

Decision 15-01-027 January 29, 2015

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
(Filed November 8, 2012)

DECISION EXTENDING THE MULTIFAMILY AFFORDABLE SOLAR HOUSING AND SINGLE FAMILY AFFORDABLE SOLAR HOMES PROGRAMS WITHIN THE CALIFORNIA SOLAR INITIATIVE

Table of Contents

<u>Title</u>	<u>Page</u>
DECISION EXTENDING THE MULTIFAMILY AFFORDABLE SOLAR HOUSING AND SINGLE FAMILY AFFORDABLE SOLAR HOMES PROGRAMS WITHIN THE CALIFORNIA SOLAR INITIATIVE	1
1. Summary	2
2. Background	3
3. Retention of Existing MASH and SASH Policies and Procedures	6
4. Administration	6
4.1. Maintenance of Administrative Resources	6
4.2. MASH Program Administration	9
4.3. SASH Program Administration.....	12
5. ESA Program Requirements.....	13
6. Job Training Requirements.....	17
7. Program Funding and Capacity Targets	23
8. MASH Budget Allocation and Incentive Structure	28
8.1. MASH Administrative and Incentive Budgets	28
8.2. MASH Incentive Structure	31
9. SASH Budget Allocation and Incentive Design	44
9.1. SASH Administrative and Incentive Budgets.....	44
9.2. SASH Incentive Structure.....	46
10. Third-Party Ownership in SASH.....	47
11. Other Program Requirements	53
11.1. Low-Income Property Eligibility Standards.....	53
12. Waitlisted MASH Applications	56
13. Program Measurement and Evaluation	60
14. Comments on Proposed Decision	61
15. Assignment of Proceeding.....	62
Findings of Fact	62
Conclusions of Law	66
ORDER	75

DECISION EXTENDING THE MULTIFAMILY AFFORDABLE SOLAR HOUSING AND SINGLE FAMILY AFFORDABLE SOLAR HOMES PROGRAMS WITHIN THE CALIFORNIA SOLAR INITIATIVE

1. Summary

Pursuant to Assembly Bill 217 (Bradford, 2013), this decision establishes budgets, incentives, and evaluation requirements for the Multifamily Affordable Solar Housing (MASH) and the Single Family Affordable Solar Homes (SASH) programs. This decision establishes a \$54 million solar incentive program for MASH and a \$54 million solar incentive program for SASH. MASH and SASH will provide solar incentives to qualifying affordable housing, as defined in state law.

MASH will continue to be administered by Pacific Gas and Electric Company, Southern California Edison Company, and the Center for Sustainable Energy (CSE).¹ SASH will continue to be administered by GRID Alternatives.

To maximize overall benefit to ratepayers, this decision reduces the MASH administrative budget and increases the incentive budget and establishes reduced incentive levels for MASH and SASH. In addition, this decision requires Energy Savings Assistance Program referral or enrollment for eligible tenants, energy efficiency walkthroughs to help encourage cost-effective energy efficiency measures before installing more expensive solar photovoltaic (PV) systems, and the provision of job training and employment opportunities on all solar PV systems installed under these programs.

¹ CSE administers MASH in San Diego Gas & Electric Company's service territory.

2. Background

In Decision (D.) 06-01-024, the California Public Utilities Commission (Commission or CPUC) collaborated with the California Energy Commission (CEC) to establish the California Solar Initiative (CSI) and the New Solar Homes Program (NSHP) to fund rebates for installation of qualifying solar energy systems for customers of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E).² In that decision, the Commission committed ratepayer funds of \$2.5 billion over a 10-year period for solar incentives and required that 10% of the funds be used for projects for low-income residential customers and affordable housing projects. In March 2006, the Commission opened a new proceeding, Rulemaking 06-03-004, to handle the implementation details of CSI, including establishing a low-income and affordable housing incentive program. In August 2006, the Commission adopted D.06-08-028 containing implementation details for the general market portion of CSI, while details surrounding incentives to low-income and affordable housing were set for consideration in Phase II of the proceeding. At the same time, the Governor signed Senate Bill (SB) 1,³ containing a modified budget and other directives to the Commission regarding CSI and NSHP. In response to SB 1, the Commission issued another decision in December 2006 modifying CSI.⁴ Significantly, this

² CSI is overseen by the CPUC and targets solar facilities on existing homes and new and existing businesses. NSHP is overseen by the CEC and targets solar installations in the new home construction market, including solar on newly constructed low-income housing.

³ Statutes of 2006, Chapter 132.

⁴ See D.06-12-033.

decision, D.06-12-033, adopted a 10-year total CSI budget of \$2.1668 billion and a low-income incentive budget of \$216.68 million.^{5,6}

Also in 2006, the Legislature passed Assembly Bill (AB) 2723⁷ requiring the Commission to ensure that not less than 10% of overall CSI funds be used for installation of solar energy systems on “low-income residential housing,” as defined in the bill.

In designing a low-income and affordable housing solar incentive program, the Commission adopted a program for qualifying low-income single family homeowners separately from a program for multifamily affordable housing. In November 2007, the Commission issued D.07-11-045, which established a \$108 million SASH incentive program for low-income homeowners to provide subsidies for solar energy systems on existing owner-occupied low-income households. In October 2008, the Commission issued D.08-10-036, which established a \$108 million MASH incentive program for qualifying affordable housing developments, as defined in state law.

In 2013, the Legislature passed AB 217 (Bradford),⁸ which authorizes \$108 million in new funding for MASH and SASH, sets a goal of 50 megawatts (MW) of installed capacity across both programs, and extends the programs until 2021, or the exhaustion of the new funding, whichever occurs first. AB 217 also sets the following new policy goals:

⁵ *Id.* at 28.

⁶ D.11-12-019, adopted on December 1, 2011, increased the CSI budget by an additional \$200 million.

⁷ Statutes of 2006, Chapter 864.

⁸ Statutes of 2013, Chapter 609.

- Maximize the overall benefit to ratepayers;
- Require participants who receive monetary incentives to enroll in the Energy Savings Assistance (ESA) program, if eligible; and
- Provide job training and employment opportunities in the solar energy and energy efficiency sectors of the economy.

On December 18, 2013, Energy Division held a workshop on implementation of AB 217. On July 2, 2014, the Administrative Law Judge (ALJ) issued a ruling requesting comments on an Energy Division Staff Proposal Regarding Implementation of AB 217.⁹ Comments on the Staff Proposal were filed July 22, 2014 by the California Solar Energy Industries Association (CALSEIA), the Center for Sustainable Energy (CSE), Everyday Energy, the Greenlining Institute, GRID Alternatives, the MASH Coalition, PG&E, Renewable Energy Partners, SCE, the Solar Energy Industries Association (SEIA), and Shorebreak Energy. Reply comments were filed on August 1, 2014 by CALSEIA, CSE, Everyday Energy, GRID Alternatives, the MASH Coalition, the Office of Ratepayer Advocates (ORA), PG&E, Renewable Energy Partners, SCE, and Shorebreak Energy.

The Staff Proposal and comments on specific issues within the proposal are discussed by issue in the sections that follow.

⁹ See, Administrative Law Judge's Ruling: (1) Incorporating Staff Proposal Into the Record; (2) Requesting Comments from Parties; and (3) Setting Comment Dates, <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M096/K688/96688965.PDF>.

3. Retention of Existing MASH and SASH Policies and Procedures

In today's decision we retain all existing policies and procedures that apply to the existing MASH and SASH programs, unless specified otherwise in this decision.

The Staff Proposal recommends that, unless explicitly addressed in the Staff Proposal, the policies and procedures in the CSI Handbook and previous Commission decisions on the CSI programs should be retained to ensure maximum program continuity. All commenting parties agree with Staff's proposal. CSE further notes that any additional changes that may need to be made in the future should be done through either a petition for modification or advice letter, as appropriate, as is the current approach for the MASH and SASH programs.

We herein clarify that unless specified otherwise in this decision, we retain all of the same policies and procedures in the CSI and SASH Handbooks and previous Commission decisions on the CSI programs that currently apply to the existing MASH and SASH programs for the new authorization of both programs.

4. Administration

4.1. Maintenance of Administrative Resources

In today's decision we require the MASH and SASH Program Administrators to update and maintain their program databases and handbooks. We decline to assign the task of maintenance of the eligible equipment list or GoSolarCalifornia brand and website for these programs to the MASH and SASH Program Administrators.

Under the existing MASH program, the MASH Program Administrators track MASH program data through an online database and document MASH program policies in the MASH section of the CSI Handbook. Under the existing

SASH program, the SASH Program Administrator tracks program data through a database and documents SASH program policies in the SASH Handbook.

The Staff Proposal notes that, to implement new program requirements introduced by AB 217, changes will need to be made to the existing databases and the MASH and SASH program Handbooks. The Staff Proposal recommends the Commission require the MASH and SASH Program Administrators to update and maintain both resources for the duration of the new programs and require that incentive application documents and records be accepted and stored in accessible electronic form whenever possible.¹⁰

CSE, Everyday Energy, PG&E, and SCE support the Staff Proposal. CSE recommends developing a separate handbook specifically for MASH, as the CSI General Market program will sunset at the end of 2016.¹¹ In addition to the database and program Handbooks, CSE identifies that the CEC-certified eligible equipment list, and the GoSolarCalifornia brand and website should be maintained for the MASH and SASH programs after the close of the CSI General Market program.¹² CSE also seeks clarification as to whether the MASH Program Administrators will be required to maintain the contract for the General Market CSI database.¹³

We agree with the Staff Proposal and parties that the ongoing maintenance of administrative resources will be necessary for Program Administrators to effectively manage the new authorization of the MASH and SASH programs.

¹⁰ Staff Proposal July 2, 2014 at 15.

¹¹ CSE July 22, 2014 comments at 3.

¹² CSE July 22, 2014 comments at 3.

¹³ CSE July 22, 2014 comments at 3.

We direct the MASH Program Administrators to continue to maintain a MASH application database through the end of the new program authorization.

However, the MASH Program Administrators are not required to maintain a database contract for the CSI General Market program. We also direct the SASH Program Administrator to maintain a SASH program database, which is separate from the MASH program database, through the end of the new program authorization.

We require the SASH Program Administrator to update the SASH Handbook to reflect changes to the program established in this decision, and to continue to maintain the Handbook through the close of the new program authorization. As the CSI General Market program will sunset at the end of 2016, we require the MASH Program Administrators to create a standalone Handbook for the new MASH program, and to maintain the Handbook through the close of the new program authorization. The new MASH Handbook should utilize existing MASH program language in the CSI Handbook, as appropriate, and be edited to include changes to the program established in this decision. We also require the Program Administrators to accept and store incentive application documents and records in accessible electronic form in the program's database whenever possible going forward. The MASH and SASH Program Administrators are required to file the updated standalone program Handbooks with the Commission for approval via a Tier 2 implementation advice letter. In this advice letter the Program Administrators are required to propose a timeline for completion of updates to their respective databases necessary to align the database capabilities with the requirements in this decision.

With regard to ongoing maintenance of the CEC-certified eligible equipment list and the GoSolarCalifornia brand and website, we believe it is

premature to assign responsibility for the maintenance of these resources specifically for the MASH and SASH programs, as the CSI General Market program, which established authorization of these resources, does not sunset until 2016. We therefore decline to assign responsibility for maintenance of these resources at this time.

4.2. MASH Program Administration

In today's decision we authorize the current MASH Program Administrators to continue in their roles through the end of the AB 217 program extension.

MASH has been administered to date by PG&E, SCE and CSE.¹⁴ The Staff Proposal recommends centralization of MASH Program Administration into a single Program Administrator across all three investor-owned utilities territories.¹⁵ Staff suggests that consolidation could result in increased efficiency due to economies of scale and the benefits of standardization.¹⁶ Staff also suggests that the Program Administrator be selected through a competitive request for proposals (RFP) process.¹⁷

CALSEIA, CSE, the Greenlining Institute, and GRID Alternatives are generally supportive of consolidation. These parties state that centralized program administration with a single entity could increase administrative efficiency. CALSEIA states that centralization would fast track program

¹⁴ See D.08-10-036, Decision Establishing Multifamily Affordable Solar Housing Program within the California Solar Initiative, Conclusion of Law 13 at 49.

¹⁵ Staff Proposal July 2, 2014 at 18.

¹⁶ Staff Proposal July 2, 2014 at 18.

¹⁷ Staff Proposal July 2, 2014 at 18.

implementation and promote consistency in program administration across the state.¹⁸ CSE states that centralization will allow program issues to be addressed in a timelier manner and make oversight more straightforward.¹⁹ GRID Alternatives states that a centralized Program Administrator could better coordinate the job training required by AB 217.²⁰

The MASH Coalition, PG&E, Renewable Energy Partners, SCE, Everyday Energy, ORA, and Shorebreak Energy oppose the Staff Proposal's recommendation. These parties state that the three existing Program Administrators have been efficient to date and that putting out the Program Administrator role for competitive solicitation would further delay the start of the currently suspended MASH program. PG&E, SCE and ORA note that there are many projects on the MASH waitlist, which could translate into rapid subscription of the available MASH capacity once the program reopens, thereby reducing the opportunity for efficiencies from ongoing program administration by a single administrator.²¹ PG&E and SCE also point out that they have both efficiently managed their administrative budgets, expending only 30% to 40% of their authorized administrative budgets, and highlight that through their current administration of MASH, they have expertise in this market sector in their service territories.²² Renewable Energy Partners, alternatively, recommends that

¹⁸ CALSEIA July 22, 2014 comments at 4.

¹⁹ CSE July 22, 2014 comments at 8.

²⁰ GRID Alternatives July 22, 2014 comments at 5.

²¹ PG&E July 22, 2014 comments at 4; SCE July 22, 2014 comments at 6; ORA reply comments August 1, 2014 at 7.

²² PG&E July 22, 2014 comments at 2-3; SCE July 22, 2014 comments at 6.

the program transition to a single Program Administrator 24 months after the new MASH program is implemented and allow the current Program Administrators to manage the program in the initial 24 months, so as to facilitate speedy implementation of the new program and not delay the resurgence of the market.²³

We are not persuaded that centralization of the Program Administrator role at this phase of the program would result in any additional administrative efficiencies. The existing MASH Program Administrators have efficiently administered the program at a fraction of their allocated administrative budgets while fully subscribing available incentives. The existing Program Administrators also have experience working with affordable housing developers, property owners, and customers in their service territories, which will be valuable for the efficient administration of the program going forward. We expect that, given the long waitlist, the MASH incentives could be subscribed quickly, thereby diminishing the potential efficiencies that could be realized by centralized program administration over the long-term.

Therefore, the current MASH Program Administrators shall continue administering the MASH program in their territories through the close of the program extension. Maintaining the current program administration roles will expedite implementation of the new program and allow the program to continue to benefit from the experience the administrators have gained over the previous five years of the program.

²³ Renewable Energy Partners July 22, 2014 comments at 1.

4.3. SASH Program Administration

In today's decision, we direct SCE to renew its contract with GRID Alternatives for continued administration of the SASH program through the end of the AB 217 program extension.

In D.07-11-045, the Commission determined that a single statewide Program Administrator should manage the SASH program across the three utility service territories and that a competitive solicitation should be conducted to fill this role.²⁴ As directed in D.07-11-045, SCE issued an RFP for SASH Program Administration in 2008, and the Energy Division selected GRID Alternatives to administer SASH and directed SCE to execute a contract with it for SASH program administration. GRID Alternatives has administered the SASH program to date through a contract with SCE. For purposes of consistency with D.07-11-045, and with the Staff Proposal's recommendation to issue an RFP for MASH program administration, the Staff Proposal requested party comments on whether a competitive solicitation should be pursued for a new SASH Program Administrator for the AB 217 extension of the SASH program.²⁵

CALSEIA, CSE, Everyday Energy, Greenlining Institute, GRID Alternatives, PG&E, SCE, and the MASH Coalition agree that GRID Alternatives should remain as the SASH Program Administrator. No commenters recommend that the SASH Program Administrator role be put out for the competitive RFP solicitation process. CALSEIA, CSE, Greenlining Institute, GRID Alternatives, and SCE add that GRID Alternatives has proven to be a

²⁴ See, D.07-11-045, Opinion Establishing Single-Family Low-Income Incentive Program within the California Solar Initiative, Ordering Paragraphs 2 and 3 at 46.

²⁵ Staff Proposal July 2, 2014 at 27-28.

successful program administrator and is uniquely positioned to run this program. They also highlight that it is critical that implementation of the new SASH program be quick and efficient, and that issuing a competitive solicitation for that role is unnecessary and would unduly delay program implementation.²⁶ PG&E states that if an RFP is required for the MASH Program Administrator role, an RFP should also be required for the SASH Program Administrator role for purposes of consistency across the two programs.²⁷

We find that GRID Alternatives has considerable expertise and success in managing the SASH program and working with low-income communities and that the program will benefit if GRID Alternatives continues to administer SASH through the end of the AB 217 program extension. We also find that it is unnecessary for SCE to issue another RFP for GRID Alternatives to continue in its administration of the program, given that GRID Alternatives is uniquely positioned to fill this role and has a strong track record of managing the SASH program efficiently and effectively. Therefore, we direct SCE to renew its existing contract with GRID Alternatives within 60 days of the date of this decision for the SASH Program Administrator role through the end of the AB 217 program extension.

5. ESA Program Requirements

Section 2852(d)(2) directs the Commission to ensure that the MASH and SASH programs require “participants who receive monetary incentives to enroll

²⁶ CALSEIA July 22, 2014 comments at 6; CSE July 22, 2014 comments at 14; Greenlining Institute July 22, 2014 comments at 5-6; GRID Alternatives July 22, 2014 comments at 6-8; SCE July 22, 2014 comments at 7.

²⁷ PG&E July 22, 2014 comments at 11.

in the Energy Savings Assistance Program established pursuant to Section 382, if eligible.”

The Staff Proposal notes that GRID Alternatives already refers SASH participants to the ESA Program and recommends that SASH participant enrollment in the ESA Program be adopted as a requirement of the SASH program going forward.²⁸

For the MASH Program, the Staff Proposal recommends that each MASH applicant be required, as part of the application process, to provide a list of all tenants of the multifamily building that are eligible for the ESA Program. This list would then be forwarded by the MASH Program Administrators to ESA Program staff at the relevant utility for follow up with tenants regarding enrollment.²⁹ The Staff Proposal also recommends the Commission require the MASH and SASH Program Administrators to provide a confidential Data Annex to their semi-annual program reports that includes the number of customers their program has referred to the ESA Program.³⁰

No parties commented on the SASH ESA enrollment requirement.

Parties disagree with the Staff Proposal’s recommendation on MASH tenant ESA Program enrollment. Everyday Energy, the MASH Coalition, and PG&E state that building owners do not have access to confidential tenant information, like individually metered tenant rate schedules, and therefore cannot be required to determine which of their tenants would be eligible for the

²⁸ Staff Proposal July 2, 2014 at 30.

²⁹ Staff Proposal July 2, 2014 at 20.

³⁰ Staff Proposal July 2, 2014 at 30.

ESA Program.³¹ PG&E instead recommends that the MASH Program Administrators deliver a list of newly enrolled MASH properties to the utility billing departments on the first and 15th of each month. The billing departments would query the addresses and deliver a list of tenants at each MASH address to ESA Program staff for follow up with tenants regarding enrollment in the program.³² The MASH Coalition and Everyday Energy support PG&E's proposal.³³ CALSEIA suggests that any requirement on the applicant should be limited to only informing tenants about the ESA Program.³⁴ The MASH Coalition states that if a property is master-metered, there should not be an ESA Program enrollment requirement for tenants of that property.³⁵

The Greenlining Institute states that changes to the statute made by AB 217 require that every tenant at a MASH or SASH participating property must enroll in the ESA Program in order for the property to be eligible for MASH or SASH programs and that referral for enrollment is not sufficient to meet the statutory directive.³⁶ CALSEIA and the MASH Coalition reply that the statute does not require enrollment of tenants, and that it is infeasible to require every

³¹ Everyday Energy July 22, 2014 comments at 15; The MASH Coalition July 22, 2014 comments at 13; PG&E July 22, 2014 comments at 8.

³² PG&E July 22, 2014 comments at 9.

³³ MASH Coalition August 1, 2014 reply comments at 8; Everyday Energy August 1, 2014 reply comments at 9.

³⁴ CALSEIA August 1, 2014 reply comments at 4.

³⁵ The MASH Coalition July 22, 2014 comments at 14.

³⁶ The Greenlining Institute July 22, 2014 comments at 8.

tenant in a property to enroll in a program of any sort, and therefore comprehensive enrollment should not be a prerequisite.³⁷

Party comments frame the issue of who is statutorily required to enroll in the ESA Program. Because Section 2852(d)(2) states that “participants who receive monetary incentives” are required to enroll in the ESA Program, we find that this requirement applies to the homeowner participating in the SASH program and the property owner in the MASH program, as this is the entity that receives the incentive.

We also note that D.07-11-045 required enrollment in the ESA Program, if eligible, as a prerequisite to SASH participation, so it is unnecessary for the Commission to order this requirement again in today’s decision.³⁸

For the MASH program, although the statutory requirement to enroll in the ESA Program, if eligible, applies only to the property owner, we find that the MASH program can help maximize benefit to all ratepayers by creating a pathway to tenant enrollment in the ESA Program to help reduce energy costs for tenants, and reduce the size of the solar system needed to offset the property’s total load, thereby maximizing the overall benefit of the program to ratepayers.

We therefore require the MASH Program Administrators to implement PG&E’s proposal that the MASH Program Administrators provide a list of newly enrolled MASH properties to the utility billing departments on a regularly scheduled interval, and to establish a process by which the billing department

³⁷ CALSEIA August 1, 2014 reply comments at 3; The MASH Coalition August 1, 2014 reply comments at 9.

³⁸ See D.07-11-045, Appendix A at 4.

delivers tenant information to ESA Program staff. We agree with PG&E that this process is most efficient and addresses privacy concerns expressed by Everyday Energy and MASH Coalition. The MASH Program Administrators shall propose a process and schedule for delivery of this information in their Tier 2 implementation advice letter. We also require property owners to provide ESA Program information to tenants as a requirement of the program, and require MASH Program Administrators to draft a template notice for property owners to post onsite that provides information to tenants on the ESA Program.

In addition, we adopt the Staff Proposal's recommendation to require the MASH and SASH Program Administrators to provide a confidential Data Annex to their semi-annual program reports that includes:

- For SASH: The number of SASH participants enrolled in the ESA Program.
- For MASH: The number of MASH tenants referred, and the number of MASH tenants enrolled, in the ESA Program.

This reporting requirement will allow Energy Division staff to evaluate and report on MASH and SASH program contributions to energy efficiency improvements in California.

6. Job Training Requirements

Section 2852(d)(3) requires the Commission ensure that the MASH and SASH programs provide job training and employment opportunities in the solar and energy efficiency sectors of the economy. To implement this requirement, the Staff Proposal recommends that GRID Alternatives continue to provide job training opportunities, as currently offered under SASH through its

Sub-contractor Partnership Program (SPP),³⁹ and, in addition, that the MASH program adopt a similar model to the SASH SPP for projects installed on multifamily affordable housing.⁴⁰

The Staff Proposal identifies that under the SASH SPP, solar sub-contractors who perform SASH installations for GRID Alternatives must hire at least one student or graduate of a job training organization for at least one full paid day of work on each SASH installation performed.

The Staff Proposal recommends that at a minimum, all MASH installations be required to meet this standard, and that in order for contractors to receive the higher Track 1B MASH incentive level (*see* Section 8.2 MASH Incentive Structure), contractors provide job training opportunities to more than one trainee per MASH installation.

The Staff Proposal states that the job training requirement should not pose a significant challenge for MASH contractors, given the robust participation by solar contractors in the SASH SPP.⁴¹ The Staff Proposal also recommends the Commission require the MASH and SASH Program Administrators to provide a confidential Data Annex to their semi-annual reports that includes the number of job trainees, and hours worked, for MASH and SASH installations.⁴²

GRID Alternatives agrees with the Staff Proposal recommendation for SASH and MASH and asserts that, in addition to the SASH SPP, the volunteer training program GRID Alternatives currently has in place for SASH installations

³⁹ Staff Proposal July 2, 2014 at 30.

⁴⁰ Staff Proposal July 2, 2014 at 20-21.

⁴¹ Staff Proposal July 2, 2014 at 21.

⁴² Staff Proposal July 2, 2014 at 30.

should also be deemed to meet the job training requirements established by Section 2852(d)(3).⁴³ GRID Alternatives also confirms that, based on its experience overseeing the SPP, this training model could be easily applied to multifamily housing solar installations and that the SPP job training requirement in SASH has not been a deterrent for solar contractors to participate in SASH.⁴⁴ CSE supports the Staff Proposal but offers that the requirement of one job trainee for MASH projects is too low given the scale of MASH projects. Instead, CSE recommends that the minimum eligibility requirement be increased from one trainee per project to one trainee per kW of installed capacity, up to five trainees per project.⁴⁵ Everyday Energy and the MASH Coalition argue that CSE's proposal would be infeasible given the reduced incentive levels.⁴⁶ CSE also recommends that, to ensure compliance, the trainee and contractor be required to submit an affidavit as part of the incentive application process indicating that the job opportunity was provided.⁴⁷

CALSEIA, Everyday Energy and the MASH Coalition state that job training programs are administratively burdensome for small solar developers. CALSEIA recommends that alternatives to the Staff Proposal be allowed for meeting the job training requirement.⁴⁸ It also requests that if the Staff Proposal is adopted, it only apply if a suitable job training program exists within 50 miles

⁴³ GRID Alternatives July 22, 2014 comments at 3.

⁴⁴ GRID Alternatives July 22, 2014 comments at 3.

⁴⁵ CSE July 22, 2014 comments at 11.

⁴⁶ Everyday Energy August 1, 2014 reply comments at 9; The MASH Coalition August 1, 2014 reply comments at 9.

⁴⁷ CSE July 22, 2014 comments at 11.

⁴⁸ CALSEIA July 22, 2014 comments at 3.

of the project site and the job training program provides the liability insurance for the job trainee.⁴⁹ Everyday Energy and the MASH Coalition offer that developers should only have to prove they hired a low-income job trainee and that the job training requirement not be limited to field personnel.⁵⁰ PG&E proposes that a MASH job training workshop be held to understand the details of the job training requirements and the resulting impacts on solar contractors.⁵¹

The Greenlining Institute states that the statute requires that MASH and SASH provide job training opportunities in both the solar and energy efficiency sectors of the economy and that the job training requirement should also apply for the energy efficiency work that would be done on the property before the solar is installed.⁵²

Today we adopt a job training requirement for the solar energy sector of the economy only. While we do not adopt explicit energy efficiency job training requirements under the new MASH and SASH program authorization, we highlight that the energy efficiency program enrollment requirements we adopt provide an onramp to energy efficiency program enrollment, and the Commission is currently in the process of collecting data to develop policies on workforce education and training for the energy efficiency programs it oversees.⁵³ Until the time the Commission completes this investigation, it would

⁴⁹ CALSEIA August 1, 2014 reply comments at 2.

⁵⁰ Everyday Energy July 22, 2014 comments at 15; The MASH Coalition August 1, 2014 reply comments at 9.

⁵¹ PG&E July 22, 2014 comments at 10.

⁵² Greenlining Institute July 22, 2014 comments at 7.

⁵³ See D.14-08-030, Attachment Q, Section II.C.3(n) at 18.

be premature for this decision to institute job training requirements for the energy efficiency sector.

With regard to the SASH solar job training requirement, the existing SASH SPP is a proven model for providing job training and would be sufficient for meeting the new statutory job training requirement. We also find that GRID Alternatives' Team Leader, Solarcorps, and Job Training Group Installation volunteer training programs are sufficient for meeting the job training requirement.

Therefore, we require GRID Alternatives to ensure that every SASH project provides a job training opportunity through either its Team Leader, Solarcorps, or Job Training Group Installation volunteer programs or its SPP wherein the solar sub-contractor who performs the SASH installation for GRID Alternatives must hire at least one student or graduate of a job training program for at least one full paid day of work.

With regard to the MASH solar job training requirement, we find that a workshop, as suggested by PG&E, is not needed since Energy Division already held a workshop in December 2013 on AB 217 implementation, which included the impacts of the job training requirement on solar contractors, but we acknowledge requests to keep the job training requirement simple to avoid unnecessary costs to the participants.

With that in mind, we find that the SASH program SPP model can be adapted for implementation by MASH solar contractors and that the introduction of this requirement meets the Section 2852(d)(3) job training requirement. We are not persuaded that meeting this requirement would make MASH project economics infeasible.

Therefore, we require that, at a minimum, each MASH project provide at least one student or graduate of a job training program with at least one full paid day of work on either the MASH solar installation or in a support role on the MASH solar installation, including but not limited to project design, engineering, or project coordination. Current employees of the solar installer may be eligible to meet this requirement if they graduated from an eligible job training program within 12 months of the installation project. If the job training program does not provide liability coverage for its trainees, the contractor must provide this coverage.

We also find that the job training requirement should be enhanced for MASH projects, due to the significantly larger scale of MASH installations relative to SASH installations. The specifics of this requirement are discussed in further detail in the MASH Incentive Structure section (*see* Section 8.2 MASH Incentive Structure) of this decision.

In addition, we find CALSEIA's request that the job training requirement only apply to a project when a suitable job training program exists within 50 miles of the project site is reasonable. In these instances, the applicant must submit proof to the appropriate MASH Program Administrator that no suitable job training programs are located within 50 miles of the project site as part of the incentive application process and the project developer must conduct community outreach related to solar job training. The MASH Program Administrators shall develop and submit as part of their Tier 2 implementation advice letter standards for eligible job training programs, and standards for demonstrating unsuitable job training program proximity and guidance on community outreach to be completed in place of providing the job training opportunity.

We also require that job trainees in both programs sign an affidavit as part of the incentive application process indicating that the job opportunity was provided. We direct the MASH and SASH Program Administrators to draft and submit as part of their Tier 2 implementation advice letters the affidavit for contractors to use as part of the application process. In addition, we require the Program Administrators to provide a confidential Data Annex to their semi-annual reports that includes the number of job trainees, job type, and hours worked, for MASH and SASH installations.

7. Program Funding and Capacity Targets

AB 217 set an installed capacity goal of 50 MW and authorized \$108 million in additional funding for the new authorization of the MASH and SASH programs. The Staff Proposal recommends that in order to replicate the success of the previous programs, the \$108 million in program funding should be split evenly between MASH and SASH, as was the approach with the existing programs,⁵⁴ and the 50 MW installed capacity target be determined in proportion to their historical cumulative installations. In line with MASH and SASH installation track records, the Staff Proposal recommends the Commission adopt a 37.5 MW (75% of 50 MW) capacity goal for MASH and a 12.5 MW (25% of 50 MW) capacity goal for SASH.⁵⁵

CSE, PG&E, SCE, Shorebreak Energy, GRID Alternatives, and ORA generally support the proposed funding allocation and capacity targets.

⁵⁴ Staff Proposal July 2, 2014 at 14.

⁵⁵ Staff Proposal July 2, 2014 at 13-14.

However, the parties note that under the Staff Proposal's recommended MASH incentive structure (*see* Section 8.2 MASH Incentive Structure), insufficient funding may prevent reaching the proposed installed capacity goals.⁵⁶ Parties explain that if greater than 85% of MASH projects subscribe to higher incentive level Track 1B with 8% of program funding allocated to administration, a budget deficit would result of up to \$2,820,000 for MASH to reach the 37.5 MW goal. Based on this, PG&E and SCE recommend allocating more funding to MASH (\$58 million) and reducing the funding to SASH (\$50 million).⁵⁷ CSE and ORA note that the existing programs have excess and unspent administrative funding. To remedy the potential shortfall in incentive funding, CSE recommends allocating all of the \$54 million towards MASH incentives alone, and allowing the MASH Program Administrators to rollover their remaining \$5,869,062 in administrative budgets from the existing program to be used for administration of the new program.⁵⁸ CSE notes that the Staff-proposed 8% administrative budget for MASH would be \$4,320,000, therefore the excess administrative budgets would more than cover the proposed administrative budget allocation. GRID Alternatives suggests that the Commission establish a cap on the number of MASH applications that may subscribe to Track 1B in order to ensure the Staff-proposed incentive budget is not subscribed before capacity targets are achieved.⁵⁹ GRID Alternatives further

⁵⁶ CSE July 22, 2014 comments at 2; PG&E July 22, 2014 comments at 6; SCE July 22, 2014 comments at 3; Shorebreak Energy August 1, 2014 reply comments at 3.

⁵⁷ PG&E July 22, 2014 comments at 6; SCE July 22, 2014 comments at 3.

⁵⁸ CSE July 22, 2014 comments at 5; ORA August 1, 2014 reply comments at 4-5.

⁵⁹ GRID Alternatives August 1, 2014 reply comments at 6.

suggests that if the 37.5 MW goal for MASH is a concern with the proposed funding allocation, the SASH installed capacity goal could be expanded to 15 MW with Staff's proposed funding allocations, thereby reducing the MASH program goal to an attainable 35 MW.⁶⁰

Everyday Energy and the MASH Coalition do not support the Staff Proposal's proposed funding allocation and capacity targets. They suggest that funding allocations be based on most efficient use of incentive funding for installed capacity and therefore be weighted significantly toward the MASH program, with an adjustment to capacity targets to reflect the revised funding allocation. Everyday Energy recommends the SASH program receive \$31.25 million in program funding and the MASH program receive \$70.5 million in program funding.⁶¹ Under this funding allocation approach, the programs would maintain the Staff-proposed capacity allocations of 13.5 MW for SASH and 37.5 MW for MASH, while the SASH incentive levels would be reduced and the MASH incentive levels would be increased. The MASH Coalition suggests a three to one funding ratio between the programs, with MASH allocated \$75 million and SASH allocated \$25 million, to reflect the three to one volume of installations achieved in the MASH and SASH programs to date.⁶² This allocation would result in a 45 MW target for MASH and a 5 MW target for SASH.

As discussed in Section 8.2 MASH Incentive Structure, in today's decision we adopt higher incentive levels for MASH than those proposed in the Staff

⁶⁰ GRID Alternatives August 1, 2014 reply comments at 8.

⁶¹ Everyday Energy July 22, 2014 comments at 16.

⁶² MASH Coalition July 22, 2014 comments at 10.

Proposal, and therefore find the concerns valid that insufficient funding may exist to reach 37.5 MW proposed MASH program goal. To address this misalignment, we adopt GRID Alternatives' suggested capacity targets for both SASH and MASH, and direct the MASH Program Administrators to rollover their administrative budget surpluses, which total at least \$5,869,062, from the current program to fund the incentive portion of their new program. Because the current administrative budget surplus varies by Program Administrator, we direct the surplus funding for each Program Administrator to be rolled over to augment its own incentive budgets under the new MASH program in order to avoid cross-subsidization across utility service territories.

The adopted capacity target for MASH will be 35 MW, and the adopted capacity target for SASH will be 15 MW. Based on these adjusted capacity targets and on the incentive levels we adopt in Section 8.2 of this decision, we find it reasonable to adopt the recommendation in the Staff Proposal for funding allocation of the \$108 million authorized by Section 2851(f) to replicate the funding allocation from D.07-11-045 in 2007 and D.08-10-036 in 2008, and split the \$108 million in new funding evenly between the SASH and MASH programs. In addition, in order to ensure adequate incentive funding is allocated for the MASH program to meet its capacity goals and to avoid cross-subsidization of incentives between utility service territories, we find it reasonable to require the MASH Program Administrators to roll their current administrative budget surpluses, which total at least \$5,869,9062, over to fund their new incentive budgets.

We also find that the additional funding for both programs shall continue to be collected through the distribution rates of PG&E, SCE and SDG&E in the same manner and following the same percentage allocations of total funding as is

in place under the existing programs, as this is consistent with the formula used for allocating funding across all CSI programs. The percent funding allocations of the \$108 million authorized by Section 2851(f) are presented in Table 1 below.

Table 1: MASH/SASH Individual Utility Funding Allocations

Utility	Percent of Funding	Budget
PG&E	43.7%	\$47,196,000
SCE	46%	\$49,680,000
SDG&E	10.3%	\$11,124,000
Total	100%	\$108,000,000

We authorize the utilities to initiate collections of the funding pursuant to Section 2851(f) upon the expenditure or reservation of the total amount of incentives authorized for funding the existing MASH and SASH programs. Pursuant to Section 2851(f), we also authorize the utilities to use amounts collected for purposes of funding the CSI General Market program that remain unspent and unencumbered after December 31, 2016, to reduce their respective portion of the total amount collected for the purposes of funding the new program authorization.

We direct the utilities to ensure that the total amount collected does not exceed \$108 million. In addition, we direct the Program Administrators to ensure that program expenditures in each utility's service territory do not exceed the total authorized budget amounts over the duration of the programs. The program incentive budgets will be available until all funds are exhausted or until December 31, 2021, whichever occurs first. Any funding unspent and unencumbered on January 1, 2022, shall be used for "cost-effective energy efficiency measures in low-income residential housing that benefit ratepayers," as set forth in Section 2852(c)(3).

We will monitor participation in MASH and SASH, and if participation rates warrant an adjustment to the budget allocations between the two programs, we may adjust the budget allocations accordingly. In D.07-11-045 we established a process to facilitate this type of program adjustment, and will continue to use the same process going forward. Specifically, we said that at any time, Energy Division may recommend program adjustments to the assigned Commissioner or ALJ of this or any successor proceeding. They will determine if the suggested change requires modification of a Commission order, and if so, the change will be considered by the full Commission, following notice to parties and an opportunity to comment.

8. MASH Budget Allocation and Incentive Structure

8.1. MASH Administrative and Incentive Budgets

D.08-10-036 determined that 88% of each Program Administrator's overall MASH program funding should be put towards solar incentives, with the remaining 12% allocated for program administration, marketing and outreach, and program evaluation activities.⁶³

The Staff Proposal notes that over the five years that the Program Administrators have managed the MASH program: (1) CSE has expended approximately 72% of its allocated administrative budget; (2) PG&E has expended approximately 38%; and (3) SCE has expended approximately 28%.⁶⁴ Thus, based on the expenditure levels for the program to date, the actual cost of administering the program has been significantly lower than the allocated 12% of total budget. In light of this, the Staff Proposal recommends that going forward

⁶³ D.08-10-036 at 21-23.

⁶⁴ Staff Proposal July 2, 2014 at 16-17.

only 8% of the total budget be allocated for administration, marketing, and program evaluation.⁶⁵

The Staff Proposal explains that 8% of the \$54 million budget would be \$4.32 million, which exceeds the approximately \$3.4 million that the program has expended on administration in the first five full years of the program. In order to ensure that all administrative objectives are met, Staff proposes that within the 8% reserved for administration a 1% reserve for program evaluation activities and another 1% reserve for energy efficiency audits should be maintained, and that in order to provide maximum administrative efficiency, no further breakdown in funding allocation should be established within the administrative budget.⁶⁶

Everyday Energy, the MASH Coalition, PG&E, and SCE support Staff's proposal to shift more funding toward incentives under the new MASH program authorization. No parties oppose Staff's proposal or recommend an alternative. PG&E requests the ability to seek approval to move funding from the administrative budget to the incentive budget and between administrative subcategories through a Tier 2 advice letter. PG&E states that this process will allow Program Administrators the flexibility to adjust funding in the future because it is unclear exactly how program administration needs will change under the new authorization.⁶⁷

We find that, based on historical information, a reduction in current MASH program funding for administration, marketing and program evaluation

⁶⁵ Staff Proposal July 2, 2014 at 17.

⁶⁶ Staff Proposal July 2, 2014 at 17-18.

⁶⁷ PG&E July 22, 2014 comments at 7.

is reasonable. However, because we do not include provision of energy efficiency audits in this funding allocation, as discussed in Section 8.2 MASH Incentive Structure, the total administrative budget shall be 7% for administration, marketing and evaluation, with an explicit 1% reserve allocated for evaluation. In addition, the Program Administrators may request Commission approval to transfer funding from their administrative budgets to their incentive budgets via a Tier 2 advice letter should they see fit. Any request to transfer funding from the administrative budget to the incentive budget shall leave the 1% evaluation allocation untouched.

Should there be an incentive budget surplus in the current program due to project dropouts, we direct the Program Administrators to rollover their incentive budget surpluses to their new program incentive budgets.

As discussed in Section 7 Program Funding and Capacity Targets, although we direct the Program Administrators to roll their current administrative budget surpluses over to fund their new incentive budgets, due to the varying levels of administrative budget surpluses across Program Administrators, we decline to account for this additional funding for the purposes of allocating the total MASH budget between incentives and administration, and instead use only the \$54 million in new Section 2851(f) funding. Utilizing only the \$54 million in Section 2851(f) funding for the MASH budget allocation calculations ensures each Program Administrator receives adequate administrative budget to administer the new program. We therefore adopt the MASH budget allocation as presented in Table 2 below.

Table 2: MASH Budget Allocation

MASH Budget Category	MASH Budget Allocation
Incentives	\$50,220,000 (93%)

Administration, Marketing, Evaluation	\$3,240,000 (6%) \$540,000 (1% evaluation reserve)
Total	\$54,000,000

We continue to require Program Administrators to submit to the Director of Energy Division semi-annual administrative expense reports detailing administrative expenditures incurred by category (*i.e.*, marketing and outreach, evaluation, and other administration).

8.2. MASH Incentive Structure

As discussed above, the adopted capacity target for MASH is 35 MW of installed solar PV capacity. Between the \$50,220,000 in incentive funding allocated in Table 2 of Section 8.1 and the minimum of \$5,869,062 in administrative budget surplus the MASH Program Administrators are directed to rollover to their new incentive budgets, the new MASH program authorization has an effective incentive budget of \$56,089,062. Given that today’s funding authorization is approximately half of the funding for incentives under the existing MASH program,⁶⁸ this ratio of capacity goal to available funding will necessarily mean that incentive levels under the new program must be reduced from current incentive levels.

The Staff Proposal suggests that to meet the capacity, energy efficiency, and job training goals under AB 217, that corresponding reforms are needed to both the incentive structure and program design.⁶⁹ The Staff Proposal also suggests that it is unclear whether policies under the existing MASH program

⁶⁸ D.08-10-036 established a \$95,339,200 incentive budget, with which the MASH program incentivized the installation of approximately 35 MW of capacity.

⁶⁹ Staff Proposal July 2, 2014 at 23.

that are meant to pass the economic benefits of solar PV installations directly to tenants of MASH properties, like the higher Track 1B incentive for systems that offset tenant load, actually pass economic benefits on to MASH tenants.⁷⁰ To that end, Staff proposes restructuring the MASH incentive levels and requiring the new MASH program authorization to adopt the CSI-Thermal Low-Income Program's tenant benefit policies.

The current MASH program offers \$1.90/watt for capacity that serves common area load and \$2.80/watt for capacity that serves tenant load. The Staff Proposal recommends retaining a two-track incentive structure. However, Staff recommends that the distinction between common and tenant area loads be eliminated, and instead, the incentive tiers should be structured to incentivize solar contractors and affordable housing developers to meet or exceed basic compliance with the policy goals introduced by AB 217.⁷¹ Staff recommends that projects that meet basic MASH requirements be eligible for a \$0.90/watt incentive, and projects that exceed the basic MASH requirements, by meeting specific targets, be eligible for a \$1.40/watt incentive.⁷²

The Staff Proposal's recommendations for the MASH incentive levels and their corresponding requirements are presented in Table 3 below.

⁷⁰ Staff Proposal July 2, 2014 at 21.

⁷¹ Staff Proposal July 2, 2014 at 23.

⁷² Staff Proposal July 2, 2014 at 23-24.

Table 3 Staff Proposal MASH Incentive Tracks

Track	Incentive Amount	Eligibility Requirements
1A	\$0.90/watt	<ul style="list-style-type: none"> • Refer customers to ESA Program • Provide job training opportunity to one trainee • At least 20% of onsite units are affordable
1B	\$1.40/watt	<ul style="list-style-type: none"> • Refer customers to ESA Program • Provide job training opportunity to more than one trainee • At least 50% of onsite units are affordable • Conduct onsite walkthrough energy audit (paid for by MASH program)

Under the Staff Proposal, MASH applicants would be encouraged with higher incentives under Track 1B to pursue cost-effective energy efficiency measures before installing ratepayer-incentivized solar panels. Staff therefore suggests that MASH applicants be required to schedule an onsite energy efficiency walkthrough audit that meets American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Level I or above, which would be paid for through MASH administrative program funds, and any data gathered from these audits be shared with Energy Division staff in order to inform oversight and evaluation of both MASH and low-income energy efficiency programs.⁷³ Staff also recommends that applicants who undertake program-funded audits be encouraged to install energy efficiency measures with a payback of less than 10 years.⁷⁴ The Staff Proposal does not recommend, and parties do not suggest, that energy efficiency improvements be implemented at the property before incentives are paid.

⁷³ Staff Proposal July 2, 2014 at 24.

⁷⁴ Staff Proposal July 2, 2014 at 24-25.

In addition to the new incentive structure and levels, in order to maximize overall benefits to ratepayers and ensure that MASH tenants are benefitting from MASH incentives, the Staff Proposal recommends the Commission require applicants to submit an affidavit describing how benefits equaling at least 30% of the total incentive amount will be passed on to tenants through reduced energy costs, which is an easily measurable pass through of economic benefit.⁷⁵

PG&E, SCE, ORA and GRID Alternatives generally support the proposed two-track incentive levels. PG&E recommends that the tracks be retitled Track 1C and Track 1D, to avoid confusion with the current incentive level titles (Track 1A and Track 1B).⁷⁶

We adopt PG&E's recommendation. From this point forward, we refer to the incentive tracks for the new MASH authorization as Track 1C and Track 1D.

While PG&E agrees that an energy efficiency walkthrough audit should be conducted on MASH sites for Track 1D eligibility, it suggests that it is more appropriate for the cost of the walkthroughs to be covered by existing utility energy efficiency program funds rather than MASH program funds.⁷⁷ PG&E also points out that the ESA Program does not conduct walkthroughs of common areas, and so this service should be provided for common areas by the MIDI program where applicable, and other incentive programs as appropriate, depending upon the offerings in a service territory.⁷⁸ In addition, PG&E recommends that MASH applicants be required to fill out the Energy Upgrade

⁷⁵ Staff Proposal July 2, 2014 at 21-22.

⁷⁶ PG&E July 22, 2014 comments at 8.

⁷⁷ PG&E July 22, 2014 comments at 8.

⁷⁸ PG&E July 22, 2014 comments at 9.

Multifamily Program questionnaire, and that these applicants should be passed on to the MIDI program by the applicable MASH Program Administrator.⁷⁹

PG&E also offers to lead a workshop on available energy efficiency programs for MASH contractors and building owners.⁸⁰

CSE and GRID Alternatives state that more robust variance in eligibility requirements should exist between the two tracks, and specifically suggest that the job training requirement in Track 1D is too low. CSE suggests that the Track 1D job training requirement be increased to one job trainee for each installed kW up to five kW.⁸¹ GRID Alternatives recommends the job training requirement for Track 1D be increased, or that a \$10,000 cap should be placed on the receipt of Track 1D funds, noting that since the award of incentives is based on the size of the system, the Track1D level as currently proposed provides an outsized subsidy for larger systems that would only be required to employ one additional job trainee for a significantly higher incentive.⁸²

Everyday Energy and the MASH Coalition state that incentive levels need to remain close to \$2.00/watt to make solar installations feasible on multifamily affordable housing. Everyday Energy specifically recommends maintaining the old incentive structure with separate tracks for common area and tenant load. Everyday Energy also recommends that instead of providing a higher incentive level for increased energy efficiency and job training, that the energy efficiency and job training requirements as proposed by Staff for Track 1D should be

⁷⁹ PG&E July 22, 2014 comments at 9.

⁸⁰ PG&E July 22, 2014 comments at 9.

⁸¹ CSE July 22, 2014 comments at 11

⁸² GRID Alternatives August 1, 2014 reply comments at 7.

adopted as a threshold requirement for all MASH projects. Everyday Energy proposes setting Track 1C incentives (for common area load) at \$1.10/watt and Track 1D incentives at \$1.80/watt. Everyday Energy recommends the Track 1D incentive provide a higher level for portions of a project that provide a direct economic benefit to tenants. Track 1D incentives would be provided to portions of a project that offset tenant load and guarantee that at least 50% of the economic benefit of the solar generation allocated to the tenant through Virtual Net Metering (VNM) accrues to the tenant through the life of the solar PV system.⁸³ To ensure that MASH tenants receive an economic benefit from the solar generation allocated to them through VNM, a commitment from the property owner to guarantee at least some portion of the economic benefit of the solar generation allocated through VNM would accrue to the tenant would be necessary due to a recent decision by the California Tax Credit Allocation Committee (TCAC). The TCAC decision allows owners of existing affordable housing that are funded with Low Income Housing Tax Credits, who participate in MASH and install systems that offset tenant loads using VNM, to adjust tenant utility allowances using the California Utility Allowance Calculator (CUAC). This is significant because the CUAC model reduces a tenant's modeled energy use by the amount of solar PV generation allocated them by the project. Thus, these project sponsors would be able to access the economic benefits of the generation assigned to the tenant space through utility allowance adjustments, rather than those economic benefits accruing to the tenant, as was

⁸³ Everyday Energy January 5, 2015 comments on proposed decision at 9.

the case prior to the TCAC change.⁸⁴ Everyday Energy suggests that in order ensure tenants continue to receive some of the economic benefits of the solar assigned to them through VNM, the MASH program should require property owners to guarantee that at least 50% of the economic benefits of the solar generation assigned to the tenant through VNM be maintained in order to receive the \$1.80/watt Track 1D incentive.⁸⁵ Everyday Energy states that if the \$5,869,062 administrative budget surplus from the current program is rolled over to the new program's incentive budget, and if no more than 80% of the total incentive budget is subscribed by Track 1D, there is sufficient funding to ensure the MASH program reaches the 35 MW capacity goal.⁸⁶

The MASH Coalition supports Everyday Energy's recommended incentive design and incentive levels.⁸⁷ The MASH Coalition states that the Staff Proposal's incentive structure and incentive levels will make it financially infeasible for affordable housing sponsors to pursue systems that provide direct economic benefit to tenants and states that the common area and tenant load distinctions should be maintained and the incentive levels should be increased in accordance with Everyday Energy's recommendation.⁸⁸ The MASH Coalition also supports a 50% minimum for tenant economic benefits for eligibility for the Track 1D incentive level. In addition, the MASH Coalition recommends that if a

⁸⁴ See memo issued by TCAC on August 27, 2014, <http://www.treasurer.ca.gov/ctcac/2014/cuac/memo.pdf>

⁸⁵ Everyday Energy January 5, 2015 comments on proposed decision at 9.

⁸⁶ Everyday Energy January 5, 2015 comments on proposed decision at 11.

⁸⁷ MASH Coalition January 5, 2015 comments on proposed decision at 6.

⁸⁸ MASH Coalition January 5, 2015 comments on proposed decision at 3-6.

property owner does not guarantee at least 50% of the economic benefits assigned to a tenant through VNM accrue to the customer, then that the project should be eligible to receive a \$1.40/watt incentive level.⁸⁹ With regard to the Staff Proposal's 30% tenant benefit incentive pass through, the MASH Coalition points out that the 30% tenant benefit makes sense for solar thermal properties because most multifamily affordable housing has a centralized boiler, so there is no way for the property owner to assign benefit from the savings to tenants, whereas, with Virtual Net Energy Metering (VNM), if the MASH project offsets tenant load, that benefit would be assigned to the tenant directly through VNM.⁹⁰

CSE supports Everyday Energy's recommendations to maintain the existing program's common area/tenant load incentive structure, to require the proposed Track 1D energy efficiency and job training requirements as threshold requirements for all projects, and to provide a higher incentive for portions of projects where the property owner guarantees the tenant will receive at least 50% of the economic benefit of the solar generation allocated to them.⁹¹ CSE notes that it specifically supports this proposal in order to ensure direct tenant benefits are received by low-income tenants of MASH projects. CSE recommends that in order to ensure that the economic benefits promised by the property owner are in actuality passed on to tenants, appropriate requirements for applicants should be created by the MASH Working Group after consultation with the TCAC and other stakeholders.⁹² CSE, however, disagrees with Everyday Energy and the

⁸⁹ MASH Coalition January 12, 2015 reply comments on the proposed decision at 2-3.

⁹⁰ MASH Coalition July 22, 2014 comments at 14.

⁹¹ CSE January 12, 2015 reply comments on the proposed decision at 2.

⁹² CSE January 12, 2015 reply comments on the proposed decision at 3.

MASH Coalition on the appropriate incentive levels and proposes that the Track 1D incentive level should be \$1.60/watt and the Track 1C incentive level should be \$1.10/watt. CSE proposes only utilizing the authorized \$50,220,000 in incentive funding, and states that to meet capacity goals with that budget, 70% of incentives should be allocated for Track 1D and 30% should be allocated for Track 1C.⁹³

CALSEIA also supports maintaining the existing program's incentive structure, and states that higher incentive levels are necessary for portions of systems addressing tenant load than common area load.⁹⁴ CALSEIA also supports the implementation of a higher incentive level for projects that guarantee at least 50% of the economic benefits assigned to tenants are preserved. However, CALSEIA proposes that the Commission adopt a three tiered incentive structure with \$0.90/watt for projects that meet basic energy efficiency and job training requirements, \$1.40/watt for projects that meet higher requirements, and \$1.80/watt for projects that meet higher requirements and ensure 50% tenant savings, with a cap on the third tier at 40% of total MASH incentive budget.⁹⁵

As indicated in the Staff Proposal's recommendations that 30% of incentives be passed through to tenants, a priority for implementation of the new authorization of MASH is to ensure that the economic benefits of the solar PV installation are realized by tenants of MASH properties. We are persuaded by Everyday Energy, the MASH Coalition, CALSEIA, and CSE that the most

⁹³ CSE January 12, 2015 reply comments on proposed decision at 4.

⁹⁴ CALSEIA August 1, 2014 reply comments at 1.

⁹⁵ CALSEIA January 12, 2015 reply comments on proposed decision at 3.

effective way to ensure that MASH incentives fund projects that provide direct economic benefits to tenants is to maintain the common area/tenant load incentive distinctions and to augment the tenant load eligibility to require a guarantee that tenants realize at least 50% of the economic benefit of the solar generation assigned to them through VNM. We are also persuaded that higher incentive levels are necessary to provide these assured benefits. We also agree with Everyday Energy, the MASH Coalition and CSE that the energy efficiency and job training requirements described in Track 1D of the Staff Proposal are attainable by all MASH projects and should serve as minimum requirements for MASH eligibility for all projects.

We therefore adopt a two-tiered incentive level with a higher incentive for portions of a system that utilize VNM to assign generation to tenants and guarantee a structured direct economic benefit of 50% of total generation allocated to tenants. The Track 1C incentive will be offered at \$1.10/watt for portions of a PV system that offset either (1) common area load, (2) non-VNM tenant load, or (3) VNM tenant load where the tenant receives less than 50% of the economic benefit of the allocated generation. The Track 1D incentive will be offered at \$1.80/watt for portions of a PV system that use VNM to allocate generation that offsets tenant load and guarantee that tenants will receive at least 50% of the economic benefit of the generation allocated to them for the life of the system. The utilization of VNM is an important requirement of Track 1D eligibility, as this mechanism is critical for the Program Administrators to

accurately track and ensure actual tenant benefits are realized.⁹⁶ As recommended by CSE, to ensure economic benefits will be passed on to tenants, we direct the MASH Working Group to establish the appropriate documentation requirements for applicants to demonstrate that at least 50% of the economic benefits will be reserved for tenants through the life of the system. The Program Administrators shall include these requirements in the Handbook revisions they submit as part of their Tier 2 implementation advice letter.

In order to guarantee that there is sufficient incentive funding for the program to reach its 35 MW capacity goal, Track 1D incentives may utilize no more than 80% of the total incentive funding. At the funding levels adopted today ($\$50,220,000 + \$5,869,062 = \$56,089,062$), there would be sufficient funds for MASH to meet its installed capacity goals if 80% of projects subscribe to Track 1D, and to exceed its installed capacity goals if there is greater than 20% subscription to Track 1C.

Because the incentive structure adopted today provides a structure to encourage the installation of MASH systems that provide at least 50% of the economic benefit to tenants of the solar generation allocated them, we find that the Staff Proposal's recommendation that 30% of total incentives awarded to a project be passed on as a direct economic benefit to tenants of the MASH property is unnecessary.

As the Staff Proposal notes, encouraging energy efficiency through the MASH program has benefits to the multifamily low-income community. Energy

⁹⁶ Today's decision does not extend or in any way modify the existing VNM tariff. A different Commission proceeding shall address the existing VNM tariff and any extension or modification to that tariff.

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. We therefore require all applicants to have an energy efficiency walkthrough audit conducted that meets ASHRAE Level I requirements or higher, or enroll in either a utility, a regional energy network (REN), a community choice aggregator (CCA), or a federally funded whole-building multifamily energy efficiency program. Applicants are exempted from this requirement if they can demonstrate that an energy efficiency walkthrough audit meeting the requirements described above was conducted within the past three years. In addition, we agree with PG&E that energy efficiency walkthrough audits should be paid for through existing energy efficiency programs rather than by the MASH program.

We also direct PG&E to lead a workshop on available energy efficiency programs for MASH contractors and property owners and direct that a date for this workshop be proposed in the Tier 2 implementing advice letter the Program Administrators are directed to submit.

With regard to job training, we adopt the requirement for all projects as made in the Staff Proposal for Track 1D eligibility that they must provide a job training opportunity to more than one job trainee, with a modification as described below.

CSE and GRID Alternatives suggest that the job training requirement be enhanced from the Staff Proposal's Track 1D requirement. Although we agree with CSE's general position, we believe its recommendation for one trainee per kW up to 5 kW is overly restrictive, and therefore augment the requirement to one job trainee for every 10 kW of installed capacity up to 50 kW. Therefore,

in order to be eligible, projects sized under 20 kW would have to provide at least two job training opportunities. Projects sized from 20 kW to under 30 kW would have to provide at least three job training opportunities; projects sized from 30 kW to under 40 kW would have to provide at least four job training opportunities; and projects sized 40 kW and larger would have to provide at least five job training opportunities. We expect that the average installed MASH system would provide at least five job training opportunities if it were to elect to subscribe to the Track 1D incentive, given that the average system size for completed projects under the existing MASH program is approximately 70 kW.⁹⁷

We note that Navigant Consulting is currently conducting the biennial assessment of MASH and SASH on behalf of the Commission.⁹⁸ Findings from this assessment may provide additional insight into the current status of the multifamily affordable housing solar market. We therefore may revisit the adopted incentive levels, and adjust incentive levels as needed based on future information on solar costs or other relevant market factors. Any adjustments to incentives will be handled by Commission order on its own motion or in response to a petition for modification. We therefore adopt the MASH Track 1C and 1D incentive levels and eligibility requirements as presented in Table 4 below.

⁹⁷ Staff analysis based on MASH project data provided in the Working Data Set found on the California Solar Statistics website as of October 1, 2014.

⁹⁸ The Commission required biennial program assessments of MASH and SASH in D.07-11045 at 36 and D.08-10-036 at 41.

Table 4 Adopted MASH Incentive Tracks

Track	Incentive Amount	Eligibility Requirements
1C: PV System Offsetting Common Area Load, Non-VNM Tenant Load, or VNM Tenant Load with <50% Tenant Benefit	\$1.10/watt	<ul style="list-style-type: none"> • Provide job training opportunity to more than one trainee, with one additional trainee for each 10 kW up to 50 kW • Conduct onsite walkthrough energy audit at ASHRAE Level I or higher, or enroll in a utility, REN, CCA or federally provided whole-building multifamily energy efficiency program • Portion of system allocated to offsetting one of the following: <ul style="list-style-type: none"> ○ Common Area Load ○ Non-VNM Tenant Load ○ VNM Tenant Load where tenant receives less than 50% of economic benefit of allocated generation
1D: PV System Offsetting VNM Tenant Load with ≥50% Tenant Benefit	\$1.80/watt	<ul style="list-style-type: none"> • Provide job training opportunity to more than one trainee, with one additional trainee for each 10 kW up to 50 kW • Conduct onsite walkthrough energy audit at ASHRAE Level I or higher, or enroll in a utility, REN, CCA or federally provided whole-building multifamily energy efficiency program • Portion of PV system allocated to offsetting: <ul style="list-style-type: none"> ○ VNM Tenant Load where tenant receives at least 50% of economic benefit of allocated generation

Additionally, both tracks shall continue to provide fixed, up front rebates for qualifying solar energy systems, using the Expected Performance Based Buydown (EPBB) methodology that is currently used in the program.

9. SASH Budget Allocation and Incentive Design

9.1. SASH Administrative and Incentive Budgets

In D.07-11-045, the Commission directed that 85% of the total funding be used for incentives, 10% of funding be allocated toward administration,

4% toward marketing and outreach, and 1% toward program evaluation.⁹⁹ The Staff Proposal recommends maintaining these budget allocations going forward because the administration of SASH is labor-intensive and requires many hours on outreach, recruitment, application processing, volunteer training, and installation.¹⁰⁰

No parties disagree with Staff’s proposal.

We find that going forward SASH will require the same level of administrative commitment as under the current program, therefore the current budget allocation for SASH should be maintained. The adopted budget allocation is as presented in Table 5 below.

Table 5 SASH Budget Allocation

Category	Budget Allocation
Incentives	\$45,900,000 (85%)
Administration	\$5,400,000 (10%)
Marketing and Outreach	\$2,160,000 (4%)
Evaluation	\$540,000 (1%)
Total	\$54,000,000

Therefore, the SASH program budget allocations shall remain at 85% for incentives, 10% for administration, 4% for marketing and outreach, and 1% for evaluation.

Similar to our finding regarding the MASH Program, GRID Alternatives may submit a Tier 2 advice letter requesting Commission approval to transfer

⁹⁹ D.07-11-045 at 20.

¹⁰⁰ Staff Proposal July 2, 2014 at 26.

funding from the administrative budgets to the incentive budget or between non-incentive budgets. Any request to transfer funding shall leave the 1% evaluation allocation untouched.

9.2. SASH Incentive Structure

The Staff Proposal suggests that, to meet capacity goals set forth in AB 217 with the authorized funding allocation, the SASH incentive levels will have to be reduced from current levels.¹⁰¹ Under the current program, SASH incentives are non-declining and determined based on homeowners' federal income tax liability as well as their eligibility for CARE rates.

To streamline the application and financing process, the Staff Proposal recommends that a single non-declining incentive level be adopted for all SASH projects.¹⁰² In order to meet the adopted 15 MW goal for the program, with the available incentive budget, the Staff Proposal recommends a single incentive level, set at \$3 per watt of solar capacity. Staff's rationale is that SASH projects could be installed with lower incentives due to lower panel prices and benefits of a third-party ownership (TPO) financing structure for SASH projects, as discussed in the following section of this decision.¹⁰³

Everyday Energy and the MASH Coalition oppose the proposed \$3/watt incentive level. They propose an alternate, two-tiered, structure wherein one tier is for tenant-owned systems at \$3/watt and another tier is for third-party owned

¹⁰¹ Staff Proposal July 2, 2014 at 28.

¹⁰² Staff Proposal July 2, 2014 at 29.

¹⁰³ Staff Proposal July 2, 2014 at 29.

systems at \$2/watt.¹⁰⁴ GRID Alternatives opposes this approach because it predetermines the amount of funding available to customer-owned and TPO solar installations, which is difficult to predict given the program has no history with TPO funding of systems.¹⁰⁵

We adopt Staff's recommendation to establish a single \$3/watt incentive level for all SASH projects. For SASH, which has higher administrative costs than MASH due to the uniqueness of the sector it serves, it is a priority to adopt an approach that promotes simplicity and efficiency in program applications and administration. We decline to adopt Everyday Energy and the MASH Coalition's proposal because the proposal fails to explain why the multiple tiers should be established or provide any evidence that the proposed incentive levels would be sufficient to incentivize installations for each tier class.

10. Third-Party Ownership in SASH

To date, SASH has provided incentives for solar PV systems installed on low-income, single-family homes at levels that effectively resulted in cost-free solar installations that create immediate bill savings for homeowners. Under the reduced funding levels authorized in Section 2851(f), SASH will be required to install similar capacity totals with half the funding per installed watt of the existing program. Given these new constraints, the Staff Proposal recommends that GRID Alternatives be authorized to pursue TPO financing structures to allow the program to maximize available incentive funding by allowing projects

¹⁰⁴ Everyday Energy July 22, 2014 comments at 16; MASH Coalition August 1, 2014 reply comments at 6.

¹⁰⁵ GRID Alternatives August 1, 2014 reply comments at 6.

to benefit from the tax credits and depreciation that accrue to private owners of solar PV systems.¹⁰⁶

D.07-11-045 did not permit TPO in SASH due to inexperience with TPO for low-income single family solar incentive programs and concerns about consumer protection and long-term benefits to homeowners.¹⁰⁷ At the time the program was authorized, in 2007, TPO structures were relatively new in California. In D.07-11-045, the Commission did leave the door open for TPO in the future, stating “We will consider modifying this order to allow third-party ownership arrangements for low-income customers if we are presented with a proposal that adequately protects and benefits low-income homeowners in third-party ownership agreements.”¹⁰⁸

The Staff Proposal notes that since 2007, TPO of systems has become far more prevalent in California, accounting for the majority of customer-side installed capacity,¹⁰⁹ and that a recent study by Navigant Consulting conducted on behalf of the Commission found that TPO arrangements have not created any widespread consumer protection issues.¹¹⁰

Based on the reduced incentives available for the new authorization of SASH and on the maturation of the TPO structure since the initial SASH

¹⁰⁶ Staff Proposal July 2, 2014 at 31.

¹⁰⁷ D.07-11-45 at 40.

¹⁰⁸ D.07-11-045 at 41.

¹⁰⁹ Staff Proposal July 2, 2014 at 31.

¹¹⁰ See, California Solar Initiative Third-Party Ownership Market Impact Study, May 28, 2014, by Navigant Consulting, prepared for the California Public Utilities Commission, <http://www.cpuc.ca.gov/NR/rdonlyres/55A4BF20-875A-4B40-AD7C-3C768104211E/0/CSIThirdPartyOwnershipImpactReportFINAL.pdf>.

program authorization in 2007, the Staff Proposal recommends allowing TPO of systems in SASH upon exhaustion or the encumbrance of all funding authorized under the existing SASH program.¹¹¹ Staff recommends that approval of TPO for SASH installations be contingent upon the Commission's approval of a proposal submitted by GRID Alternatives with the Commission via Tier 3 advice letter.¹¹²

Everyday Energy, GRID Alternatives, PG&E, SCE, SEIA, the MASH Coalition and ORA agree with the Staff Proposal's recommendation. GRID Alternatives even states that TPO is needed in SASH for the program to reach its installed MW goal with the available funding.¹¹³ GRID Alternatives recommends that any TPO model that is adopted must be designed with a "families first" perspective that maximizes direct benefits to the homeowner and ensures adequate consumer protection.¹¹⁴ GRID Alternatives proposes the Commission adopt the following standards for any TPO model in SASH to ensure customers are adequately protected and benefits are passed on to homeowners:¹¹⁵

- Ensure SASH customers receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment;
- Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate;
- Address concerns that homeowners may have about moving or selling their home during the TPO contract term;

¹¹¹ Staff Proposal July 2, 2014 at 33.

¹¹² Staff Proposal July 2, 2014 at 34.

¹¹³ GRID Alternatives July 22, 2014 comments at 8.

¹¹⁴ GRID Alternatives July 22, 2014 comments at 8.

¹¹⁵ GRID Alternatives July 22, 2014 comments at 9-10.

- Cover maintenance, operations, inverter replacement, and monitoring;
- Prohibit liens on homes;
- Minimize the risk to the low-income customer that the solar system would be removed for delinquent payments; and
- Ensure that all costs are apparent and up front and that there is no risk that the TPO deal would result in an additional financial burden to the family.

GRID Alternatives explains that it has already developed a TPO model and has deployed it through pilots in Colorado and New York. Based on its experience, GRID Alternatives claims that it is uniquely positioned to lead the development of a TPO model and identify financing partners or TPO providers that can accommodate the Commission-adopted minimum standards for a TPO agreement. GRID Alternatives recommends that it continue to be the sole entity that may conduct marketing and outreach for SASH to help ensure consumer protection.¹¹⁶

SCE and PG&E agree that the Commission should establish a set of standards that any TPO model would have to meet in order to ensure adequate customer protections. PG&E specifically recommends the Commission adopt the following minimum standards for any TPO model in SASH:¹¹⁷

- Ensure that participating TPO agreements are at least as financially beneficial to the customer as a host-owned system;
- Standardize financial terms for low-income customers where possible;

¹¹⁶ GRID Alternatives July 22, 2014 comments at 9-10.

¹¹⁷ PG&E July 22, 2014 comments at 12-13.

- Protect the customer against terms that could change after contract signing;
- Require that TPO agreements include an affidavit from the customer acknowledging the potential for additional costs associated with the contract;
- Require the TPO provider to clearly explain that rate changes will affect the economics of a power purchase agreement; and
- Require that TPO agreement provisions spell out what happens in the event that the solar financing company defaults.

PG&E and ORA recommend that a workshop be held to receive input from stakeholders on TPO models before a specific one is adopted by the Commission.¹¹⁸ PG&E also suggests that a standardized low interest rate bank loan for SASH participants could be a potential alternative to the TPO model.¹¹⁹ GRID Alternatives, however, notes that over the past several years in administering SASH, it has left open the option for a loan product, but has found that low-income families have either been unable to qualify for low-interest loans or have been unable to assume more debt.¹²⁰

As discussed above, the SASH program is now tasked with installing the same amount of capacity it installed under the existing program with half of the funding. As identified in the Staff Proposal's analysis,¹²¹ meeting this ambitious goal with the available incentive funding would leave a sizeable gap in funding

¹¹⁸ PG&E July 22, 2014 comments at 12; ORA August 1, 2014 reply comments at 6.

¹¹⁹ PG&E July 22, 2014 comments at 13.

¹²⁰ GRID Alternatives August 1, 2014 reply comments at 10.

¹²¹ Staff Proposal, July 2, 2014, Figure 4 at 33.

required to make the project-level economics of SASH systems work. While there are a number of possible options for closing this gap, like low-interest loans, we are persuaded by GRID Alternatives that an option like this would likely be less feasible than a TPO structure for successfully bridging the economic gap. We therefore require GRID Alternatives to submit a Tier 3 advice letter that proposes a TPO model. The Tier 3 advice letter shall demonstrate how the proposed TPO model meets the following minimum standards proposed by GRID Alternatives and PG&E:

- Ensure SASH customers receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment;
- Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate;
- Address concerns that homeowners may have about moving or selling their home during the TPO contract term;
- Cover maintenance, operations, inverter replacement, and monitoring;
- Prohibit liens on homes;
- Minimize the risk to the low-income customer that the solar system would be removed for delinquent payments;
- Ensure that all costs are apparent and up front and that there is no risk that the TPO deal would result in an additional financial burden to the family;
- Standardize financial terms for low-income customers where possible;
- Protect the customer against terms that could change after contract signing;
- Require that TPO agreements note the potential for additional costs associated with the contract, if applicable;

- Require the TPO provider to clearly explain that rate changes will affect the economics of a power purchase agreement; and
- Require that TPO agreement provisions spell out what happens in the event that the solar financing company defaults.

GRID Alternatives shall also provide a confidential appendix to the advice letter, which includes market sensitive details for the TPO financing arrangement for SASH, in line with the confidentiality protocols established for the Renewables Portfolio Standard in D.06-06-066 and D.08-04-023. Contingent upon Commission approval of the Tier 3 advice letter, GRID Alternatives may implement the TPO model to fund SASH solar installations.

Energy Division may hold a workshop if it determines one is necessary before the Commission is able to adopt a TPO model that meets the standards above.

11. Other Program Requirements

11.1. Low-Income Property Eligibility Standards

Section 2852 provides guidelines on low-income property eligibility standards for participation in SASH and MASH. The Staff Proposal requests comments on the additional factors, issues, or requirements, if any, that the Commission should consider with respect to low-income property eligibility standards for either program going forward.¹²²

CALSEIA, CSE, PG&E and SCE state that the advice letter submitted by the Program Administrators in June 2014, which included changes to the MASH

¹²² Staff Proposal July 2, 2014 Attachment B at 1.

Handbook language and clarified the Section 2852 eligibility requirements, are sufficient to ensure that clear property eligibility standards exist for the program. Everyday Energy and the MASH Coalition suggest that mobile home parks should not be eligible under Section 2852 and claim that there were MASH projects installed at mobile home parks that did not meet the low-income property documentation eligibility requirements of Section 2852.¹²³ Specifically, Everyday Energy states that the mobile home park projects did not meet the requirements of Section 2852(3)(B) because the projects had deed restrictions that were only operative as a condition of receiving a MASH rebate, and the deed restriction itself was a unilateral deed restriction and not an enforceable deed restriction with an eligible third party.¹²⁴ Renewable Energy Partners and Shorebreak Energy filed Motions to Strike Everyday Energy and the MASH Coalition's comments related to mobile home park eligibility, and Everyday Energy subsequently filed a response to the Motions to Strike. Today, we deny the Motion to Strike but find that the evidence presented by Everyday Energy and the MASH Coalition carries minimal weight in our decision today. Everyday Energy and the MASH Coalition provide specific recommendations on clarifying language to ensure that only qualified affordable housing is eligible to receive MASH incentives, including requiring a deed restriction on the property to be recorded at least 180 days prior to the MASH application and requiring that

¹²³ Everyday Energy July 22, 2014 comments at 11-12; MASH Coalition July 22, 2014 comments at 7.

¹²⁴ Everyday Energy July 22, 2014 comments at 11-12,

the deed restrictions must be enforceable by a government entity setting affordability restrictions, subject to periodic compliance reviews.¹²⁵

GRID Alternatives states that in 2010, the Commission allowed single-family homes located in Empowerment/Enterprise Zones to meet the SASH affordable housing requirement, which had a significant impact on reaching low-income single-family homes in urban areas.¹²⁶ GRID identifies that this expansion had little impact on rural areas, as they are typically not designated as Empowerment/Enterprise Zones. To address this, GRID Alternatives recommends the program allow single-family homes located in IRS-defined Qualified Census Tracts to meet the SASH affordable housing requirement.¹²⁷ GRID Alternatives notes that both Qualified Census Tracts and Empowerment/Enterprise Zones are targeted area residences in Internal Revenue Code and believes that single-family homes located in Qualified Census Tracts have a presumed resale restriction and should meet SASH's resale restriction requirement as single-family homes in Empowerment/Enterprise Zones do.

No parties comment on GRID Alternatives' recommendation.

We find that Qualified Census Tracts provide the same level of assurance of a presumed resale restriction as Enterprise/Empowerment Zones for the purposes of determining SASH eligibility. In order to allow the SASH program

¹²⁵ Everyday Energy January 5, 2015 comments on proposed decision at 13; MASH Coalition January 5, 2015 comments on proposed decision at 11-13.

¹²⁶ GRID Alternatives July 22, 2014 comments at 4.

¹²⁷ Qualified Census tracts are defined by Internal Revenue Code Section 143(j)(2) as "a tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income."

to better reach single-family homes in rural areas of California, eligible households located in Qualified Census Tracts may meet the SASH resale restriction eligibility requirement.

With regard to eligibility under the MASH program, Section 2852 established clear standards on low-income property eligibility. Any multifamily property that appropriately demonstrates eligibility under the standards in Section 2852 that apply to multifamily properties shall meet the MASH low-income documentation eligibility requirement. However, we will require that the documentation presented under Section 2852(a)(3)(B) be independently enforceable and verifiable and not contingent upon participating in the CSI Low-Income programs. Specifically, the commitment made to provide affordable housing in the documentation presented under Section 2852(a)(3)(B) must be made to a responsible entity pursuant to Section 2852(a)(3)(B) providing compliance oversight. In addition, the documentation presented under Section 2852(a)(3)(B) may not reference the MASH program, and must have been recorded at least 180 days prior to the date of the MASH application, or if recorded within 180 days of MASH application, replace a similarly complying pre-existing restriction or covenant.

12. Waitlisted MASH Applications

MASH currently has a waitlist of projects totaling over 50 MW of solar PV capacity. These projects will claim incentives with the funding established by Section 2851(f), as authorized by this decision. The Staff Proposal recommends that waitlisted projects be allowed to claim incentives if the projects: (1) abide by all new MASH rules and requirements adopted in this decision; and (2) are not

installed or interconnected before the program reopens, since it would stand to argue that these projects did not require incentives in order to be built.¹²⁸ The Staff Proposal also recommends that if SASH develops a waitlist before the Commission authorizes the new programs that the same requirements apply to SASH.¹²⁹

CSE, the MASH Coalition, PG&E, Renewable Energy Partners, SCE, Shorebreak Energy and ORA agree with the Staff Proposal that all projects funded under AB 217 should abide by the new job training and energy efficiency requirements. ORA agrees with the Staff Proposal that if a projects is already built before the MASH program reopens that it should not be eligible for an incentive. ORA argues that a place on the waitlist is not a guarantee of funding and that projects that were already successfully built without ratepayer funding should not receive incentives.¹³⁰ CSE, Everyday Energy, the MASH Coalition, Renewable Energy Partners, and Shorebreak Energy state that applicants whose projects were built within 12 months of the program reopening should be eligible for incentives, because project sponsors pursued their projects with AB 217 authorization in mind and moved forward with their projects with a general expectation that funding would become available. In addition, they argue that the current MASH program allows projects to receive incentives if they have installed their systems within 12 months of submitting their incentive application. Everyday Energy identifies at least five projects where construction has begun and explains that MASH projects are financed through a combination

¹²⁸ Staff Proposal July 2, 2014 at 25.

¹²⁹ Staff Proposal July 2, 2014 at 25.

¹³⁰ ORA August 1, 2014 reply comments at 3-4.

of short-term and long-term financial instruments and instances exist when it makes logistical, but not financial, sense to move forward because of a rehabilitation schedule for the property.¹³¹ Everyday Energy states that these projects did take the eventual receipt of the AB 217 incentives into account in financing their projects and that if these projects were to be ineligible for incentives it would limit the benefits from the solar installation that could be shared with tenants.

Parties also want to clarify that waitlisted projects should not have to “reapply,” but rather should be allowed to keep their place in the queue as long as they provide documentation to the Program Administrators of meeting the new program requirements within a specific cure period. Parties provide a range of comments on timelines for the cure period.¹³²

We agree that projects in MASH and SASH receiving incentives with funding authorized under Section 2851(f) should be required to meet the requirements established in this decision. These requirements shall apply to both new applications and waitlisted applications, except as exempted below. Projects on the waitlist shall be given 30 days from the date requested by the Program Administrator to provide documentation of meeting the new program requirements and shall be given an additional 10 days to cure from the date the

¹³¹ Everyday Energy August 1, 2014 reply comments at 6.

¹³² ORA recommends applicants be given a 30-day cure period to provide documentation, while Renewable Energy Partners recommends a 45 day cure period. The MASH Coalition and Shorebreak Energy recommend a 60 day cure period, where Program Administrators would be required to notify applicants within 14 days of receipt of the application if the documentation is sufficient, and if insufficient the applicant should be given an additional 10 days to cure before losing their place in the queue.

Program Administrator notifies them that their documentation was insufficient or incomplete before being removed from the queue.

We disagree with the Staff Proposal's recommendation that waitlisted projects installed prior to the new program authorization should be ineligible for incentives. Instead, we allow waitlisted projects that installed systems before the date of this decision to remain eligible if they meet all other eligibility requirements aside from the new job training requirement as discussed below. The existing 12 month provision will continue to apply for new applicants. We understand that decision-making affecting solar PV installation timelines in the affordable housing space is influenced by several factors. We believe it is reasonable that the project sponsors for MASH waitlisted projects would have expected that the existing program rule allowing a 12-month window to apply for an incentive after installation would remain under the new authorization. We therefore find it would be unfair and could potentially reduce the benefits conveyed to tenants of these properties were we to determine that projects installed before the date of this decision were ineligible for incentives. We also acknowledge that these projects were installed before the revised program eligibility rules were adopted. Therefore, these projects are exempted from the new job training requirement, but will only be eligible for the Track 1C incentive level, unless the applicant can demonstrate that the project met the Track 1D job training requirement. These installed projects will, however, be required to meet the energy efficiency enrollment and affordability requirements adopted in this decision.

Once the MASH program reopens, there is likely to be great interest in submitting new incentive applications, and a rush to submit on the opening day of the program. To ensure that the acceptance and review of new project

applications is handled in a consistent and expeditious manner, we direct the MASH Program Administrators to propose a process for accepting and queuing new project applications that are submitted within a specific period of the program reopening.

13. Program Measurement and Evaluation

D.07-11-045 and D.08-10-036, which authorized the SASH and MASH programs, respectively, set specific measurement and evaluation reporting milestones. D.08-10-036, the MASH decision, required that the Program Administrators submit a progress report to the Energy Division on a semi-annual basis through the close of the program. D.07-11-045, the SASH decision, required that the Program Administrator submit a progress report to the Energy Division on a quarterly basis through the close of the program. Both decisions also established a biennial program evaluation requirement and a close of program assessment.

The Staff Proposal recommends that the SASH quarterly reporting requirement be modified so that both SASH and MASH submit progress reports on a semi-annual basis. Staff also suggests that rather than have a static biennial review timeframe, which does not necessarily correspond to the progress or needs of the programs, that the Commission order a final end-of-program study to be completed by an outside evaluator, and to allow Energy Division staff to determine in the interim whether a mid-program assessment is necessary.¹³³ Staff highlights that Energy Division has contracted with Navigant Consulting to conduct an assessment of MASH and SASH program performance from

¹³³ Staff Proposal July 2, 2014 at 15.

2011-2013, and depending upon demand, incentives could be subscribed anywhere between two and seven years from the opening of the programs. Staff argues it would be inefficient to include a static program evaluation requirement when there is uncertainty around how quickly the programs will expend their available incentives.¹³⁴

CSE, Everyday Energy, PG&E, and SCE support Staff's proposal to align the SASH status report with the MASH report on a semi-annual basis and the recommendation to require only an end of program report, with Energy Division having the discretion to request interim studies as necessary. No parties disagreed with Staff's proposed evaluation adjustments.

We find that changing the SASH program status reporting requirement so that requirement is semi-annual and aligns with the MASH reporting requirement is reasonable because it further enhances administrative efficiency of the program without compromising visibility into program performance. We also adopt Staff's proposal to require only a close of program report for both MASH and SASH and to allow the Director of Energy Division the discretion to engage any additional reporting as necessary. Energy Division shall contract with an outside entity to perform the close of program evaluation and any other evaluations it deems necessary.

14. Comments on Proposed Decision

The proposed decision of Commissioner Michael Picker in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were filed on January 5, 2015 by CALSEIA, CSE, Everyday

¹³⁴ Staff Proposal July 2, 2014 at 15.

Energy, GRID Alternatives, the MASH Coalition, PG&E, and SCE. Reply comments were filed on January 12, 2015 by CALSEIA, CSE, Everyday Energy, GRID Alternatives, the MASH Coalition, PG&E, and SCE. To the extent required, the proposed decision has been revised to reflect these comments

15. Assignment of Proceeding

President Michael Picker is the assigned Commissioner and Regina DeAngelis is the assigned ALJ for this portion of the proceeding.

Findings of Fact

1. AB 217 directs the Commission to modify MASH and SASH.
2. Ongoing maintenance of administrative resources for MASH and SASH will be necessary for Program Administrators to effectively manage the provisions of AB 217.
3. The existing MASH Program Administrators have efficiently administered the program at a fraction of their allocated administrative budgets while fully subscribing available incentives.
4. The existing MASH Program Administrators also have experience working with affordable housing developers, property owners, and customers in their assigned service territories, which will be valuable for the efficient administration of the program going forward.
5. We expect that, given the long waitlist, the MASH incentives could be subscribed quickly, thereby diminishing the potential efficiencies that could be realized by centralized program administration over the long-term.
6. GRID Alternatives has considerable expertise and success in managing the SASH program and working with low-income communities.
7. GRID Alternatives currently refers SASH participants to the ESA program.

8. Section 2852(d)(2) directs the Commission to ensure that the MASH and SASH programs require “participants who receive monetary incentives to enroll in the Energy Savings Assistance Program established pursuant to Section 382, if eligible.”

9. Section 2852(d)(3) requires the Commission to ensure that the MASH and SASH programs provide job training and employment opportunities in the solar and energy efficiency sectors of the economy.

10. With regard to the SASH solar job training requirement, the existing SASH Sub-Contractor Partnership Program (SPP), administered by GRID Alternatives, is a proven model for providing job training.

11. The job training requirement should be enhanced for MASH projects, due to the significantly larger scale of MASH installations relative to SASH installations.

12. MASH projects will not be rendered economically infeasible by including the SASH program SPP model.

13. CALSEIA’s request that the job training requirement only apply to a project when a suitable job training program exists within 50 miles of the project site is reasonable with the applicant submitting proof to the appropriate MASH Program Administrator.

14. AB 217 set an installed capacity goal of 50 MW and authorized \$108 million in additional funding for the MASH and SASH programs.

15. Insufficient funding may exist to reach 37.5 MW in the MASH program at adopted incentive levels.

16. While D.08-10-036 found that 88% of each Program Administrator’s overall MASH funding should be put towards solar incentives, with the remaining 12% allocated for program administration, over the past five program

years for MASH: (1) CSE has expended only approximately 72% of its administrative budget; (2) PG&E has expended only approximately 38%; and (3) SCE has expended only approximately 28% of its administrative budget.

17. The actual cost of administering the program is approximately 8% of the total budget, which is significantly lower than the currently allocated amount of 12% of total budget set forth in D.08-10-036.

18. The current MASH program has an administrative budget surplus.

19. Budgets may change under the new program due to unforeseen circumstances.

20. MASH program incentive levels must be reduced because less funding is available under the new program.

21. To meet the capacity, energy efficiency, and job training goals under AB 217, reforms are needed in both the MASH incentive structure and MASH program design.

22. It is unclear whether the economic benefits of solar PV installations pass directly to tenants of current MASH properties.

23. Under the proposed Track 1C and Track 1D, MASH applicants would be encouraged with higher incentives to guarantee direct economic benefits accrue to tenants of MASH properties.

24. Encouraging energy efficiency by requiring certain energy efficiency actions by all MASH applicants has benefits to the multifamily low-income community because 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.

25. Administration of SASH is labor-intensive and requires many hours on outreach, recruitment, application processing, volunteer training, and installation.

26. To meet capacity goals set forth in AB 217 with the authorized funding allocation, the SASH incentive levels will have to be reduced from current levels.

27. Under the current program, SASH incentives are non-declining and determined based on homeowners' federal income tax liability as well as their eligibility for CARE rates.

28. SASH projects could be installed with lower incentives due to lower panel prices and benefits of a third-party ownership financing structure for SASH projects.

29. In the past, SASH has provided incentives for solar PV systems installed on low-income, single-family homes at levels that effectively result in cost-free solar installations and create immediate bill savings for homeowners.

30. Under the reduced funding levels authorized in Section 2851(f), SASH will be required to install similar capacity totals with half the funding per installed watt of the existing program.

31. Since 2007, third-party ownership financing of systems has become far more prevalent in California, accounting for the majority of customer-side installed capacity, and a recent study by Navigant Consulting conducted on behalf of the Commission found that third-party ownership arrangements have not resulted in widespread consumer protection issues.

32. The motion filed by Renewable Energy Partners and Shorebreak Energy to strike Everyday Energy and the MASH Coalition's comments related to mobile home park eligibility is denied.

33. The evidence presented by Everyday Energy and the MASH Coalition and which is the subject of a motion to strike carries minimal weight in our decision today.

34. Qualified Census Tracts provide the same level of assurance of a presumed resale restriction as Enterprise/Empowerment Zones for the purposes of determining SASH eligibility.

35. Section 2852 provides guidelines on low-income property eligibility standards for participation in SASH and MASH.

36. MASH currently has a waitlist of projects totaling over 50 MW of solar PV capacity. These projects will claim incentives with the funding established by Section 2851(f), as authorized by this decision.

37. D.07-11-045 and D.08-10-036 include specific measurement and evaluation reporting milestones for MASH and SASH.

Conclusions of Law

1. In implementing AB 217, all existing policies and procedures should be retained that apply to the existing MASH and SASH programs, unless specified otherwise in this decision.

2. MASH and SASH Program Administrators should update and maintain their program databases and handbooks because the ongoing maintenance of administrative resources will be necessary for Program Administrators to effectively manage the provisions of AB 217.

3. The MASH Program Administrators should maintain the MASH application database through the end of the new program authorization to ensure effective management of MASH.

4. The MASH Program Administrators should not be required to maintain the database contract for the CSI General Market program.

5. The SASH Program Administrator should maintain the SASH program database, which is separate from the MASH database, through the end of the new program authorization.

6. The SASH Program Administrator should update the SASH Handbook to reflect changes to the program established in today's decision, and to continue to maintain the Handbook through the close of the new program authorization.

7. Because the CSI General Market program will sunset at the end of 2016, the MASH Program Administrators should be directed to create a standalone Handbook for the new MASH program, and to maintain the Handbook through the close of the new program authorization. The new MASH Handbook should utilize existing MASH program language in the CSI Handbook, as appropriate, and be edited to include changes to the program established in this decision.

8. The MASH Program Administrators should be required to accept and store incentive application documents and records in accessible electronic form in the MASH database whenever possible going forward.

9. It is premature to assign responsibility for ongoing maintenance of the CEC-certified eligible equipment list and the GoSolarCalifornia brand and website specifically for the MASH and SASH programs because the CSI General Market program, which established authorization of these resources, does not sunset until 2016.

10. Centralization of MASH Program Administration will not result in any increased efficiencies and the program will not necessarily benefit from standardization.

11. The current MASH Program Administrators should continue in their roles through the end of the AB 217 program extension because maintaining the current program administration roles will expedite implementation of the new

program under AB 217 and allow the program to continue to benefit from the experience the administrators have gained over the previous five years of the program.

12. Because of GRID Alternatives' expertise, the program will benefit if GRID Alternatives continues to administer SASH through the end of the AB 217 program extension.

13. SCE should renew its contract with GRID Alternatives for continued administration of the SASH program through the end of the AB 217 program extension rather than rely on a competitive solicitation because GRID Alternatives is uniquely positioned to fill this role and has a strong track record of managing the SASH program efficiently and effectively.

14. D.07-11-045 required enrollment in the ESA program, if eligible, as a prerequisite to SASH participation, so it is unnecessary for the Commission to order this requirement again in today's decision.

15. Because Section 2852(d)(2) states that "participants who receive monetary incentives" are required to enroll in the ESA program, it is reasonable to find that this requirement applies to the homeowner participating in the SASH program and the property owner in the MASH program, as this is the entity that receives the incentive.

16. Although the statutory requirement to enroll in the ESA program, if eligible, applies only to the property owner, the MASH program can help maximize benefit to all ratepayers by creating a pathway to tenant enrollment in the ESA program to help reduce energy costs for tenants, and reduce the size of the solar system needed to offset the property's total load, thereby maximizing the overall benefit to ratepayers.

17. It is reasonable for the MASH Program Administrators to provide a list of newly enrolled MASH properties to the utility billing departments at a regularly scheduled interval so that the billing departments may provide a list of MASH property tenants to ESA Program staff for follow up with tenants regarding enrollment in the ESA Program.

18. It is reasonable to require the MASH property owners to provide tenants with ESA Program information to encourage enrollment and for the MASH Program Administrators to draft a template notice with ESA Program information for property owners to post onsite.

19. It is reasonable to adopt the Staff Proposal's recommendation to require the MASH and SASH Program Administrators to provide a confidential Data Annex to their semi-annual program reports that includes: (1) the number of SASH participants enrolled in the ESA program; and (2) the number of MASH tenants referred and the number of MASH tenants enrolled in the ESA program because this reporting requirement will allow Energy Division staff to evaluate and report on MASH and SASH program contributions to energy efficiency improvements in California.

20. With regard to the SASH solar job training requirement, the existing SASH SPP, administered by GRID Alternatives, is a proven model for providing job training and would be sufficient for meeting the new statutory job training requirement. GRID Alternatives' Team Leader, Solarcorps and Job Training Group Installation volunteer training programs would also be sufficient for meeting the job training requirement.

21. The SASH program SPP model is a proven model and should be adapted for implementation by MASH solar contractors in accordance with the Section 2852(d)(3) job training requirement.

22. It is reasonable for the funding allocation pursuant to Section 2851(f) to replicate the funding allocation from the SASH and MASH authorizations in 2007 and 2008 and, as a result, to split the \$108 million in funding evenly between SASH and MASH.

23. It is reasonable for the MASH Program Administrators to roll their administrative budget surpluses from their current budgets into their own incentive budgets to avoid cross-subsidization of MASH projects across utility service territories.

24. It is reasonable to set capacity targets of 35 MW for MASH and 15 MW for SASH because insufficient funding may exist to reach a different allocation target under the adopted funding allocations and MASH incentive levels.

25. The funding for both programs should continue to be collected from ratepayers through the distribution rates of PG&E, SCE and SDG&E in the same manner and following the same percentage allocations of total funding in place under the existing programs as in Table 1 because this is consistent with the formula used for allocating funding across all CSI programs.

26. Based on historical information, a reduction in the MASH budget for administration, marketing and program evaluation is reasonable and should be as follows: total budget shall be 7% for administration, marketing and evaluation, with a 1% reserve of this amount for evaluation.

27. It is reasonable to adopt the MASH budget allocation presented in Table 2.

28. It is reasonable to rollover the current administrative and incentive budget surpluses from the current MASH program to the new program because this funding may be used to further the goals of the program established by AB 217.

29. A Tier 2 advice letter is a reasonable means to addressing budget imbalances because it is unclear how program administration costs will change under the new program.

30. Applicants should meet more stringent energy efficiency requirements to be eligible for the MASH program.

31. Energy efficiency walkthrough audits should be paid for through existing energy efficiency programs rather than by the MASH program.

32. It is reasonable to require MASH applicants to have an energy efficiency walkthrough audit conducted that meets ASHRAE Level I requirements or higher, or enroll in either a utility, a regional energy network, a CCA, or a federally funded whole-building multifamily energy efficiency program.

33. It is reasonable to exempt MASH applicants from the energy efficiency walkthrough audit requirements if they can demonstrate that an energy efficiency walkthrough audit meeting the same requirements was conducted within the past three years.

34. To receive a MASH incentive, the project must provide a job training opportunity to more than one job trainee.

35. It is reasonable to adopt the following incentive structure because it furthers the job training and energy efficiency goals established in AB 217 and helps ensure that tenants of MASH projects receive direct economic benefits of the solar PV system's generation.

Adopted MASH Incentive Tracks

Track	Incentive Amount	Eligibility Requirements
1C: PV System Offsetting Common Area Load, Non-	\$1.10/watt	<ul style="list-style-type: none"> • Provide job training opportunity to more than one trainee, with one additional trainee for each 10 kW up to 50 kW • Conduct onsite walkthrough energy audit at

<p>VNM Tenant Load, or VNM Tenant Load with <50% Tenant Benefit</p>		<p>ASHRAE Level I or higher, or enroll in a utility, REN, CCA or federally provided whole-building multifamily energy efficiency program</p> <ul style="list-style-type: none"> • Portion of system allocated to offsetting one of the following: <ul style="list-style-type: none"> ○ Common Area Load ○ Non-VNM Tenant Load ○ VNM Tenant Load where tenant receives less than 50% of economic benefit of allocated generation
<p>1D: PV System Offsetting VNM Tenant Load with ≥50% Tenant Benefit</p>	<p>\$1.80/watt</p>	<ul style="list-style-type: none"> • Provide job training opportunity to more than one trainee, with one additional trainee for each 10 kW up to 50 kW • Conduct onsite walkthrough energy audit at ASHRAE Level I or higher, or enroll in a utility, REN, CCA or federally provided whole-building multifamily energy efficiency program • Portion of PV system allocated to offsetting: <ul style="list-style-type: none"> ○ VNM Tenant Load where tenant receives at least 50% of economic benefit of allocated generation

36. Both MASH incentive tracks shall continue to provide fixed, up front rebates for qualifying solar energy systems, using the EPBB methodology that is currently used in the program.

37. The current budget allocation for SASH should be maintained because SASH will require the same level of administrative commitment going forward as under the previous SASH program.

SASH Budget Allocation

Category	Budget Allocation
Incentives	\$45,900,000 (85%)
Administration	\$5,400,000 (10%)
Marketing and Outreach	\$2,160,000 (4%)

Evaluation	\$540,000 (1%)
Total	\$54,000,000

38. Establishing a single \$3/watt incentive level for all SASH projects supports streamlining the application and financing process.

39. GRID Alternatives should be authorized to pursue third-party ownership financing structures to allow the SASH program to maximize available incentive funding by allowing projects to benefit from the tax credits and depreciation that accrue to private owners of solar PV systems.

40. The motion filed by Renewable Energy Partners and Shorebreak Energy to Strike Everyday Energy and the MASH Coalition's comments related to mobile home park eligibility is denied.

41. To allow the SASH program to better reach single-family homes in rural areas of California, eligible households located in Qualified Census Tracts may meet the SASH resale restriction eligibility requirement.

42. Section 2852 establishes clear standards on low-income property eligibility. Any multifamily property that appropriately demonstrates eligibility under the standards in Section 2852 that apply to multifamily properties shall meet the MASH low-income documentation eligibility requirement. However, documentation presented under Section 2852(a)(3)(B) should be independently enforceable and verifiable and not contingent upon participating in the CSI Low Income programs. Specifically, the commitment made to provide affordable housing in the documentation presented under Section 2852(a)(3)(B) must be made to a responsible entity pursuant to Section 2852(a)(3)(B) providing compliance oversight. In addition, the documentation presented under Section 2852(a)(3)(B) may not reference the MASH program, and must have been recorded at least 180 days prior to the date of the MASH application, or if

recorded within 180 days of MASH application, replace a similarly complying pre-existing restriction or covenant.

43. MASH and SASH projects receiving incentives with funding authorized under Section 2851(f) should be required to meet the requirements established in this decision and these requirements shall apply to both new applications and waitlisted applications, with certain exceptions.

44. MASH and SASH projects on the waitlist should be given 30 days from the date requested by the Program Administrator to provide documentation of meeting the new program requirements and shall be given an additional 10 days to cure from the date the Program Administrator notifies them that their documentation was insufficient or incomplete before being removed from the queue.

45. The Staff Proposal's recommendation that waitlisted MASH projects installed prior to the new program authorization should be ineligible for incentives is not reasonable. Instead, waitlisted projects installed before the date of this decision remain eligible for incentives if they meet all other eligibility requirements aside from the new job training requirement. The existing 12 month provision will continue to apply for new applicants.

46. Changing the SASH program status reporting requirement so that the requirement is semi-annual and aligns with the MASH reporting requirement is reasonable because it further enhances administrative efficiency of the program without compromising visibility into program performance.

47. Only a close of program report is required for both MASH and SASH but the Director of Energy Division is permitted to require any additional reporting as necessary.

O R D E R

IT IS ORDERED that:

1. Within 60 days of the date of this decision, the Multifamily Affordable Solar Housing (MASH) Program Administrators shall jointly file a Tier 2 implementation advice letter with a standalone MASH Handbook that builds off the MASH sections of the current California Solar Initiative Handbook. The draft Handbook should include proposed amendments to existing MASH handbook language to incorporate changes to the program needed to align with this decision. The advice letter may also include adjustments to the Program Administrators' 2015 Marketing and Outreach budgets and plans to reflect changes to the program adopted in this decision.

2. Within 60 days of the date of this decision, the Single Family Affordable Solar Homes (SASH) Program Administrator shall file a Tier 2 implementation advice letter with a revised SASH Handbook, which should amend the existing SASH Handbook to incorporate changes to the program needed to align with this decision. The advice letter may also include adjustments to the Program Administrator's 2015 Marketing and Outreach budget and plan to reflect changes to the program adopted in this decision.

3. Southern California Edison Company shall renew its contract with GRID Alternatives within 60 days of the date of this decision for the Single Family Affordable Solar Homes Program Administrator role through the end of the Assembly Bill 217 program extension.

4. The Multifamily Affordable Solar Housing (MASH) Program Administrators shall provide a list of newly enrolled MASH properties to the

utility billing departments at a regularly scheduled interval so that the billing departments may provide Energy Savings Assistance (ESA) program staff with MASH tenant information for follow up regarding ESA program enrollment.

5. The Multifamily Affordable Solar Housing (MASH) and Single Family Affordable Solar Homes (SASH) Program Administrators shall provide a confidential Data Annex to their semi-annual program reports that includes: (1) the number of SASH participants enrolled in the Energy Savings Assistance (ESA) program; and (2) the number of MASH tenants referred and the number of MASH tenants enrolled in the ESA program.

6. GRID Alternatives shall ensure that every Single Family Affordable Solar Homes (SASH) project provides a job training opportunity through either its Team Leader, Solarcorps, or Job Training Group Installation volunteer programs or its Sub-contractor Partnership Program wherein the solar sub-contractor who performs the SASH installation for GRID Alternatives must hire at least one student or graduate of a job training program for at least one full paid day of work.

7. Each Multifamily Affordable Solar Housing (MASH) project shall provide, at a minimum, at least one student or graduate of a job training program with at least one full paid day of work either on the MASH solar installation or in a support role on the installation for which the MASH incentive will be paid, as is currently required in the Single Family Affordable Solar Homes Sub-contractor Partnership Program, unless no suitable job training program is in a reasonable proximity as determined by the Program Administrators. If the job training program does not provide liability coverage for its trainees, the contractor must provide this coverage.

8. The Multifamily Affordable Solar Housing (MASH) Program Administrators shall develop standards for demonstrating reasonable job training program proximity and guidance on community outreach to be completed in place of providing the job training opportunity. The MASH Program Administrators shall also develop an affidavit that job trainees must sign as part of the incentive application process indicating that the job opportunity was provided.

9. Program Administrators shall provide a confidential Data Annex to their semi-annual reports that includes the number of job trainees, job type, and hours worked, for Multifamily Affordable Solar Housing Program and Single Family Affordable Solar Homes installations.

10. The utilities shall initiate collections of the funding pursuant to Public Utilities Code Section 2851(f) upon the expenditure or reservation of the total amount of incentives authorized for funding the existing Multifamily Affordable Solar Housing Program and Single Family Affordable Solar Homes programs. The utilities shall ensure that total amount collected does not exceed \$108 million.

11. Pursuant to Public Utilities Code Section 2851(f), the utilities may use amounts collected for purposes of funding the California Solar Initiative General Market program that remain unspent and unencumbered after December 31, 2016, to reduce their respective portions of the total amount collected for the purposes of funding the new program authorization.

12. The Program Administrators shall ensure that program expenditures in each utility's service territory do not exceed the total authorized budget amounts over the duration of the programs. The program incentive budgets will be available until all funds are exhausted or until December 31, 2021, whichever

occurs first. Any money unspent and unencumbered on January 1, 2022, shall be used for “cost-effective energy efficiency measures in low-income residential housing that benefit ratepayers,” as set forth in Public Utilities Code Section 2852(c)(3).

13. The Multifamily Affordable Solar Housing Program Administrators shall rollover their administrative budget surpluses from the current program to their new program’s incentive budgets, and, in addition, the Program Administrators may request Commission approval to transfer funding from their administrative budgets to their incentive budgets via a Tier 2 advice letter. Any request to transfer funding from the 7% administrative budget to the incentive budget shall leave 1% in the administrative budget for evaluation.

14. The Multifamily Affordable Solar Housing Program Administrators shall rollover any incentive budget surpluses from the current program to their new program’s incentive budgets.

15. The Program Administrators shall submit to the Director of Energy Division semi-annual administrative expense reports detailing administrative expenditures incurred by category (*i.e.*, marketing and outreach, evaluation, and other administration) for the Single Family Affordable Solar Homes and the Multifamily Affordable Solar Housing Programs.

16. Pacific Gas and Electric Company shall lead a workshop on available energy efficiency programs for Multifamily Affordable Solar Housing contractors and property owners, and shall propose a date for this workshop in the implementing Tier 2 advice letter the Program Administrators are directed to submit.

17. GRID Alternatives may file a Tier 2 advice letter requesting Commission approval to transfer funding from the Single Family Affordable Solar Homes

program's administrative budget to the incentive budget or between non-incentive budgets. Any request to transfer funding shall retain at least 1% of the administrative budget for evaluation.

18. GRID Alternatives shall submit a Tier 3 advice letter that proposes a third-party ownership (TPO) model. The Tier 3 advice letter shall demonstrate how the proposed TPO model meets the following minimum standards:

- Ensure Single Family Affordable Solar Homes customers receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment;
- Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate;
- Address concerns that homeowners may have about moving or selling their home during the TPO contract term;
- Cover maintenance, operations, inverter replacement, and monitoring;
- Prohibit liens on homes;
- Minimize the risk to the low-income customer that the solar system would be removed for delinquent payments;
- Ensure that all costs are apparent and up front and that there is no risk that the TPO deal would result in an additional financial burden to the family;
- Standardize financial terms for low-income customers where possible;
- Protect the customer against terms that could change after contract signing;
- Require that TPO agreements note the potential for additional costs associated with the contract, if applicable;
- Require the TPO provider to clearly explain that rate changes will affect the economics of a power purchase agreement; and

- Require that TPO agreement provisions spell out what happens in the event that the solar financing company defaults.

19. GRID Alternatives shall provide a confidential appendix to the advice letter, which includes market sensitive details for the third-party ownership (TPO) financing arrangement for Single Family Affordable Solar Homes (SASH), in line with the confidentiality protocols established for the Renewables Portfolio Standard in Decision (D.) 06-06-066 and D.08-04-023. Upon Commission approval of the Tier 3 advice letter, GRID Alternatives may implement the TPO model to fund SASH solar installations.

20. The motion filed by Renewable Energy Partners and Shorebreak Energy to Strike Everyday Energy and the Multifamily Affordable Solar Housing Coalition's comments related to mobile home park eligibility is denied.

21. The Multifamily Affordable Solar Housing Program Administrators shall propose in the Tier 2 implementing advice letter a process for accepting and queuing new project applications that are submitted within a specific period of the program reopening to ensure that the acceptance and review of new project applications is handled in a consistent and expeditious manner.

22. The Director of Energy Division is permitted to require any additional reporting as necessary in connection with the Multifamily Affordable Solar Housing and Single Family Affordable Solar Homes programs.

23. Rulemaking 12-11-005 remains opens.

This order is effective today.

Dated January 29, 2015, at San Francisco, California.

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners