide program administrator, as is the Single-family Affordable Solar Homes (SASH) Program. These programs represent good examples of a single statewide program administration structure. To the extent possible, the lessons learned implementing MASH, SASH and other statewide programs should be leveraged in the design and implementation of the AB 693 Program.

b) A Competitive Solicitation Process should be Used to Select the Statewide Program Administrator

TURN recommends that the Commission utilize a competitive bidding process to select the program administrator. The utilities should run the competitive bidding process and CPUC staff should oversee the selection process. TURN does not have specific recommendations for the criteria that should be used to evaluate PA bids, but in general the proposals should be evaluated based on the PA's ability to effectively and efficiently administer the Program. Program administration contracts should be multi-year but limited in term to allow the selected administrator to get the Program started and provide consistency for participants. The CPUC should require program evaluations to determine the effectiveness of the program administrator and the evaluations should be used to determine whether or not to renew the administration contract, or if a second competitive solicitation is required after the first program administrator term is completed.

Section 2870(e) requires that “[n]ot more than 10 percent of the funds allocated to the Program shall be used for administration.” The Commission must comply with this requirement and all bids into the competitive solicitation process should include a detailed budget for program administration. Commission staff should review budget proposals and only those that meet the requirement of §2870(e) should be considered.

c) Representatives from Various Interested Stakeholder Groups should Oversee Program Administration

Stakeholder involvement in the oversight of the Program is key for program success. The Commission should create a program advisory council or similar forum for interested stakeholders to participate in. The program advisory council should include representatives from a range of interested groups including but not limited to, Commission staff, consumer/ratepayer advocates, low-income advocacy and/or environmental justice groups and the utilities. The council

should oversee the implementation of the Program and should be a resource for the program administrator.

18. Contributions from PG&E, SCE, SDG&E, Liberty, and PacifiCorp and Eligibility of Projects within these Service Territories

PG&E, SCE, SDG&E, Liberty LLC, and PacifiCorp should be required to contribute GHG allowance proceeds to fund the Program. There is not a compelling reason for excluding PacifiCorp and Liberty from the Program contribution requirement. Participation by all five utilities is consistent with language of AB 693 and D.12-12-033. Furthermore, low-income customers in PacifiCorp and Liberty's service territories deserve the opportunity to participate in the Program if they live in an eligible building. If the Commission adopts TURN's recommendation and requires all five utilities to contribute to the Program, then incentives from the Program should be available to eligible projects in the service territories of the contributing utilities.

19. Funding Allocation

Regarding subparts (a) and (b) of this question, TURN recommends determining each utilities contribution to the Program based on retail sales. The Commission should consider the total retail sales of all five utilities and then calculate the percentage of total sales represented by each utility. This percentage should be used to determine each utility's level of contribution to the Program.

Regarding subparts (c), (d) and (f), TURN does not have a recommendation at this time and defers to parties with expertise in these technical implementation issues. TURN may respond to other parties' recommendations in reply comments.

Regarding subpart (e), TURN provides the following general recommendations and may address this issue in greater detail in reply comments. Administrative

funds should be used for program administration, data collection, measurement, and verification activities, and marketing and outreach. TURN notes that because the Program is limited to deed-restricted low-income multifamily housing, any marketing and outreach should be targeted to these properties and the overall costs should be relatively low. Also, any marketing and outreach activities should be coordinated with the mandatory customer outreach plans for the Greenhouse Gas Reduction Fund.¹⁹

20. Regulatory Accounting Mechanism

TURN does not have a recommendation at this time but may respond to other parties' recommendations in reply comments.

21. California Air Resources Board's Cap-and-Trade Auction Information Regulation

TURN does not have a recommendation at this time but may respond to other parties' recommendations in reply comments.

22. Energy Efficiency Requirements

Section 2870(f)(7) requires the Program to include energy efficiency requirements. TURN recommends that the AB 693 Program utilize the same energy efficiency requirements as the MASH Program. In early 2015, the Commission approved a decision revising the MASH enrollment eligibility requirements, including the energy efficiency requirements. Decision 15-01-027 adopted the following energy efficiency requirements:

- All applicants must have an energy efficiency walkthrough audit conducted that meets American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Level I requirements or higher; or,
- Enroll in a utility, a regional energy network (REN), a CCA, or a federally

¹⁹ Section 748.5(b).

funded whole-building multifamily energy efficiency program.²⁰

- Applicants are exempted from this requirement if they can demonstrate that an energy efficiency walkthrough audit meeting ASHRAE Level I requirements or higher was conducted within the past three years.

In adopting these requirements the Commission noted “energy efficiency improvements may help property owners realize additional cost savings, which can be passed on to tenants, and can help maximize the benefit of the MASH Program to all ratepayers by reducing the amount of solar PV capacity needed to offset load for a specific MASH property.”²¹ TURN agrees with this rationale and supports the use of the current MASH energy efficiency requirements discussed above.

23. Interim Installation Capacity Requirements

TURN does not have a recommendation at this time but may respond to other parties’ recommendations in reply comments.

24. Data Collection and Reporting Requirements

TURN is very supportive of data collection and reporting requirements for this Program. Data gathered in the beginning of the Program should inform later phases of the Program. TURN supports the inclusion of Program data on the Cal DG Stats website in order to enable a relatively simple comparison with other solar programs. The program administrator should also compile all program data into an annual report that is posted on the CPUC’s website, subject to any confidentiality limitations. At a minimum, TURN has identified the following items that should be reported on annually. This list is not exhaustive and TURN may recommend additional data collection and reporting requirements in reply comments.

²⁰ D. 15-01-027, p. 42.

²¹ *Id.*

- Site eligibility qualifications (does the site meet the eligibility requirements of §2870(a)(3)(A) (located in a DAC) or §2870(a)(3)(B) (high percentage of low-income households)
- Size of project and allocation of output to low-income tenants and common area load
- Installation costs
- Tenant information: average usage, rate schedule, CCA or IOU customer
- Average bill credit from system output allocated to low-income tenant
- Property owner designation (private party, non-profit group, government)
- Ownership structure of system (property owner, third party, etc)
- Project completion timeline (length of application processing, length of installation period, length of inspection period)
- Compliance with local hiring requirements
- Compliance with energy efficiency requirements
- Compliance with tenant benefit requirements
- Random surveys and/or interviews with participating property owners and tenants to determine satisfaction with the Program and any recommendations for programmatic changes

25. Safety Issues

TURN provides the following general recommendations regarding safety issues and may provide more specific recommendations in reply comments. For the most part, the safety requirements in the MASH Program should be applied to the AB 693 Program. This includes the requirement that a contractor licensed with the Contractors State License Board install all systems.²² The project inspection requirements of the MASH Program also address safety and quality control issues and should be continued in the AB 693 Program. The MASH inspections are designed to ensure the system is functioning properly and the following items are checked:²³

²² CPUC MASH Program Handbook, First Edition, p. 12.

²³ Navigant, CSI SASH and MASH Program Administrator Performance Assessment, April 5, 2011, p. 127.

- Number of panels and inverters
- Manufacturer
- Shading, using the SunEye analysis. If there are no obstructions, they don't need to conduct the shading analysis.
- Tilt
- Azimuth
- Generation meter
- Output on the inverters

26. Additional Topics

TURN has not identified any additional topics at this time but may respond to additional topics raised by other parties in reply comments.

III. CONCLUSION

TURN appreciates the opportunity to submit this proposal for the Program and looks forward to working with the Commission and other parties to develop an implementation plan for the AB 693 Program.

Respectfully submitted,

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