

# **APPENDIX A**

## **Low-Income Incentive Component California Solar Initiative Thermal Program**

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### **Low-Income Incentive Component California Solar Initiative Thermal Program**

The Low-Income Incentive Component of the California Solar Initiative (CSI) Thermal Program offers rebates for gas-displacing solar water heating (SWH) installations on qualifying low-income residential properties, both single-family and multifamily, in the service territories of Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), and San Diego Gas and Electric Company (SDG&E).

#### **Single Family Residential Eligibility**

To qualify for the low-income SWH incentives through the CSI-Thermal program, applicants with installations on single family homes must meet all of the following requirements:

- The project's site must be within the service territory of, and receive natural gas service from PG&E, SoCalGas, or SDG&E;
- The SWH system must displace the use of natural gas and meet the eligibility requirements of the CSI-Thermal Program, as set forth in Section 2864, including but not limited to Solar Rating and Certification Corporation (SRCC) certification, system design, installation, energy output, and system warranty;
- A system will not be eligible if it has already received an incentive through the CSI-Thermal Program;
- The residence must be occupied by the homeowner and/or applicant; and
- Either: a) the household must currently be participating in a Commission-approved and supervised gas corporation Energy Savings Assistance Program (ESAP, formerly known as the Low-Income Energy Efficiency (LIEE) program); or b) the residence must meet the definition of low-income residential housing in Pub. Util. Code Section 2861(e).<sup>1</sup>

#### **Multifamily Eligibility**

To qualify for low-income SWH incentives for a multifamily housing property, the applicant must meet the following requirements:

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<sup>1</sup> All statutory references are to the Public Utilities Code.

- The project's site must be within the service territory of, and receive natural gas service from PG&E, SoCalGas, or SDG&E;
- The SWH system must displace the use of natural gas and meet the eligibility requirements of the CSI-Thermal Program, as set forth in Section 2864, including but not limited to SRCC certification, system design, installation, energy output, and system warranty;
- A system will not be eligible if it has already received an incentive through the CSI-Thermal Program; and
- The property must either a) meet the definition of low-income residential housing in Section 2861(e); or b) the applicant must demonstrate that at least 50 percent of all units in the multifamily housing structure are occupied by ratepayers that are participating in a Commission approved and supervised gas corporation ESAP administered by PG&E, SoCalGas or SDG&E, as set forth in Section 2866(c).

### **Affidavits for Compliance with Section 2866**

For properties that qualify for incentives solely because they participate in a gas corporation ESAP, the PAs shall obtain a commitment from the applicant that the property will remain a low-income residential property for at least 10 years from the time of installation of the SWH system. The affidavit should provide information that the property meets one of the following conditions to verify eligibility:

- a documented resale restriction between the homeowner and a public entity or a qualifying nonprofit affordable housing provider;
- a documented equity sharing agreement for which the homeowner does not receive a greater share of equity than described in paragraph (2) of subdivision (c) of Section 65915 of the Government Code, between the homeowner and a public entity or a qualifying nonprofit affordable housing provider;
- a presumed resale restriction that exists because the residence is located in an enterprise zone, including Targeted Employment Areas (TEAs), as determined by the California Department of Housing and Community Development;
- a presumed resale restriction that exists because the property is located in an area that was included in a neighborhood revitalization strategy as part of the local municipality's consolidated community development plan filed with the federal Department of Housing and Urban Development.

For properties where the applicant intends to install an SWH system on a multifamily property, the PA shall obtain a separate affidavit from the applicant explaining how the benefits of the SWH system will be shared with the qualifying low-income tenants through reduced energy costs.

**Incentive Levels**

Incentives for qualifying single-family low-income customers will be 200% of the applicable CSI-Thermal SWH incentive level.

Incentives for qualifying SWH installations on multifamily housing will be 150% of the applicable CSI-Thermal SWH incentive level.

Incentives will decline as incentives in the larger CSI-Thermal Program decline, as shown in Table 1 below.

**Table 1: SWH Incentive Levels for Single-Family and Multifamily Low-Income Applicants**

Step	CSI-Thermal Incentive per therm Displaced	SWH Incentive for average system	Single-Family Low-income Incentive per therm displaced	Incentive for average Low-Income system	Multifamily Low-Income Incentive per therm displaced
1	\$12.82	\$1,500	\$25.64	\$3,000	\$19.23
2	\$10.26	\$1,200	\$20.52	\$2,400	\$15.39
3	\$7.69	\$900	\$15.38	\$1,800	\$11.53
4	\$4.70	\$550	\$9.40	\$1,100	\$7.05

The actual incentive to either a single-family or multifamily low-income applicant will be calculated in the same manner as incentives for the larger CSI-Thermal program.<sup>2</sup> For example, single-family low-income incentives will be determined using the existing CSI-Thermal single-family calculator, which relies on SRCC OG-300 ratings to determine an estimate of first-year thermal displacement. This energy savings estimate would then be multiplied by 200% of the applicable single-family incentive level (after de-rating for shading and other factors). Multifamily low-income applicants will use the CSI-Thermal multifamily commercial calculator, which uses a model known as TRNSYS to estimate first-year energy savings. This estimate will then be multiplied by 150% of the applicable incentive level.

Multifamily incentives will be paid out in the same manner as incentives are paid in the larger CSI-Thermal program, as set forth in the CSI-Thermal Handbook.<sup>3</sup> Specifically, systems smaller than 250 kilowatts in thermal capacity ( $kW_{th}$ ) will receive the entire incentive amount (as determined by the incentive calculator) in a single lump-sum payment after the SWH system has been installed and passed any necessary inspections. Systems 250  $kW_{th}$  and larger will receive 70% of the estimated incentive amount after the system has been installed and passed inspection. After one year of operation, these larger

<sup>2</sup> See Decision (D.) 10-01-022, Section 7.3.

<sup>3</sup> See CSI-Thermal Handbook, Section 3.2 (Multifamily/Commercial Incentives).

SWH systems will receive the applicable incentive rate multiplied by the first-year’s metered energy production, less the original incentive payment.

Incentives for single-family low-income applicants shall be capped per the table below.

**Table 2: Single-Family Low-Income Project Incentive Caps**

Step	Incentive Cap
1	\$3750
2	\$3000
3	\$2250
4	\$1376

Incentives for multifamily low-income applicants shall be capped at \$500,000 per system.

**Budget**

The budget for low-income SWH incentives is \$25 million, which will be collected exclusively from natural gas ratepayers as set forth in D. 10-01-022.

The \$25 million low-income incentive budget will be allocated between PG&E, SDG&E and SoCalGas as follows:

**Table 3: Allocation of Low-Income Incentive Budget**

Utility	CSI-Thermal Budget Allocation	Total CSI-Thermal Low-Income Budget (\$ in millions)
PG&E	39%	\$9.75
SDG&E	10%	\$2.50
SoCalGas	51%	\$12.75
<b>Total</b>	<b>100%</b>	<b>\$25.00</b>

Any portion of the \$25 million that is budgeted for low-income SWH incentives which is unexpended and unencumbered on August 1, 2018, shall be used to augment cost-effective energy efficiency measures in low-income residential housing that benefit ratepayers.

Incentives for low-income SWH systems will be available until the \$25 million CSI-Thermal Low-Income budget is fully expended. There are no set asides or budget allocation between single-family and multifamily low-income projects. Funding is available on a first-come, first-serve basis to both single-family and multifamily applicants.

Any expenses for administration and marketing of the low-income incentive program will be derived from the administration and marketing budget of the larger CSI-Thermal Program.

**Program Administration**

Low-income SWH incentives will be administered by the same program administrators (PAs) that administer the gas-displacing portion of the CSI-Thermal Program, namely PG&E, SoCalGas and the California Center for Sustainable Energy (CCSE) in the SDG&E service territory. The program will be administered as a sub-section of CSI-Thermal, using the same Handbook, application process, and database.

The PAs will report on the progress of the low-income SWH incentive program as part of their quarterly CSI-Thermal Progress reports, and they will report the cost of administering the program, including incentives and labor, in their semi-annual CSI-Thermal expense reports.

The PAs should ensure that low-income SWH incentive applications are identified as such in the CSI-Thermal Database.

**(END OF APPENDIX A)**