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September 30, 2024

Agenda ID #22961
RatesettingTO PARTIES OF RECORD IN RULEMAKING 14-07-002; *et al.*:

This is the proposed decision of Administrative Law Judge Valerie U. Kao. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's November 7, 2024 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke

Chief Administrative Law Judge

MLC:jnf

Attachment

Decision PROPOSED DECISION OF ALJ KAO (mailed 9/30/2024)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Rulemaking 14-07-002

And Related Matter.

Application 16-07-015

**DECISION MODIFYING SOLAR ON
MULTIFAMILY AFFORDABLE HOUSING PROGRAM**

TABLE OF CONTENTS

Title	Page
DECISION MODIFYING SOLAR ON MULTIFAMILY AFFORDABLE HOUSING PROGRAM	1
Summary	2
1. Background.....	3
2. Program Performance.....	10
2.1. Goals, Metrics and Key Performance Indicators	10
2.2. Data Collection.....	16
3. Incentives	20
3.1. Installation-related Costs	23
3.2. Updates to Expected Technology Performance as an Input to Calculated Incentive Levels	28
3.3. Integrated or Paired Storage	32
4. Financing.....	39
4.1. Progress Payment Pathway Shall be the Default.....	43
4.2. Advanced Payment Pathway for Tribal Projects.....	43
5. Contractor Support and Requirements	45
6. Facilitating SOMAH Applications and Projects.....	47
6.1. Guidance for Marketing, Education and Outreach	47
6.2. IOU Support for VNEM Interconnection and Billing.....	54
7. Projects for Liberty and PacifiCorp Customers	56
8. Summary of Public Comment.....	59
9. Comments on Proposed Decision.....	59
10. Assignment of Proceeding	60
Findings of Fact.....	60
Conclusions of Law	63
ORDER.....	66

DECISION MODIFYING SOLAR ON MULTIFAMILY AFFORDABLE HOUSING PROGRAM

Summary

This decision adopts modifications to the Solar on Multifamily Affordable Housing (SOMAH) program to enhance the program's effectiveness and streamline its approach towards its objective of bringing 300 megawatts of solar to California affordable housing properties. Goals, metrics and key performance indicators are adopted to assess and advance progress toward the program's goals. Other key program modifications include making safety and code compliance-related costs and integrated battery energy storage costs eligible for program incentives; suspending required use of the expected performance based buydown method and calculator due to outdated inputs and directing updates to the method and tool; providing 60 percent of total project incentives after the Proof of Project Milestone Approval to all projects by default; and establishing an Advanced Payment Pathway for tribal projects. The decision also: establishes new requirements and guidance for enhanced data collection and sharing, creates more effective marketing, education and outreach requirements, provides support for virtual net energy metering interconnection and billing for SOMAH, and makes changes to encourage participation of eligible applicants in Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power service territories.

Overall, the modifications and improvements adopted are expected to further expand the SOMAH program's beneficial impacts on affordable housing residents and their communities. This is especially the case given that SOMAH is expected to reach its goals, and is already providing value to participants and local economies.

Prior to proposing necessary changes to the program implementation plan and program handbook to implement this decision, the program administrator shall convene at least one workshop to receive input on how best to provide incentives for integrated battery storage.

This proceeding is closed.

1. Background

Assembly Bill (AB) 693, Stats. 2015, ch. 582 (AB 693), codified at California Public Utilities (Pub. Util.) Code Section 2870, directed the California Public Utilities Commission (Commission) to annually allocate up to \$100,000,000 from Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), Liberty Utilities (CalPeco Electric) LLC (Liberty), and PacifiCorp d/b/a Pacific Power's (PacifiCorp) (collectively the electric investor-owned utilities, or IOUs) share of greenhouse gas (GHG) allowance auction proceeds, targeted at installing 300 megawatts (MW) of combined generating capacity.¹ AB 693 provided that the Commission may seek to fulfill its obligation under Pub. Util. Code Section 2827.1 to ensure that specific alternatives designed for growth among residential customers in disadvantaged communities (DAC) are offered.² As part of its founding logic, the bill also stated that SOMAH, and programs like it, are a way to reduce the costs of California Alternate Rates for Energy (CARE) low-income electricity discounts.³

¹ California Public Utilities Code Section 2870(c). All further references are to the California Public Utilities Code unless otherwise noted.

² Public Utilities Code Section 2870(b)(1).

³ AB 693 (Stats. 2015, ch. 582) at Section 1(b) states: "Programs that reduce the costs of the energy utilities' California Alternate Rates for Energy, or CARE, program can support the long-term ability of the CARE program to meet the needs of low-income customers."

To implement AB 693, the Commission in Decision (D.) 17-12-022 established the Solar on Multifamily Affordable Housing (SOMAH) program to provide financial incentives for installation of qualifying solar energy systems on multifamily deed-restricted affordable housing properties.⁴

AB 693 directed the Commission to triennially evaluate the program and to make any necessary adjustments to ensure the program's goals are being met.⁵

In addition to triennial program evaluations, the Commission in D.17-12-022 and D.19-03-015 ordered semi-annual reports on program progress and expenses.⁶

An initial program evaluation was completed in 2020, focused on early feedback on the program's goals, design, and initiation activities. A second evaluation was completed in 2021, focused on estimating program impacts (energy, environmental, and economic), finalizing program metrics and key performance indicators, and collecting and analyzing data from program participants (solar contractors and property owners). A third evaluation was completed in July 2023, covering program data through December 2022. It showed average bill reductions for tenants in 2022 were \$39 per month or a 59 percent reduction of their average monthly bill, and that the SOMAH program had been successful to-date in ensuring that financial benefits accrue primarily and directly to tenants and are not captured by other means, such as

⁴ Assembly Bill 693 (Stats. 2015, Ch. 582) and Public Utilities Code Section 748.5.

⁵ Public Utilities Code Section 2870(j)(2) as codified by AB 693; this requirement is currently codified in Pub. Util. Code Section 2870(k)(1).

⁶ D.17-12-022 *Decision Adopting Implementation Framework for Assembly Bill 693 and Creating the Solar on Multifamily Affordable Housing Program*, issued December 18, 2017 (D.17-12-022) Appendix B at 6-7; and D.19-03-015 *Decision Modifying Decision 17-12-022 on the Commission's Own Motion*, issued April 5, 2019 at 11 and Ordering Paragraph 3.

higher rents.⁷ SOMAH was also found to promote local economic development through job training and hiring practices. At nine months after their initial training, 16 percent of job trainees were still employed by the same contractor they had trained with, and 9 percent were employed with another industry contractor according to a contractor survey.⁸ The report concluded that SOMAH appears on track to achieve its 300 MW of solar goal, and to do so, it will require new strategies and outreach efforts. To build the future project pipeline, SOMAH needs to address remaining property owner and contractor participation barriers.⁹

Additionally, the Commission's Environmental and Social Justice Action Plan Version 2.0 (ESJ Action Plan) commits to continued tracking and evaluation of customer generation programs (including SOMAH) and improving program effectiveness in reaching environmental and social justice communities.¹⁰ Goal 2, Action Item 2.5.6 specifically describes the Commission's commitment to tracking outcomes and improving the effectiveness of these programs, and exploring opportunities for "program modifications, stacking incentives, auto-enrollment, and improved outreach to best reach ESJ communities."

The Commission in D.20-07-032 defined affordability as the degree to which a household can pay for an essential utility service, given its

⁷ This average savings value combines data from all utility territories and CARE and non-CARE tenants.

⁸ SOMAH Evaluation Second Triennial Report (2023, Verdant) CALMAC ID CPU0360.01 Appendix A 'PU Code 913.8 Reporting Requirements'

⁹ *Id.* at 108.

¹⁰ *Environmental and Social Justice Action Plan Version 2.0*, adopted April 7, 2022, Action Item 2.5.6.

socioeconomic status.¹¹ Per the adopted Affordability Ratio, when the essential utility services bill is lower, then affordability is higher. Tenant participation in a program like SOMAH, which offers long-term significant bill savings, can have a meaningful impact on affordability. In its 2022 affordability assessments, the Commission identified several counties as having Areas of Affordability Concern (AAC) for electricity services.¹² Within these AAC for Electricity counties, there are currently 59 SOMAH projects, which is 9 percent of SOMAH's current total.¹³ SOMAH can be a meaningful tool for raising affordability.

According to the most recent Semi-Annual Progress Report (July 2024), statewide SOMAH applications represent 79.86 MW of solar and \$169.6 million of incentive funding.¹⁴ The SOMAH Program Administrator (PA) assessed the low-income multifamily market to determine which properties would satisfy basic eligibility criteria (location, ownership type, and/or tenant income requirements) and has identified 4,603 eligible properties; of those, 11 percent are currently participating.¹⁵ The most recent evaluation report found that 75 percent of participating and 80 percent of non-participating property owners are likely to submit future applications, indicating continuing strong interest in the program

¹¹ D.20-07-032 *Decision Adopting Metrics and Methodologies for Assessing the Relative Affordability of Utility Service*, issued July 22, 2020 at 9-10 and Conclusion of Law 6.

¹² 2022 Areas of Affordability Concern (AAC) for Electricity services; retrievable from: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/2021-and-2022-annual-affordability-refresh>

¹³ Assessed at the county level except in Contra Costa, Fresno, Tulare, Kern, Riverside, and San Diego counties, which used the city level due to the county geography being significantly larger than the identified AAC. SOMAH Application Data retrieved on September 26, 2024; retrievable from <https://www.californiadgstats.ca.gov/downloads/>.

¹⁴ SOMAH Semi-Annual Progress Report (July 2024) at Figure 3.

¹⁵ SOMAH Semi-Annual Progress Report (July 2024) at Figure 27.

from past participants.¹⁶

Table 1 shows the solar capacity and incentive funding reflected by all applications in each IOU's territory.

Table 1: PG&E, SCE, SDG&E, PacifiCorp and Liberty SOMAH Applications as of July 2024

Utility Territory¹⁷	Application Total Capacity (MW)¹⁸	Application Total Incentive Amount (\$)	Total Available Program Funding (\$)
PG&E	41.424	\$ 86,852,423	\$174,966,055
SCE	27.240	\$ 57,556,207	\$280,227,535
SDG&E	11.047	\$ 24,910,938	\$55,696,174
PacifiCorp	0	0	\$8,930,753
Liberty	0.148	\$ 286,952	\$2,165,273
Total	79.859	\$ 169,606,520	\$521,985,790

SOMAH has demonstrated benefits to renters in California, with 431 projects reserved and completed through July 2023 according to the most recent evaluation report. These projects represent 35,712 tenant units and 63.4 MW of solar capacity, with an average of 86 percent of solar capacity per project dedicated to tenants (substantially above the 51 percent minimum), with nearly a third of SOMAH projects located in DACs.¹⁹ This high level of dedicated

¹⁶ SOMAH Evaluation Second Triennial Report (2023, Verdant) CALMAC ID CPU0360.01 at 111.

¹⁷ SOMAH Semi-Annual Progress Report (July 2024) at Figure 3.

¹⁸ Application Total includes those are that earmarked, pending, reserved, and completed.

¹⁹ SOMAH Evaluation Second Triennial Report (2023, Verdant) CALMAC ID CPU0360.01 at 39. For purposes of the SOMAH program, Public Utilities Code Section 2870(a)(3)(A) specifies a disadvantaged community "as identified by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code."

solar capacity translates into meaningful bill savings, reducing the average customer's total bill by as much as 61 percent.²⁰ Additionally, the typical SOMAH project has served mainly tenants enrolled in California Alternate Rates for Energy (CARE), demonstrating that the program has effectively reached low-income households.²¹ CARE tenants' average monthly bills were reduced by as much as 88 percent, and overall the SOMAH program reduced CARE budget spending by over \$800,000 in 2022.²² These total annual reductions should increase in future years in alignment with increases in installed SOMAH MWs.

In D.23-03-007, addressing a petition for modification by Center for Sustainable Energy (CSE) on behalf of the SOMAH PA, the Commission increased incentive levels and eliminated the annual incentive step-down in incentives (established in D.17-12-022) to encourage participation in light of inflation and increased project costs.²³ Recognizing that program participation incentives can take many forms, the Commission in D.23-03-007 deferred consideration of the petition's request for a differentiated incentive for properties in DACs, indicating that it would consider and invite comments on a number of program elements in a subsequent ruling.

²⁰ *Id* at 99. Average tenant bill reduction for projects in PG&E service territory: 39.3 percent (\$21.47); SCE: 47.5 percent (\$25.21); SDG&E: 61.3 percent (\$38.89).

²¹ *Id* at 35 Table 4-8, with PG&E at 68.7 percent, SCE at 67.2 percent, and SDG&E at 82.7 percent, showing percentage of tenants on CARE electric rates.

²² *Id* at 103 Table 6-19. Average CARE tenant bill reduction for projects in PG&E service territory: 46 percent (\$27); SCE: 65 percent (\$36); SDG&E: 88 percent (\$52). Table 6-20 shows SOMAH project impacts on the CARE budget by utility.

²³ Separately, D.23-11-068 made changes to the SOMAH virtual net energy metering (VNEM) tariff: a change in tenancy should be processed automatically; vacant units may be allocated zero percent of project benefits; adding storage does not alter the legacy period; resiliency from solar and storage is permissible, with possible pre-grid charging of the battery; and participation in demand response programs is permitted.

On May 5, 2023, the assigned Administrative Law Judge issued a ruling inviting comments on SOMAH program performance, incentive levels, integrated (or paired) energy storage, financing, contractor support, program requirements, and projects in Liberty and PacifiCorp service territories.²⁴ The May 5, 2023 Ruling referenced and attached the *Solar on Multifamily Affordable Housing Phase II Report* (Phase 2 evaluation) and “Response to Recommendations” submitted by the SOMAH PA and IOUs.

The following parties timely filed comments to the May 5, 2023 Ruling: PG&E; Sunrun, Inc. (Sunrun); SCE; Hammond Climate Solutions Foundation (HCSF); SDG&E; the Public Advocate’s Office at the California Public Utilities Commission (Cal Advocates); Liberty and PacifiCorp (jointly); CSE; and California Solar and Storage Association (CALSSA). The following parties timely filed reply comments: CSE, Sunrun, Cal Advocates, SDG&E, PG&E, and Clean Coalition.

On October 7, 2023, Senate Bill (SB) 355, Stats. 2023, ch. 393 (SB 355) was signed into law. SB 355 extended the program’s end date from December 31, 2030 to December 31, 2032 and expanded SOMAH program eligibility to properties in which at least 66 percent of the households have incomes at or below 80 percent of the area median income, properties owned by a tribe (as defined), and rental housing properties owned by public housing agencies or authorities (as defined).²⁵ SB 355 also newly directed the Commission to consider authorizing an advance payment loan program offering, which the Commission has preemptively addressed through the May 5, 2023 Ruling and is addressed in this

²⁴ *Administrative Law Judge’s Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, issued May 5, 2023.

²⁵ CSE Advice Letter 147-E and 147-E-A, effective as of February 2, 2024.

decision.

Specific elements of SB 355 require further consideration to determine appropriate implementation, which the Commission will address in a successor proceeding. This decision adopts program modifications based on the May 5, 2023 Ruling and party comments, while acknowledging the new program requirements established by SB 355; we address party comments to the extent they relate to the modifications we adopt. These modifications are intended to refine and streamline SOMAH to drive participation and improve delivery of the program's benefits, in lieu of higher solar incentives.

2. Program Performance

2.1. Goals, Metrics and Key Performance Indicators

The May 5, 2023 Ruling noted that the Phase 2 evaluation provides goals, metrics and key performance indicators (KPI) to track and evaluate the SOMAH program's performance, and invited parties to comment on whether the Commission should adopt these goals, metrics and KPIs, reproduced here:

Goals:

1. Expanding access to solar generation and its benefits to low-income customers in multifamily housing, where it is typically limited.
2. Incentivizing the installation of at least 300 MW of solar generation capacity.
3. Ensuring financial benefits accrue primarily and directly to tenants, and are not recaptured by other means.
4. Providing greater accessibility to the program for applicants through a single point of contact, full service technical assistance, and coordination with other low-income programs.
5. Promoting local economic development through job training requirements and hiring practices.

6. Facilitating efficient program administration by a single, statewide administrator.

Metrics:

1. Applicant projects with Reservation Request Approval, Milestone Status, and Incentive Package Submitted in Track A and Track B.
2. Number of job trainees who complete training per number of projects completed.
3. SOMAH-sponsored job trainings conducted and attendees.
4. SOMAH projects with Reservation Request Approval, Milestone Status, and Incentive Package Submitted benefitting tenants who are income qualified and/or live in a DAC.
5. SOMAH projects with Reservation Request Approval, Milestone Status, and Incentive Package Submitted in United States Department of Housing and Urban Development (HUD) and United States Department of Agriculture (USDA) housing.
6. Applicants satisfied with technical assistance.

Key Performance Indicators (KPIs):

1. SOMAH projects with Reservation Request Approval, Milestone Status, and Incentive Package Submitted by capacity (0-50 kilowatts (kW), 50-100 kW and over 100 kW), budget, and IOU territory.
2. Targeted audiences aware of SOMAH.
3. Community-based organizations (CBO) participating in SOMAH.
4. MW of installed capacity in multifamily affordable housing.
5. Reduced electricity bill costs among SOMAH tenants.
6. SOMAH trainees hired for solar jobs.
7. Program cost and impact on the California Alternate Rates for Energy (CARE) program budget.

8. Energy Savings Assistance (ESA) Program enrollment among SOMAH tenants.
9. Avoided carbon dioxide (CO₂) emissions, in tons.

Comments addressing this issue generally support Commission adoption of the Phase 2 evaluation's goals, metrics and KPIs, but raise some implementation considerations. CSE, which serves as part of the SOMAH PA team, notes that the SOMAH PA already publicly reports on the majority of the metrics and KPIs included in Appendices A and B of the Phase 2 evaluation through the semi-annual Expense and Progress Reports; the annual Marketing, Education and Outreach (ME&O) Plan; and California DGStats, which is the Commission's public reporting site of all distributed generation projects in IOU service territories and is updated weekly with key statistics. CSE notes that the KPIs not already covered by the SOMAH PA's reporting would be better addressed by the IOUs, for instance program cost and impact on the CARE program budget. CSE further asserts that any additional reporting requirements will require additional administrative effort and imply additional costs and budget impacts; CSE thus requests careful consideration and weighing of the value of additional reporting requirements against the opportunity costs of other meaningful program administration duties in light of an annually declining administration budget.²⁶ Relatedly, PG&E states it is acceptable to adopt goals, metrics and KPIs so long as doing so does not significantly increase SOMAH PA expenses.²⁷ SDG&E recommends amending the SOMAH Program Handbook to

²⁶ *Comments of Center for Sustainable Energy® Regarding the Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 2, 2023 (CSE comments to May 5, 2023 Ruling) at 2-3.

²⁷ *Comments of Pacific Gas and Electric Company (U 39 E) in Response to the Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 2, 2023 (PG&E comments to May 5, 2023 Ruling) at 1.

capture any new reporting requirements, and that any changes to KPIs be the sole responsibility of the SOMAH PA.²⁸ In reply comments, CSE opposes SDG&E's recommendation, reiterating that the SOMAH PA is already reporting on the majority of the Phase 2 evaluation's metrics and KPIs.²⁹ SCE requests that adequate time be afforded to the SOMAH PA and the IOUs to implement any necessary processes to collect necessary data.³⁰

Cal Advocates recommends adopting several additional goals and metrics related to ME&O, bill reductions and net household impacts, and GHG impacts.³¹ In reply comments, CSE asserts it would be difficult to validate target audience awareness and therefore does not support Cal Advocates' proposed new ME&O goal.³²

The goals identified in Appendix A of the Phase 2 evaluation are consistent with the SOMAH program's stated target, which is to install a combined generating capacity of 300 MW on qualified properties, and other requirements explicitly identified in the authorizing statute. Therefore, this decision adopts these goals, with amendments to Goal 1 and KPI 4 to also include solar energy

²⁸ *Response to Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 2, 2023 (SDG&E comments to May 5, 2023 Ruling) at 1-2.

²⁹ *Reply Comments of Center for Sustainable Energy® Regarding the Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 16, 2023 (CSE reply comments to May 5, 2023 Ruling) at 1.

³⁰ *Opening Comments of Southern California Edison Company (U 338-E) on the Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 2, 2023 (SCE comments to May 5, 2023 Ruling) at 2.

³¹ *Comments of the Public Advocates Office with Respect to Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 2, 2023 (Cal Advocates comments to May 5, 2023 Ruling) at 2-4.

³² CSE reply comments to May 5, 2023 Ruling at 2.

generation with integrated battery storage, discussed in Section 3.3 of this decision. Additionally, we adopt two more specific goals related to incentivizing projects in DACs, in recognition of the Commission's obligation under Pub. Util. Code Section 2827.1(b)(1) to ensure specific alternatives designed for growth among residential customers in DACs, and the program's impact in encouraging solar adoption in DACs relative to the general market as indicated by data submitted by the large IOUs:³³

1. At least 40 percent of all projects statewide will be in DACs by the program's end, and
2. At least 30 percent of all projects in each large IOU's territory will be in DACs by the program's end.

The metrics and KPIs identified in Appendix B of the Phase 2 evaluation will enable tracking and assessment of progress toward achieving the adopted goals. Therefore, this decision adopts these metrics and KPIs, with certain modifications discussed herein.

First, we adopt additional metrics and KPIs to better assess progress toward program goals:

- To better assess progress toward promoting local economic development (Goal 5), the metric on number of job trainees who complete training per number of projects completed should cover both the current year's progress and progress since the program's start.
- To better assess targeted audience awareness of SOMAH, which is instrumental to expanding access to renewable energy generation facilities to low-income customers in multifamily housing (Goal 1), we add a separate KPI that the program awareness reaches 51 percent of the targeted audience of eligible property owners by 2027, as

³³ PG&E, SCE and SDG&E comments to May 5, 2023 Ruling, responses to Question 2.

recommended by Cal Advocates.

- To better understand the extent and impact of CBO participation, the KPI on CBOs participating in SOMAH should cover both the current year's progress and progress since the program's start. Additionally, this KPI should separately specify the number of CBOs participating in the Advisory Council and the number of CBOs participating in the Job Task Force. Finally, for evaluation purposes, we add a separate KPI of CBO impact on application rates and applicant satisfaction.

Second, we acknowledge and share CSE's concern regarding certain metrics/KPIs that require additional administrative effort for the SOMAH PA to collect and report on. The following metric and KPIs will be required for evaluation purposes only and need not be reported annually:

- Metric:
 - Applicants satisfied with technical assistance
- KPIs:
 - Targeted audiences' awareness of SOMAH (including the additional KPI of 51 percent targeted audience awareness of eligible property owners by 2027);
 - CBO impact on application rates and applicant satisfaction;
 - Reduced electricity bill costs among SOMAH tenants;
 - SOMAH trainees hired for solar jobs;
 - Program cost or savings impact on the CARE program budget;
 - ESA program enrollment among SOMAH tenants; and
 - Avoided CO₂ emissions (tons).

Reporting of each metric and KPI shall cover the previous calendar year's progress, unless otherwise noted. The SOMAH PA shall report on the adopted goals, metrics and KPIs, except as otherwise noted above, annually in its January

Semi-Annual Expense and Progress Report.

2.2. Data Collection

The May 5, 2023 Ruling observed that the Phase 2 evaluation identified challenges with receiving complete data from the IOUs, and thus directed the IOUs to identify any adjustments to data management made to support current and future evaluations. The May 5, 2023 Ruling also invited all parties to suggest a reasonable policy for the IOUs to timely fulfill SOMAH program evaluation data responses.

PG&E notes that the Phase 2 evaluation's specific recommendation was to retain the account numbers or meter numbers used to complete the IOU data request queries, which PG&E confirms it now does.³⁴ SCE similarly confirms it has updated its internal processes and incorporated the data management recommendations for both retaining account and meter numbers as well as tracking tenant and common area rates, including CARE, pre- and post-installation. For future evaluations, SCE recommends providing the IOUs with the data fields and standards they will need "well before the start of the evaluation," in part to enable the IOUs to identify potential issues with gathering data or to make any necessary changes to internal processes.³⁵ SDG&E states it already retains the historical data provided to the SOMAH PA and is not aware of further needed adjustments. Similar to SCE, SDG&E notes that careful planning in collaboration with the IOUs is needed for future evaluations, specifically because the evaluator must go through SDG&E's Privacy Green Light process for protection of customer data; SDG&E's reply comments also

³⁴ PG&E comments to May 5, 2023 Ruling at 3.

³⁵ SCE comments to May 5, 2023 Ruling at 4-5.

stress the importance of sufficient time and notice regarding data required for future evaluations.³⁶ Sunrun recommends requiring the IOUs to provide load data and meter data at the beginning of the SOMAH application process, and further to set up systems to ensure applicants or their representatives can readily access all common area and tenant electrical data for an eligible property as soon as a pre-application notice is submitted.³⁷

In recognition of the need for early coordination to support evaluation work, this decision directs the IOUs to, after consultation with Energy Division staff, provide timelines for fulfilling larger evaluation-related data requests via a Tier 1 'Primary Data Collection' advice letter specific to each triennial evaluation. The purpose of the Primary Data Collection advice letter is to inform potential bidders, contracted evaluators, Energy Division and stakeholders about essential processes and to hold IOUs accountable to establishing reasonable and modernized data collection and sharing practices. Depending on the scope of each individual evaluation, final data needs may change as determined by Energy Division staff and the contracted independent evaluator. What we adopt here is a minimum requirement, not an upper limit, as to what each IOU is expected to provide to support a future evaluation study.

Each Primary Data Collection advice letter submission must, at minimum, identify the expected data required, the IOU's data retrieval process, and the length of time needed for the IOU to prepare its data submission, and account for

³⁶ SDG&E comments to May 5, 2023 Ruling at 3-4; *Reply of San Diego Gas & Electric Company (U 902-E) to Comments Pursuant to Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 16, 2023 (SDG&E reply comments to May 5, 2023 Ruling) at 4.

³⁷ *Response of Sunrun to the Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to the Solar on Multifamily Affordable Housing Program*, filed June 2, 2023 (Sunrun comments to May 5, 2023 Ruling) at 5.

additional time for questions or clarifications. The IOUs' experience in fulfilling data requests for the 2020, 2021 and 2023 evaluation reports as well as the goals, KPIs, and metrics adopted by this decision should inform their expected timelines and future data retention policies. For the evaluation to be completed in 2026, these Tier 1 Primary Data Collection advice letters must be submitted no later than 30 days after the issue date of this decision. For the evaluation to be completed in 2029, the Tier 1 advice letters must be submitted no later than January 1, 2027. For the evaluation to be completed in 2032, the Tier 1 advice letters must be submitted no later than January 1, 2030.

We also adopt Sunrun's recommendation, which would advance a more streamlined evaluation and application review process. We incorporate this recommendation in two ways, first to support data collection for future evaluations, and secondly to expedite application and interconnection.

To support data collection for future evaluations, this decision directs the IOUs to provide the SOMAH PA with the account and meter numbers for each SOMAH property; the SOMAH PA must maintain and keep this information in Power Clerk (or an equivalent database) for the duration of the program to support evaluation studies and data requests. The SOMAH PA and IOUs should jointly identify the optimal point or timeframe during which to transmit account and meter number information.

In D.17-12-022 the Commission directed the utilities to enter into appropriate non-disclosure agreements with the chosen PA to facilitate the sharing of customer usage data or other personally identifiable information. If needed, those agreements must be updated to comply with the changes adopted

in this decision.³⁸ If not needed, the IOUs must send an explanatory joint ‘SOMAH Customer Confidentiality’ notification to the service list and Energy Division. The SOMAH Customer Confidentiality notification must discuss how existing customer privacy is maintained and not altered, and that current privacy practices do not diminish or block the implementation of these directed policies.

To facilitate processing of project and interconnection applications, this decision directs the IOUs to share meter number information with SOMAH applicants (or their designated representatives) if applicants (or their designated representatives) identify a barrier to collecting the information onsite, such as missing or destroyed meter numbers. As part of the application or interconnection processes, the IOUs must also specify to SOMAH applicants (or their designated representatives) when their submitted customer meter numbers might be incorrect, and, if known, why. This process should be noted in the SOMAH Program Handbook, and assigned to the scope of the IOUs’ designated SOMAH interconnection and billing support staff person (addressed in Section 6.2 of this decision). Also, the IOUs must update their SOMAH virtual net energy metering (VNEM) interconnection forms, agreements, and tariffs as needed to facilitate the sharing of meter number information in this directed manner within 60 days after the issuance date of this decision. If not needed, the IOUs must send a joint ‘SOMAH Customer Confidentiality’ notification to the service list and Energy Division within 30 days after the issuance date of this decision. This notification must discuss how existing customer privacy is maintained and not altered, and that current privacy practices do not diminish or block the implementation of these adopted policies. This direction does not alter

³⁸ D.17-12-022 at 55.

applicants' or their representatives' responsibility to initially and in good faith gather account and/or meter information data, in keeping with current practices.

If a SOMAH Customer Confidentiality notification is needed for both of the above purposes (supporting future evaluations and facilitating processing of applications and interconnection), then the IOUs must send only one joint SOMAH Customer Confidentiality notification.

As with other changes made in this decision, these program modifications are intended to improve the efficiency and effectiveness of the SOMAH program to increase participation. They also directly contribute towards our commitments under the ESJ Action Plan.

3. Incentives

The May 5, 2023 Ruling invited comments on whether incentives for the solar energy system are the primary driver for SOMAH program participation, or if other program elements are equally or more important. The May 5, 2023 Ruling also invited comments on whether and how to increase current incentive levels.

Several parties – CSE, Hammond, PG&E, Sunrun – confirm that incentives are a primary driver for participation, while other parties identify various other drivers of (or, conversely, barriers to) participation. Hammond asserts that financing is the greatest barrier to participation; Sunrun states financing is the second greatest barrier, after incentives.³⁹ CSE generally agrees that financing poses a significant barrier and notes that for tribes, financing and limited staff capacity *and* eligibility are the most important factors. CSE expresses support for

³⁹ *Comments of Hammond Climate Solutions Foundation Responding to the Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 2, 2023 (Hammond comments to May 5, 2023 Ruling) at 3.

exploring adders for target demographics and/or specific program criteria, noting that remaining eligible properties likely represent smaller and more remote installations. CSE also cautions, however, that any adders would need to be further addressed with a budget assessment to ensure the 300 MW goal is still attainable.⁴⁰

SCE, Cal Advocates and CALSSA cite the Phase 2 evaluation, which found the primary barriers for property owners were related to time and resources and were administrative in nature for contractors, to suggest incentives may not be the primary driver for participation. Cal Advocates considers trusted messengers to be a crucial driver of participation. SCE recommends additional surveys or assessments as part of the next evaluation, which Cal Advocates supports in reply comments.⁴¹ CALSSA advocates for assigning a single point of contact to resolve issues and delays to interconnection of SOMAH projects; in reply comments, Sunrun agrees with CALSSA's recommendation.

Many parties – CALSSA, Cal Advocates, PG&E, SCE, Sunrun, SDG&E – recommend against increasing current incentive levels, in large part because current incentive levels were modified relatively recently, and parties agree that stability in incentive levels is an important factor.⁴² While CSE is supportive of adders for targeted groups, it similarly notes that the program has yet to see the

⁴⁰ CSE comments to May 5, 2023 Ruling at 3-6. CSE reply comments to May 5, 2023 Ruling at 3.

⁴¹ SCE comments to May 5, 2023 Ruling at 5-6; *Reply Comments of the Public Advocates Office with Respect to Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 16, 2023 (Cal Advocates reply comments to May 5, 2023 Ruling) at 2.

⁴² *Comments of the California Solar and Storage Association Regarding the Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 2, 2023 (CALSSA comments to May 5, 2023 Ruling) at 5; SDG&E reply comments to May 5, 2023 Ruling at 5.

full impact of the increased incentive levels approved by D.23-03-007.⁴³

As mentioned in Section 2.1 of this decision, Pub. Util. Code Section 2870 provides that the Commission may seek to fulfill its obligation under Pub. Util. Code Section 2827.1(b)(1), to ensure specific alternatives designed for growth among residential customers in DACs, via the SOMAH program. The utilities provided data on the number and location of properties that are customer-generators in response to Question 2 of the May 5, 2023 Ruling. The percentage of SOMAH properties located in DACs is more than double what was installed in the general market from 2018 to 2022. We conclude that SOMAH is more effective at reaching customers in DACs than the general market, and additional incentives may not be needed for SOMAH applicants located in DACs at this time.

Table 2: PG&E, SCE, SDG&E, PacifiCorp and Liberty Renewable Facilities, 2018-2022⁴⁴

	Total Facilities	Total Facilities in DACs	DAC percent of Total
Non-SOMAH	1520	194	13%
SOMAH	463	158	34%

This decision agrees with parties' emphasis on stability, and suggestion to maintain incentives at their current levels. Therefore, we do not modify the maximum incentive levels possible for SOMAH projects with this decision. This also aligns with the most recent program evaluation findings, as noted earlier,

⁴³ CSE comments to May 5, 2023 Ruling at 4.

⁴⁴ SCE comments to May 5, 2023 Ruling at 4; Liberty and PacifiCorp comments to May 5, 2023 Ruling at 4-5; SDG&E comments to May 5, 2023 Ruling at 3; and PG&E comments to May 5, 2023 Ruling at 3.

that new programmatic tactics and outreach efforts aimed at property owners and contractors will be more beneficial. This decision adopts other modifications intended to better serve the program's intended beneficiaries.

In the following sections we address related program elements aimed at raising participation and supporting cost-effective installation.

3.1. Installation-related Costs

Currently, eligible project costs cover the solar energy system and its ancillary equipment; these include costs for solar equipment capital, engineering and design, construction and installation, engineering feasibility study, interconnection, building permitting, warranty and/or maintenance contract, and other elements including certain carport mounting surface costs. Costs for safety and code compliance upgrades are not currently included.⁴⁵ Question 6 of the May 5, 2023 Ruling asked parties to address whether the program's authorizing statute allows incentive funding to be used to support other installation-related costs, including addressing physical site barriers such as structural roof repairs. Question 6 also asked, if a solar system is sized for electrification or electric vehicle charging, whether additional technologies should become part of the "total system installation costs."

Party comments vary on whether these installation-related costs may be supported by the SOMAH program as part of the total system installation costs (to which incentives may be applied). Sunrun asserts the authorizing statute does not allow the use of incentive funding to support installation-related costs.⁴⁶ PG&E suggests that use of incentive funds to support a wide range of

⁴⁵ SOMAH Program Handbook (Eighth Edition, effective 02/06/2024), Section 3.3.1 Total Eligible Project Costs.

⁴⁶ Sunrun opening comments to May 5, 2023 Ruling at 7.

installation-related costs would be inappropriate according to Public Resources Code Section 25782, which identifies the eligibility criteria for solar energy systems receiving ratepayer funded incentives.⁴⁷ CSE, also with reference to the authorizing statute, suggests an amendment to the definition of “solar energy system,” or clarification of the conditions under which use of ratepayer funds is permissible, may be needed.⁴⁸ Both SCE and CSE note that some ancillary costs, like engineering feasibility studies, are already included in the SOMAH Program Handbook; accordingly, CSE’s comments are focused on expanding what is allowable.⁴⁹ CSE notes that financial support for installation-related costs could increase interest and participation, and expresses agreement with such support “with limitations...to ensure the program’s incentive dollars are still adequate to support the attainment of 300 MW by 2030.”⁵⁰ SCE succinctly states that allowable installation costs should be “all related costs necessary to support or operate the solar energy system” and requests to permit necessary panel upgrades as an eligible system installation cost. In reply comments, CSE indicates there may be some flexibility within the budget to facilitate incentive adjustments.⁵¹

PG&E warns that supporting installation-related costs “could enable inefficient and inappropriate installations.”⁵² SDG&E counters that the authorizing statute can be interpreted to include costs for repairs that are

⁴⁷ PG&E comments to May 5, 2023 Ruling at 4.

⁴⁸ CSE comments to May 5, 2023 Ruling at 7-8.

⁴⁹ SCE comments to May 5, 2023 Ruling at 7; CSE reply comments to May 5, 2023 Ruling at 5.

⁵⁰ CSE comments to May 5, 2023 Ruling at 8.

⁵¹ CSE reply comments to May 5, 2023 Ruling at 6.

⁵² PG&E comments to May 5, 2023 Ruling at 5.

required as part of the solar system installation process. SCE interprets the authorizing statute as permitting related costs, including electric panel upgrades, interconnection facilities, and other balance of system costs as long as they support the installation and operation of the solar energy system and are consistent with reportable project costs in the SOMAH Handbook.⁵³ Liberty and PacifiCorp acknowledge that “in order to install solar equipment on a rooftop, it may be necessary for safety and code compliance to structurally enhance the building,” and further that “[s]izing for additional technologies or electrification upgrades could become part of the total system costs” if they are directly related to solar system performance and GHG reduction.⁵⁴

Sunrun, CSE, and all the IOUs recommend against using SOMAH funds for electric vehicle charging, however SCE supports a solar energy system to be sized for anticipated electric vehicle charging.⁵⁵

With regards to the issue of expanding the definition of project costs eligible to receive incentives to include safety and code compliance upgrades (including panel upgrades), including structural roof repairs (when the system is being installed on the roof), we carefully consider the statutory guidance and costs and benefits. Pub. Util. Code Section 2870 defines a qualifying solar energy system as “a solar energy photovoltaic device that meets or exceeds the eligibility

⁵³ SCE comments to May 5, 2023 Ruling at 7.

⁵⁴ *Joint Comments of Liberty Utilities (CalPeco Electric) LLC (U 933 E) and PacifiCorp (U 901 E) on the Administrative Law Judge’s Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 2, 2023 (Liberty and PacifiCorp comments to May 5, 2023 Ruling) at 6.

⁵⁵ PG&E comments to May 5, 2023 Ruling at 5; SDG&E comments to May 5, 2023 Ruling at 5; Liberty and PacifiCorp comments to May 5, 2023 Ruling at 7; SCE comments to May 5, 2023 Ruling at 7; Sunrun comments to May 5, 2023 Ruling at 7-8; CSE reply comments to May 5, 2023 Ruling at 5.

criteria established pursuant to Section 25782 of the Public Resources Code.” By this definition, a device that exceeds the requirements of Public Resources Code Section 25782 may be eligible for SOMAH incentive funding.

Public Resources Code Section 25782 states that incentives should be based on the “[a]ppropriate siting and high-quality installation of the solar energy system by developing installation guidelines that maximize the performance of the system and prevent qualified systems from being inefficiently or inappropriately installed.” Currently, certain carport mounting surface materials and installation costs are eligible project costs and may therefore receive SOMAH funding. If SOMAH participants are unable to complete necessary remediations such as roof repairs without incentives, they may instead select alternative sites like a solar shading system over a parking lot, which may receive SOMAH funding and could increase total project costs compared to roof-mounted options. The Phase 2 Evaluation shows, for host-owned systems, average carport costs are \$141,084 and this amount is 30 percent of the total average project cost of such systems.⁵⁶ Given this evaluation finding, PG&E’s claims of inappropriate or inefficient spending from an expansion of allowable system installation costs does not appear to account for all the determinative factors that warrant our consideration. It is reasonable to anticipate, for some projects, that total project costs could be lower with a roof-mounted option than with a carport-mounted option.

In summary, SOMAH currently does not allow certain roofing and other structural costs to be included in the amount that is eligible to receive incentives.

⁵⁶ SOMAH Evaluation Report (2021) at Table 4-8 shows Host Customer Owned Average Carport Cost of \$141,048 (30 percent) with Average Project Cost of \$473,153 and Third-Party Owned Average Carport Cost of \$119,759 (15 percent) with Average Project Cost of \$806,979.

This may be driving participants to elect to build more costly carport systems or to otherwise implement a system that is not as efficient as a rooftop system could be at their site given its orientation or shading. Additionally, similar structural costs for carports are eligible. The statutory guidance supports the inclusion of these costs, and we find it reasonable to include them with the additional requirements and safeguards detailed below.

To facilitate efficient installations, as required by Public Resources Code Section 25782 pursuant to Pub. Util. Code Section 2870(a)(4), SOMAH incentive funding should be available for all feasible siting options. Eligible project costs for existing properties should include safety and code compliance upgrades (including panel upgrades), including structural roof repairs (when the system is being installed on the roof and such measures are necessary for the solar installation). This approach maximizes choice for potential participants (property owners) and the opportunity to select the lowest system installation cost option for a particular site, which is in alignment with statutory direction to prevent inefficient installations.

To minimize the potential for free-ridership (i.e., that developers or property owners would have incurred such repair costs without SOMAH incentives), we will require that the SOMAH PA only allow structural roof repairs as part of total system installation costs (1) when there is no other feasible siting option or (2) if it is adequately demonstrated that alternative locations are more costly. The SOMAH PA must require project applicants to provide documentation demonstrating either of these conditions to receive SOMAH incentive funding for safety and code compliance upgrades when structural repairs are included. To help guide contractors, the SOMAH PA should provide clear criteria when additional documentation is required and should ensure that

such documentation is not overly burdensome to provide.⁵⁷

As part of the “total system installation cost,” minor or structural roof repairs or replacements are now included. Consistent with the duties outlined for the SOMAH PA in D.17-12-022, we expect the SOMAH PA will integrate these new project costs in the developed processes for verifying the overall quality and completeness of work performed by participating contractors and for ensuring proper payment of program incentives. The SOMAH PA shall propose needed changes to the SOMAH Program Implementation Plan and Program Handbook, to implement this and other changes adopted in this decision, in a Tier 2 ‘Comprehensive SOMAH Update’ advice letter discussed further in Section 3.3 of this decision.

We also address the inclusion of new electric vehicle charging infrastructure as an eligible system cost. At this time, we concur with parties that such infrastructure (i.e., individual charging stations) is not a part of the total eligible project costs to which SOMAH incentives can apply, which maintains the current program practice. SCE’s proposal to add future electric vehicle load to system sizing is already permissible per the current program rules.⁵⁸

3.2. Updates to Expected Technology Performance as an Input to Calculated Incentive Levels

Question 7 of the May 5, 2023 Ruling directed the SOMAH PA to address whether the Expected Performance Based Buydown (EPBB) methodology,

⁵⁷ D.17-12-022 at 52 requires that SOMAH data, which includes reported project cost data, is made publicly available on DGStats by city, county, and other key building type characteristics. This information may be helpful in supporting the documentation and approval process. <https://www.californiadgstats.ca.gov/>

⁵⁸ Resolution E-4987 *Resolution Approving with Modifications GRID Alternatives Advice Letter 11, the Solar on Multifamily Affordable Housing Program Handbook and Center for Sustainable Energy Advice Letter 92, Program Implementation Plan in Compliance with Decision (D.) 17-12-022*, issued April 2, 2019 at Finding 22.

adopted in D.06-08-028, is functional for SOMAH projects, and/or whether it can be refined to better support SOMAH program goals. The EPBB was originally adopted for use in the California Solar Initiative to calculate solar incentives based on an estimate of a system's future performance, and was intended to ensure incentives were tied to performance while also affording administrative simplicity of a one-time incentive paid at the time of project installation.⁵⁹

In response to the ruling, CSE recommends removing the EPBB methodology, noting input data sources and modeling that are outdated and/or incomplete, which result in lower incentives for eligible projects located farther north. CSE explains that the EPBB calculator produces a significantly lower design factor, which determines the incentive amount, for a system located in Eureka (76.656 percent) that is otherwise identical to a system located in San Diego (99.858 percent), and posits that this may explain the low participation to date in Liberty and PacifiCorp territories and northerly tribal communities (as the final incentive amount is comparatively low). CSE notes that the incentive reduction method further impacts systems that do not meet the calculator's ideal pitch angle and azimuth (which applicants have no control over) but that nevertheless have only 10 percent (or less) annual shading. Sunrun recommends against any "major refinements and adjustments of program features" beyond specific and targeted improvements, some of which Sunrun states it intends to address directly with the SOMAH PA. SCE notes that the Phase 2 evaluation did not identify the EPBB method or calculator as a barrier to participation.

Of relevance to the EPBB calculator, the Commission in Rulemaking 20-05-012 directed the Self-Generation Incentive Program (SGIP)

⁵⁹ D.06-08-028 *Opinion Adopting Performance-Based Incentives, an Administrative Structure, and Other Phase One Program Elements for the California Solar Initiative*, issued August 25, 2006.

program administrators to develop a method to modify incentive levels using a performance based methodology for solar incentives. D.24-03-071 identified the EPBB calculator as one such option, but afforded the SGIP program administrators flexibility to use an alternative such as PVWatts.⁶⁰

We share CSE's concern that the EPBB methodology and calculator negatively impact the incentive value for projects located farther north. Additionally, the data broadly indicates that the EPBB as currently constructed may be undermining the program's ability to attract and compensate projects equitably and efficiently in some contexts across the state. Therefore this decision immediately suspends use of the EPBB in Liberty and PacifiCorp territories and for projects located north of 39 degrees North (Latitude) in PG&E's service area until a replacement methodology is implemented. The SOMAH PA shall also suspend use of the EPBB for all tribal projects in PG&E's service area. The SOMAH PA is permitted to create temporary alternative program forms and agreements to facilitate this suspension without further review. To support customers and avoid uncertainty, if an application to which the EPBB suspension should apply has had its Reservation Request Package approved and its Application Deposit collected, then use of the EPBB will be permanently suspended for the application.

D.17-12-022 previously concluded that "[i]n general, the PA will be responsible for ensuring that all participants in SOMAH, including applicants approved to receive services and contractors that provide those services, meet all program requirements."⁶¹ In keeping with this determination, the responsibility

⁶⁰ D.24-03-017 *Decision Implementing Assembly Bill 209 and Improving Self-Generation Incentive Program Equity Outcomes*, issued March 22, 2024 (D.24-03-017) at 41-42.

⁶¹ D.17-12-022 at 50 (Section 5.3 Major Responsibilities of the Program Administrator).

of the SOMAH PA includes the creation, updating and maintenance of an appropriate performance based method and calculator to adjust incentives in alignment with the performance based incentive structure adopted in D.17-12-022.⁶² For all projects, this decision authorizes the SOMAH PA to submit a Tier 2 advice letter proposing a method and tool to replace the EPBB methodology and calculator. Energy Division staff may approve any replacement, in the advice letter, that can be regularly supported with updated information, imposes minimal or no cost, and follows any applicable industry standard.

In the event that the SOMAH PA proposes a method and tool to replace the EPBB methodology and calculator, the SOMAH PA is directed to coordinate with the SGIP program administrators to consider whether the SGIP program's approved performance based method and calculator is an appropriate alternative to updating the current SOMAH EPBB methodology and calculator, including whether it has the same function, duration, and open access. The EPBB methodology and calculator will remain effective (except as specified above for more northerly projects) until the SOMAH PA obtains approval and implementation of a replacement.

In addition to the above direction to coordinate with the SGIP program administrators, we carry forward key findings from D.06-08-028, which first adopted the EPBB calculator, to continue alignment with the past direction from D.17-12-022. These findings should guide the SOMAH PA's development of a replacement method and calculator:

1. Incentives paid up front do not ensure a well-designed and installed system or that the system owner will attend to

⁶² D.17-12-022 Appendix B at 2 (Incentive Structure).

- ongoing system maintenance and performance;
2. Actual system rating may differ from reported ratings due to incorrect equipment rating and/or poor system design and installation;
 3. System performance is affected by compass orientation, tilt and shading;
 4. Variability in California's geography and climate affects the level of solar production around the state; and
 5. The Design Factor in the EPBB calculation is the ratio of a customer's simulated solar output to the simulated output for an optimal reference system.⁶³

We make these changes in line with our overall goal of streamlining and improving SOMAH to ensure it delivers benefits to renters throughout the state.

3.3. Integrated or Paired Storage

Questions 8 through 12 of the May 5, 2023 Ruling invited comments on whether and how to make SOMAH incentive funding available for solar energy systems with integrated or paired battery storage.

Similar to installation-related costs, party comments differ on whether to provide SOMAH incentive funding for battery energy storage that is integrated with a solar energy system. PG&E interprets Public Utilities Code Section 2870 to mean that a solar energy system that includes battery storage as an integrated component is eligible to receive SOMAH funding. Further, PG&E anticipates that the SOMAH program is unlikely to utilize all funds for solar-only projects by 2030, suggesting that SOMAH can accommodate multifamily affordable solar and storage incentives.⁶⁴ Cal Advocates similarly acknowledges that an eligible

⁶³ D.06-08-028 Findings of Fact 9, 10, 11, 22, and 23.

⁶⁴ *Reply Comments of Pacific Gas and Electric Company (U 39 E) in Response to the Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 16, 2023 (PG&E reply comments to May 5, 2023 Ruling) at 3-4.

solar system paired with storage may qualify as a solar energy system but recommends against any changes to incentives before the 2026 evaluation, as does Sunrun.⁶⁵ CALSSA concludes that attaching a battery to a solar energy system should not disqualify that system from SOMAH funding because the battery does not change the generating capacity, which determines the amount of SOMAH incentive funding.⁶⁶ Sunrun similarly maintains that the solar component of a solar-and-storage system would still be eligible for SOMAH funding.⁶⁷ SDG&E asserts the statute does not provide for support of any additional technology beyond solar energy systems.⁶⁸ SDG&E also suggests waiting on significant changes until AB 209 (Stats. 2022, ch. 251), which permits the provision of incentives for solar technologies through SGIP, is implemented and evaluated.⁶⁹ In reply comments, SCE maintains that funding under SOMAH is limited to the cost for installation of a solar energy system, and recommends coordination with other programs in the event that the Commission deems battery energy storage systems to be eligible for SOMAH incentives.⁷⁰

CALSSA, Cal Advocates and Sunrun recommend against expanding SOMAH incentives to systems adding storage, though for different reasons. CALSSA maintains that the Commission may revisit incentive levels as part of the 2026 evaluation, but in the meantime should hold incentives steady to

⁶⁵ Sunrun comments to May 5, 2023 Ruling at 7-8.

⁶⁶ CALSSA comments to May 5, 2023 Ruling at 4.

⁶⁷ Sunrun comments to May 5, 2023 Ruling at 8.

⁶⁸ SDG&E comments to May 5, 2023 Ruling at 6.

⁶⁹ SDG&E comments to May 5, 2023 Ruling at 9.

⁷⁰ *Reply Comments of Southern California Edison Company (U 338-E) on the Administrative Law Judge's Ruling Inviting Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 16, 2023 (SCE reply comments to May 5, 2023 Ruling) at 3.

provide program stability, which they assert is crucial for driving increased participation.⁷¹ Sunrun asserts the entire amount of available incentives (after administrative costs) is needed to achieve the 300 MW goal, and further that rebate levels are not the main barrier to attaching storage to SOMAH installations.⁷² Cal Advocates asserts the SOMAH tariff is not designed to optimize grid benefits and should therefore be modified if the Commission determines to expand incentives to paired storage.⁷³

The Commission agrees with Cal Advocates, CALSSA, CSE and PG&E that an eligible solar energy system may include a paired storage system. Specifically, as PG&E notes, a solar energy system with an integrated storage component should be eligible for and receive SOMAH incentive funds.⁷⁴

Because storage can enable eligible properties to (further) maximize tenant bill savings, which is a key objective of the SOMAH program, this decision finds it reasonable for SOMAH incentive funds to be used for eligible integrated battery storage. Additional, ancillary benefits to incentivizing storage through the SOMAH program may include resiliency and positive grid impacts, and reduced administrative burden for participants, i.e., under current circumstances, SOMAH participants must bear the full cost of installing storage or also participate in SGIP to receive storage incentives. The 2021 Phase 2 evaluation found that many applicants intended to pursue storage but the 2023 SOMAH Evaluation showed a significant reversal of that trend; providing incentives for storage through SOMAH will eliminate the barrier of having to

⁷¹ CALSSA comments to May 5, 2023 Ruling at 3 and 5.

⁷² Sunrun comments to May 5, 2023 Ruling at 9.

⁷³ Cal Advocates comments to May 5, 2023 Ruling at 8.

⁷⁴ PG&E comments to May 5, 2023 Ruling at 6-7.

participate in two separate programs.⁷⁵ The 2023 SOMAH Evaluation notes continued interest by many property owners for combined systems.⁷⁶ Therefore, as an overarching policy determination, we find that it is beneficial and desirable for SOMAH projects to provide the additional reliability and grid value of storage to the tenants and property managers of deed-restricted affordable housing in California. For these added benefits, we find good reason for the SOMAH program to provide incentives for paired storage. Cal Advocate's comments regarding changes to the SOMAH tariff's compensation structure are not within scope of this proceeding, and this matter was addressed recently in D.23-11-068. We also acknowledge but are not persuaded by SDG&E's suggestion that the SOMAH program should wait to make changes until after the full implementation and evaluation of AB 209. D.24-03-071, which implements AB 209, does not have a budget carve-out for multifamily customers, and the budget infusion is short-term (compared to SOMAH), therefore we find limited relative value in awaiting these evaluation results.

We adopt the following guidance with regards to storage incentives and provide for additional implementation processes as described herein. The storage system capacity eligible for funding is equivalent to the solar system's

⁷⁵ SOMAH Evaluation Report (2023, CALMAC ID CPU0360.01) at 40: "Analysis of the program tracking data found a significant reversal in SOMAH projects being paired with battery storage. Contrary to the previous evaluation, where program tracking data indicated upwards of 92 percent of TPO projects planned on installing battery storage, currently only six active projects (less than 2 percent) still assert they are planning to pair their SOMAH system with battery storage."

⁷⁶ SOMAH Evaluation Report (2023, CALMAC ID CPU0360.01) at 67: "While the SOMAH PA responded that ensuring contractors have materials to promote and explain the benefits of solar plus storage is outside of their scope, they should advocate for and document regulatory and utility modifications needed to support SOMAH and SGIP pairings that are desired by many property owners."

capacity. The solar and storage systems' tenant allocation benefits must be the same except in the event of an outage; in such an event, the storage system's entire capacity may be allocated to common area loads. The SOMAH PA will be permitted to use existing administration funds for technical assistance, marketing and outreach related to integrated storage.

Next, we address the storage incentive amount. No party suggested a specific (i.e., cents or dollars per kilowatt-hour) adder or incentive level for energy storage. As CSE notes with respect to considering any adders, there is a need to assess the feasibility of providing energy storage incentives in light of the program's 300 MW goal. In other words, any SOMAH adder must balance supporting the additional desired outcome (in this case, increasing storage installations paired with solar) with the overall program goals. We also observe the input from parties supporting the addition of a storage incentive and indicating that, if designed efficiently, this additional incentive should not impact the program's ability to reach its MW goal. At the same time, we see no indication that a battery paired with solar under the SOMAH program should be differently incented than a battery paired with solar that is funded through other programs. Additionally, offering a storage adder that is smaller than other available storage incentives would more likely encourage installers to seek their storage incentive from the other sources. We conclude that it is necessary for storage incentive levels under SOMAH to be on par with those provided through SGIP to motivate property owners to also install this measure. The currently adopted SGIP incentive levels should be considered a maximum incentive amount. The SOMAH PA is not required to offer storage incentives to all interested applicants, as such an approach puts a strain on meeting the program's statutory goal of installing 300 MW of solar capacity. The SOMAH PA

is encouraged to consider different storage incentives in each IOU territory given each area's likely eligible properties, remaining incentive budget, and participant needs. Currently the SOMAH program has a significant amount of incentive budget that is not yet reserved. While it is reasonable and necessary to encourage solar with integrated storage, we do not presume the outcomes of the SOMAH PA's analysis as to participant need or interest, and the budget need overall. The SOMAH PA shall develop these program changes, facilitating solar with storage, as though no new funding will be offered.

This decision directs the SOMAH PA to hold at least one workshop with interested persons and entities to receive input on how best to provide incentives for paired storage systems. The SOMAH PA should coordinate with Energy Division staff to prepare this workshop and should address at minimum the following implementation considerations for the workshop(s):

- Appropriate incentive levels, with consideration for the availability of new federal tax credits, and the needs of eligible properties in each IOU territory;
- Impacts of different scenarios regarding the percentage of benefits allocated to tenants (e.g., all future projects allocate the minimum amount (51 percent) of benefits to tenants vs. all future projects allocate 100 percent of benefits to tenants) on the SOMAH budget, tenant bill savings, and achievement of the 300 MW goal. The SOMAH PA must consider that each IOU's program incentive budget is limited to participants in that IOU's territory. For example, a budget cap may be appropriate in one territory, but not another, or incentive levels may differ by territory;
- Any necessary or reasonable program rules to facilitate safe installation and operation of paired storage systems. In particular, the PA should facilitate discussion of options to support fire safety in properties that install storage, for

example by providing basic support and guidelines for developers and owners;

- Whether and to what extent the SOMAH program can utilize the same rules, requirements, and incentive levels as SGIP;
- Whether to permit previous SOMAH applicants to receive storage incentives to add to existing, SOMAH-incentivized solar systems; and
- How best to support progress towards the adopted SOMAH goals.

The (initial) workshop must take place within 90 days after the issuance date of the decision. In the event the SOMAH PA determines more than one workshop is needed, the SOMAH PA shall provide notice to the service list of each subsequent workshop at least 15 days before holding the workshop. Within 30 days after the (final) workshop, the SOMAH PA shall propose, in its Tier 2 Comprehensive SOMAH Update advice letter, specific Handbook and Program Implementation Plan modifications that would be needed to incorporate incentives for paired storage systems as a SOMAH program element. To add a storage measure, the Comprehensive SOMAH Update advice letter must include final proposals on:

- Incentive Level(s);
- Budget Allocation(s) (optional);
- Additional Eligibility Criteria (optional);
- Eligible project costs (as related to paired storage);
- System Requirements;
- Warranty Requirements;
- Installation Standards;
- Inspection Standards;
- Job Training (optional); and

- Forms (new and/or amendments to existing).

4. **Financing**

The May 5, 2023 Ruling invited comments on whether SOMAH incentive funding is more helpful than financing; whether incentive funding should be used to provide upfront payments, financing, and/or to pilot a financial assistance program similar to the SGIP pilot offered by PG&E; and how to mitigate any risks associated with a financing component.

Most parties (CSE, Hammond, PG&E, Sunrun, SDG&E) agree that incentives are the main factor driving participation and measure installation, not financing or other elements like technical assistance. Further, most parties do not support using incentive funding for upfront payments beyond the current Progress Payment Pathway, which provides 60 percent of a project's incentive payment after the project has received a Proof of Project Milestone Approval notification.⁷⁷ CALSSA acknowledges the Progress Payment Pathway as an important element, especially for contractors with limited cash flow, but cautions against using program incentives on projects that are still in early stages of development. CALSSA also cautions against procedural requirements that would make such an option practically infeasible for small contractors, with reference to PG&E's SGIP pilot.⁷⁸ PG&E considers the financial risks too great to provide upfront incentives for SOMAH projects at this time, noting the current cancellation rate is approximately 40 percent and that any payments for incomplete projects that are not successfully recovered would lower the amount

⁷⁷ SOMAH Program Handbook, Eighth Edition (effective 02/06/2024), Section 3.5 Progress Payment Request.

⁷⁸ CALSSA comments to May 5, 2023 Ruling at 6.

of ratepayers' semi-annual climate credit.⁷⁹ CSE also expresses reluctance, stating that the PG&E SGIP Pilot would not work for the SOMAH program because of its absence of safeguards for unreturned funds.⁸⁰ SCE notes that an advance payment option would require additional administrative costs, and suggests the Commission first consider ways to improve the current Progress Payment Pathway before exploring a new advanced payment option.⁸¹ SDG&E similarly does not support any financing options beyond the Progress Payment Pathway, though it supports exploring improvements to that element as well as external financing sources such as what Hammond proposes.⁸² Cal Advocates highlights that the majority of prior SOMAH applicants do not own their systems, suggesting that providing an upfront payment is unlikely to have much of an impact.⁸³ Sunrun emphasizes that private sector actors are better equipped than a program administrator to provide the guarantees and backstops necessary to finance projects, and for this reason recommends against providing upfront payments.⁸⁴

CSE expresses support for financing to assist in addressing barriers for target demographics, and identifies the Progress Payment Pathway as an important program element to address the barrier of limited capital. CSE states that tribes in particular face significant financial barriers and could benefit from receiving funding at an earlier milestone(s), and with limited financial risk given

⁷⁹ PG&E comments to May 5, 2023 Ruling at 10-11.

⁸⁰ CSE comments to May 5, 2023 Ruling at 15.

⁸¹ SCE comments to May 5, 2023 Ruling at 11.

⁸² SDG&E comments to May 5, 2023 Ruling at 10-11; SDG&E reply comments to May 5, 2023 Ruling at 9.

⁸³ Cal Advocates comments to May 5, 2023 Ruling at 9.

⁸⁴ Sunrun comments to May 5, 2023 Ruling at 11.

the small pool of eligible SOMAH properties on tribal lands. CSE emphasizes, however, that risk mitigation is imperative and must be addressed to ensure the program's funding can incentivize at least 300 MW by the program's end. CSE concludes, based on its research and analysis, that outside funding or a funding guarantee, such as bonds or a loan loss reserve, is necessary to support upfront payments beyond what is currently in place.⁸⁵

Hammond states that philanthropic organizations, some of which have already provided bridge loans to a number of projects, could make more effective use of their funds by guaranteeing to cover some amount of losses (resulting from incomplete projects), which would compensate for any upfront payments made to projects that do not get completed. Hammond asserts that a loan guarantee from a philanthropy, paired with an upfront incentive payment (from the program), mitigates risk to the program and ratepayers of a project not completing after a rebate is issued.⁸⁶ In reply comments, CSE expresses support for the model proposed by Hammond. CSE also argues that Cal Advocates' observation, regarding the majority of projects being third party-owned, ignores the pool of eligible projects that have thus far not participated due to insufficient funds and other challenges.⁸⁷ Cal Advocates, on the other hand, asserts the benefits of Hammond's proposal are more ambiguous than the implementation costs, most notably addressing significant logistical and legal questions and ultimately executing a financial agreement between the state and private entities. Cal Advocates further argues that philanthropies can continue to support SOMAH applicants independently of the specific proposal advanced by

⁸⁵ CSE comments to May 5, 2023 Ruling at 14-16.

⁸⁶ Hammond comments to May 5, 2023 Ruling at 2-4.

⁸⁷ CSE reply comments to May 5, 2023 Ruling at 8.

Hammond.⁸⁸

The Commission agrees with most parties, who express strong reservations over risking ratepayer funds (or funds that would otherwise accrue to ratepayers) for upfront payments to SOMAH projects. Although Hammond proposes to mitigate that risk via the use of a philanthropic backstop for some amount of loan losses, we share Cal Advocates' concern over the significant logistical and legal complications entailed by such an arrangement. We further agree with Cal Advocates that private entities may already support SOMAH participants outside of the program. The SOMAH PA organizations may on their own initiative and using external resources pursue opportunities to provide external financing for SOMAH participants. To that end, we identify specific actions for the SOMAH PA and IOUs to take to facilitate such an effort.

In the event the SOMAH PA determines to offer and provide external financing for SOMAH participants, this decision directs the SOMAH PA and IOUs to share relevant information and logos, if requested, for a parallel financing effort managed by one or more of the SOMAH PA organizations. In this way, the SOMAH PA may obtain the intellectual collateral needed to pursue partnerships and extend the SOMAH program without jeopardizing its core mission or ratepayer funding. SOMAH funding may not be used to start or administer a partner financing program, however the SOMAH PA is permitted to lend its branding, share information, and use the SOMAH program rules to manage a parallel effort of offering and providing loans to SOMAH customers. The SOMAH PA is permitted to adjust its processes, including the Handbook, to maximize efficiency and minimize participant confusion regarding any such

⁸⁸ Cal Advocates reply comments to May 5, 2023 Ruling at 2-4.

offer and provision of financing. The IOUs must extend use of any information they are already sharing with the SOMAH PA for this new purpose, if and as requested.

4.1. Progress Payment Pathway Shall be the Default

In light of the Phase 2 evaluation's finding, that most participants were unaware of the Progress Payment Pathway, the evaluation's recommendation to provide this option by default, and party comments encouraging improvements to the Progress Payment Pathway, this decision determines to make the Progress Payment Pathway the default option. This means that SOMAH participants will receive two payments – one payment for 60 percent of the incentive amount after receiving a Proof of Project Milestone Approval notification, and one payment for the remaining 40 percent after submitting a complete Incentive Claim Package – without having to affirmatively elect the Progress Payment Pathway option. Participants may continue to receive just one payment (i.e., the current default option), if they affirmatively elect that option. We acknowledge and agree with CALSSA's suggestion to minimize administrative burdens for participants, especially smaller contractors, who are more likely to benefit from the Progress Payment Pathway.⁸⁹ We expect the SOMAH PA and the IOUs will implement thoughtful procedural adjustments, as noted by CSE, to effectuate this change in a way that imposes no greater a burden on participants than the current process.⁹⁰

4.2. Advanced Payment Pathway for Tribal Projects

CSE identifies several unique financial barriers to tribes applying for solar incentives, specifically their exclusion from financing by traditional loan

⁸⁹ CALSSA comments to May 5, 2023 Ruling at 6.

⁹⁰ CSE reply comments to May 5, 2023 Ruling at 10.

providers and contractors due to their sovereignty status. We agree with CSE that tribes could benefit from receiving incentive funding at an earlier milestone.⁹¹ For the SGIP program, D.24-03-071 directed the program administrators to propose providing 50 percent of a project's total incentive amount after confirming credentials of the developer, the eligibility of the submitted customer and eligibility of the proposed project.⁹² In light of the significant and unique financial barriers that tribes face, and given the small pool of eligible SOMAH properties owned by tribes, we find it reasonable for the SOMAH PA to provide an advance incentive payment to tribal customers (not their designees) according to the general parameters of the SGIP program, i.e., 50 percent of the total incentive amount after confirming credentials of the developer, customer eligibility and proposed project eligibility. As an additional safeguard, the SOMAH PA must include a cap for advance payments to a single tribal entity with no more than two advance payments issued for separate applications at a time.⁹³ The SOMAH PA may propose either that the incentive payments be made in two or three tranches, however the final tranche must be 40 percent of the total incentive in keeping with other applicants and processed in the same manner. The SOMAH PA shall consult the requirements of the SGIP program administrators' Advanced Payment Plan. The SOMAH Program Handbook section on "Grounds for Incentive Payment Clawback or Reduction" must be updated accordingly. The SOMAH PA shall propose requirements for

⁹¹ CSE comments to May 5, 2023 Ruling at 5 and 14-15.

⁹² D.24-03-071 Ordering Paragraph 18.

⁹³ This is not a lifetime limit, and after an application is completed, the tribe is eligible for another advance payment for a new application. However, if a tribe were to have three active applications simultaneously, only two could receive an advance payment.

an Advanced Payment Pathway applicable only to tribal projects in its Comprehensive SOMAH Update advice letter.

Overall, we expect the financing changes in this section to better support project implementors by facilitating the SOMAH PA's use of external funding and resources to provide financing, providing partial payment at an earlier milestone for all projects, and reducing financial uncertainty for projects facing the largest financing barrier(s).

5. Contractor Support and Requirements

The May 5, 2023 Ruling observed that participation in Track A, which provides technical assistance and support services to property owners and requires applicants to obtain multiple contractor bids, has been lower than in Track B, which is designed for property owners who do not require technical assistance and/or who have identified an eligible contractor. The ruling invited comments relating to contractor support and requirements in both tracks, and how to encourage more contractors to participate in SOMAH.

CSE observes that a significant portion of program participation was driven by existing contractor-property owner relationships, building on programs like the Multifamily Affordable Solar Housing and Low Income Weatherization Programs, hence the greater participation in Track B than in Track A. CSE also clarifies that technical assistance and support service offerings are not limited to owners/operators in Track A, and Track B participants have received technical assistance and support. While CSE expresses openness to removing the multiple bid requirement if it is a barrier to Track A participation, CSE points out that over 70 percent of Track A cancellations were not related to this requirement. CSE further observes that owners value contractors with prior experience, which may explain the low number of contractors in the program;

and the SOMAH PA has supported stronger subcontractor networks to help new entrants participate in SOMAH projects.⁹⁴ PG&E and Sunrun both note that Track A requires property owners to be proactive and knowledgeable about the program requirements, and Sunrun asserts most property owners prefer a turnkey approach as opposed to the involvement in intensive analysis required by Track A.⁹⁵ Relatedly, PG&E suggests that only a handful of contractors are willing to complete the process more than once, and smaller contractors likely focus on faster projects, which are typically single-family home installations.⁹⁶ CALSSA suggests that contractors are reluctant to bid on a Track A project they were not involved in developing and do not know much about. CALSSA recommends redirecting outreach and technical assistance resources toward targeting property owners, who make the decisions and provide the most important early elements of program development. CALSSA supports removing the multiple bid requirement for Track A projects.⁹⁷

Although the competitive bid process can help standardize project costs, we acknowledge CSE's comment that it can be quite time-consuming; combined with CALSSA's comment that contractors are reluctant to bid on a project they had little to no involvement in designing, we find good reason to remove the multiple bid requirement for Track A projects. This change shall be included in the Comprehensive SOMAH Update Tier 2 advice letter. Further, we urge the SOMAH PA to explore additional adjustments to Track A project development

⁹⁴ CSE comments to May 5, 2023 Ruling at 16-19.

⁹⁵ PG&E comments to May 5, 2023 Ruling at 11; Sunrun comments to May 5, 2023 Ruling at 12-13.

⁹⁶ PG&E comments to May 5, 2023 Ruling at 11-12.

⁹⁷ CALSSA comments to May 5, 2023 Ruling at 6-7.

that would facilitate greater participation. For instance, allowing a customer to select a contractor earlier in the process, so they may be involved in project development, could encourage more contractors to take on Track A projects. These changes may be included in future Handbook updates.

6. Facilitating SOMAH Applications and Projects

Questions 21 through 23 of the May 5, 2023 Ruling invited comments on potential changes to program requirements, with the intent of increasing participation in the SOMAH program. The May 5, 2023 Ruling noted that the SOMAH Phase 2 Evaluation found applicants felt that program requirements were intensive, and relatedly, that participating property owners lacked staff capacity to submit more applications. Additionally, the report captured that a SOMAH PA contractor survey found that generating leads was their most common barrier to new applications.⁹⁸ This decision adopts several program modifications addressing these concerns based on party comments regarding ME&O and support for interconnection and VNEM billing. These changes – provide guidance to focus ME&O activities on property owners and contractors, reduce required tasks, and add dedicated IOU staff to support VNEM interconnection and billing – are expected to more effectively and efficiently generate applications by targeting and addressing the interests of the primary decision makers, and to improve the participation experience. Newly required ME&O annual plan metrics will track progress and show effectiveness. These refinements will directly address previously noted challenges.

6.1. Guidance for Marketing, Education and Outreach

The May 5, 2023 Ruling invited comments on the SOMAH program's

⁹⁸ Phase 2 SOMAH Evaluation at page 58.

ME&O activities.

With respect to ME&O conducted by CBOs (which are funded to conduct certain targeted activities as subcontractors under SOMAH, as part of the program's focus on centering community-driven investments), SCE recommends clearly defining CBO expected outcomes and transparent reporting of actual outcomes, to measure CBOs' impact on program uptake and determine whether such engagement drives enrollment in the SOMAH program. SCE identifies specific factors that would maximize the success or impact of CBOs' involvement in SOMAH ME&O efforts.

In terms of ME&O specifically focused on property owners, SCE also suggests that, to increase participation from property owners of multifamily affordable housing, a single point of contact with technical expertise would likely be beneficial.⁹⁹ CALSSA reiterates that general outreach and intensive assistance associated with Track A projects should be reduced, and the SOMAH PA should redirect resources from those activities toward assisting interested owners to screen their projects for eligibility and to obtain the necessary usage and meter data, which would reduce upfront costs for solar contractors.¹⁰⁰ Sunrun largely makes the same recommendations as CALSSA, and further recommends requiring each large IOU to designate a lead contact to expedite approval of SOMAH interconnection applications, and to provide necessary usage and meter data to the SOMAH PA early in the process. Sunrun also points out that the SOMAH PA should "refocus its outreach on property owners with the goal of generating quality leads accessible to any contractor."¹⁰¹

⁹⁹ SCE comments to May 5, 2023 Ruling at 14-15.

¹⁰⁰ CALSSA comments to May 5, 2023 Ruling at 8.

¹⁰¹ Sunrun comments to May 5, 2023 Ruling at 16.

The SOMAH PA's annual ME&O plans include a focus on tenants, with a number of objectives relating to the goal of educating tenants about the program and how to maximize their benefits (Goal 4), including that 10 percent of projects in the SOMAH pipeline take advantage of the tenant education services. Noting that most tenants remain unaware of SOMAH and its impacts, CSE recommends requiring a project's contractor (in addition to the host customer, if a property owner) to provide required tenant education materials – to which CSE recommends additional information – earlier in the project timeline. CSE also recommends requiring an online tenant education training (in addition to the current contractor eligibility training). CSE notes that, in light of decreasing budgets, the SOMAH PA is working with CBO partners to “right-size” and tighten their scopes of work and contract activities. Although CBO partners conduct direct outreach to property owners as part of their scopes, CSE emphasizes that their primary focus is community and tenant outreach and to support tenant education requirements (not property owner or contractor outreach).¹⁰²

The SOMAH PA's collective ME&O expenditures have been significant -- more than 30 percent of total administrative expenditures each year since 2019 – in comparison to those for the predecessor Multifamily Affordable Solar Housing program, which utilized \$225,000 or less than half of one percent of administrative expenses on ME&O.¹⁰³ During the same time period as ME&O expenditures were increasing, the number of SOMAH applications consistently decreased (until 2023, after D.23-03-007 increased incentive levels).

¹⁰² CSE comments to May 5, 2023 Ruling at 22-27.

¹⁰³ MASH Evaluation, CALMAC ID CPU0361.01 at Table 4-5.

Table 3: ME&O Expenditures and SOMAH Applications^{104, 105}

		2018	2019	2020	2021	2022	2023
ME&O Expense	Dollars	\$412,041	\$1,681,468	\$2,158,198	\$2,817,200	\$3,235,065	\$2,895,156
	Percent of total administrative	18%	30%	32%	38%	40%	39%
SOMAH Application Count ¹⁰⁶			317	183	170	49	127

With a decreasing budget, as CSE acknowledges, and the need to ensure ME&O spending leads to desired program outcomes, this decision finds reason to provide the following ME&O direction for the SOMAH program.

First, the approved Program Implementation Plan identifies two key audiences that SOMAH ME&O efforts should be directed toward, with the objective of generating SOMAH applications and projects: owners and operators of multifamily affordable housing and solar contractors.¹⁰⁷ This decision reemphasizes the importance of this previous direction, and concern that spending to-date may have lacked this focus. To assess whether and how well ME&O efforts advance these objectives, we expect that Energy Division will include a comprehensive assessment of ME&O spending and its impacts in all

¹⁰⁴ SOMAH Semi-Annual Expense Report July 2024 (Excel). Retrieved from: https://energy-solution.com/wp-content/uploads/2024/07/SOMAH-SemiAnnual-Expense-Report_July-2024.xlsx. Archived at: <https://www.cpuc.ca.gov/somah>.

¹⁰⁵ SOMAH application data is retrievable from: <https://www.californiadgstats.ca.gov/charts/somah/>.

¹⁰⁶ Includes all applications, even canceled or withdrawn. It is possible that some properties have multiple applications if for example a Track A application was withdrawn and a new Track B application was submitted.

¹⁰⁷ SOMAH Program Implementation Plan (2023) at 28 states “*Target Audiences[:]* SOMAH marketing will target two key audiences to ensure broad and diverse participation: 1) owners and operators of multifamily affordable housing; and 2) solar contractors.”

future evaluations; as part of those assessments, the SOMAH PA must include and report on the following KPIs in all future Semi-Annual Progress Reports:¹⁰⁸

- a) Count of Points of Interaction (pre-screen request, email/phone inquiry, or meeting) with Potential Applicants;
 - Interaction initiated by Potential Applicants or their designated representative (inbound request);
 - Identify Location (IOU Territory);
 - Responder was CBO or SOMAH PA or Joint;
 - Interaction to Potential Applicant initiated by CBO (outbound request);
 - Identify Location (IOU Territory);
 - Interaction to Potential Applicant initiated by the SOMAH PA (outbound request);
 - Identify Location (IOU Territory);
 - Average Counts of Points of Interaction per Potential Applicant;
- b) Percent of property owner email subscribers that are SOMAH Applicants;
- c) Percent of social media points of interaction (follows, re-posts, likes, etc.) that are from property owners and solar contractors;
- d) SOMAH Webinars or Events;
 - Count of Events, broken out by 1) type (in-person or virtual) and 2) host (PA, CBO, or Joint);
 - Count of Total Attendees, broken out by 1) Location (IOU Territory), 2) Property Owners or Operators, and 3) Solar Contractors, and 4) Meeting Host (PA, CBO, or Joint);
 - Count of Events Aimed at New Applicants;

¹⁰⁸ D.20-04-012 Ordering Paragraphs 2 and 3.

- e) List of External Events Aimed at New SOMAH Applicants;
and
- f) List of Earned Media, noting if SOMAH Project Case Studies were used.

Second, we provide explicit guidance for CBO involvement in the SOMAH program. We agree with SCE that CBOs are most successful when their core mission is aligned with target audience and reflects familiarity with outreach to that audience; when their efforts are focused on individual underserved community members; and when engagement occurs over an extended period.¹⁰⁹ In all future annual ME&O plans, the SOMAH PA must include information addressing these criteria for each CBO, and describing the SOMAH applicant opportunity in/among the organization's target audience(s).

Third, to reduce administrative costs and minimize contractor/applicant burden, we eliminate the tenant education requirements adopted in Resolution E-4987. The SOMAH PA should continue to make its extensive array of existing tenant education materials and resources available for (optional) download and/or distribution, and may update those materials as needed to reflect important changes in rules or regulations impacting tenants. Although tenant education may help tenants recognize the benefits of on-site solar, it is not a key driver for generating SOMAH applications and projects. CSE noted that "[t]hrough tenant surveys and interviews, the majority of tenants remain unaware of SOMAH, its benefits, and how it impacts their energy bills."¹¹⁰ Given the adopted focus of ME&O on property owners and operators, it is not sustainable to continue to require or increase effort on an underutilized measure.

¹⁰⁹ SCE comments to May 5, 2023 Ruling at 15.

¹¹⁰ CSE comments to May 5, 2023 Ruling at 23.

In recognition of any current in-progress work or contracts, this will not be in full effect until July 1, 2025. This change shall be included in the Comprehensive SOMAH Update advice letter.

Finally, we direct the SOMAH PA in coordination with the IOUs to utilize its public resource map of eligible properties to conduct an energy pre-screen of those properties and then conduct outreach to all properties that are: (1) likely eligible and (2) likely to benefit from solar.¹¹¹ We concur with Sunrun to direct the SOMAH PA to produce quality leads, beyond their current efforts. The SOMAH PA will determine whether eligible properties, from the resource map, would benefit from on-site solar (or solar with paired storage, pending approval). The SOMAH PA must consider other factors including aerial photos (e.g., for large roofs and/or no existing solar), reviewing utility accounts (e.g., for properties with high energy usage and/or a high proportion of CARE customers), interconnection applications (to confirm if existing systems are in place) and property-level usage and meter (common area vs. tenant) data. The IOUs must comply with data requests to support this analysis. This assessment will generate a 'high priority properties' list. From this list, the SOMAH PA must conduct direct outreach to the owners or operators of those properties that the SOMAH PA determines can benefit from a SOMAH incented system, and refer any SOMAH eligible contractors in the customer's area or offer assistance in submitting a Track A application. The IOUs will provide contact information, if requested by the SOMAH PA, and update all necessary agreements between them and the SOMAH PA to facilitate such information sharing. Needed modifications to the IOU/PA non-disclosure agreements, if any, must

¹¹¹ SOMAH eligible properties map: <https://calsomah.org/resources/eligible-properties-map>.

accompany any changes resulting from the direction provided in Section 2.2 of this decision. The IOUs are recommended to co-brand outreach materials or communications to the ‘high priority properties’ list contacts. The SOMAH PA shall update the ‘high priority properties’ list and conduct outreach to these properties at least annually, and shall include an update on these activities in the SOMAH Semi-Annual Progress Report.

Overall, we expect the changes in this section to greatly streamline and optimize the program, reduce administrative costs, and focus the SOMAH PA on the most impactful activities for improving participation. We expect that eliminating the barriers most commonly noted by prior participants will support expanded and repeat participation to help the program reach its goals.

6.2. IOU Support for VNEM Interconnection and Billing

In response to the May 5, 2023 Ruling’s questions relating to facilitating SOMAH applications and projects, CALSSA, Sunrun and Clean Coalition advocate for each IOU to assign a single point of contact for SOMAH interconnection, to help resolve issues and delays.¹¹² PG&E states it already dedicates VNEM staff to each application, and it has an existing escalation path for any solar contractor.¹¹³ SDG&E states it already has a dedicated SOMAH staff person.¹¹⁴

The most recent SOMAH evaluation shows average interconnection times of 9.4 months for projects in PG&E service territory, 7.4 months for projects in

¹¹² CALSSA comments to May 5, 2023 Ruling at 5; Sunrun reply comments to May 5, 2023 Ruling at 7; and *Clean Coalition Reply Comments on Potential Modifications to Solar on Multifamily Affordable Housing Program*, filed June 16, 2023 at 1-3.

¹¹³ PG&E reply comments to May 5, 2023 Ruling at 2.

¹¹⁴ SDG&E reply comments to May 5, 2023 Ruling at 10-11.

SCE service territory, and 4.7 months for projects in SDG&E service territory. The time between receiving permission to operate and commencement of VNEM billing can similarly be protracted. These durations, combined with our determination to provide incentives for paired storage systems, indicate a strong need for each large IOU to dedicate staff to help with VNEM interconnection and billing issues. Each large IOU must dedicate one employee, at least part-time, to completing SOMAH interconnections and providing support for SOMAH property owners and tenants in cases of VNEM billing delays. This function may be funded from the SOMAH administrative budget. The dedicated employee must have an active email address and telephone number, which must be provided to applicants when their project reaches the Reservation Request milestone.

We further direct each IOU to provide a confidential quarterly memo to the SOMAH PA and Energy Division staff about VNEM billing status for SOMAH projects that have received permission to operate.¹¹⁵ Sharing and reviewing this information with the SOMAH PA and Energy Division can help improve transparency and shed light on what part(s) of the process is/are the most challenging. It will also enable identification of key challenges and/or opportunities for future program evaluations. The memo should include a brief narrative on any recent process changes or identified challenges. Each memo must include the following information for each such project:

- Property name and address;
- Primary project ID;
- Status description;

¹¹⁵ If properties have at least one generator interconnected, all of the generators for that property's network or arrangement should be included in the memo.

- Date of permission to operate, for each generator;
- VNEM actual start date (where applicable);
- VNEM estimated or target start date (where applicable);
- Count of generating account(s);
- Count of common area account(s); and
- Count of tenant accounts.

Each quarterly memo will be due at the end of the quarter, with the first memo due no later than December 31, 2024. An individual quarterly memo is not required if there are no active SOMAH projects in an IOU's territory in the covered quarter. After 2026, we delegate to the Energy Division Deputy Executive Director, or their designee, permission to end the quarterly memo, if requested by the IOUs.

7. Projects for Liberty and PacifiCorp Customers

Questions 24 through 28 of the May 5, 2023 Ruling invited comments aimed at overcoming barriers to participation in Liberty and PacifiCorp's service territories, including consideration of having the SOMAH PA manage and provide solar installation services to all eligible properties.

Prior sections of this decision address and adopt several program modifications to facilitate greater participation by all eligible customers; in this section we address additional modifications that will apply to projects in Liberty and PacifiCorp's service territory.

While CSE emphasizes that the SOMAH PA has already conducted and will continue direct outreach efforts and engagement, Liberty and PacifiCorp state that targeted outreach to property owners of eligible properties and to solar contractors in their service territories may be necessary. Liberty and PacifiCorp also recommend additional outreach and/or conversations with potential

program participants, to better understand existing barriers and how to overcome them, prior to considering a unique incentive level for projects in their service territories.¹¹⁶ In addition to suspending the EPBB methodology and relaxing the requirement to obtain multiple bids (both addressed in Sections 3 and 5 of this decision), CSE suggests the need for flexibility in meeting the program's job training requirement.¹¹⁷ Combined with increased incentives, CSE suggests these changes could sufficiently encourage all eligible properties to participate in SOMAH. Cal Advocates states it is reasonable, given the relatively low number of potential program participants in their service territories, to allow Liberty and PacifiCorp to cease contributing funds and close the program to new applications. CSE and Liberty and PacifiCorp suggest that some cost savings may be realized by early program closure, however certain costs would not be avoided, including for application support and incremental billing costs incurred for SOMAH program implementation and administration; in light of these costs, Liberty and PacifiCorp suggest it may be more efficient to continue the program.¹¹⁸ Sunrun is supportive of the SOMAH PA taking on a more active role in assisting the small IOUs with completing program responsibilities, and proposes to extend deadlines and correction periods; Sunrun also expresses support for relaxing job training requirements for projects in Liberty and PacifiCorp's territories.¹¹⁹

With the expanded eligibility established by SB 355, and acknowledging that Liberty and PacifiCorp ratepayers have contributed to the program (via

¹¹⁶ Liberty and PacifiCorp comments to May 5, 2023 Ruling at 10-11.

¹¹⁷ CSE comments to May 5, 2023 Ruling at 27-29.

¹¹⁸ Liberty and PacifiCorp comments to May 5, 2023 Ruling at 11-12.

¹¹⁹ Sunrun comments to May 5, 2023 Ruling at 24-25.

reduced Climate Credit funds) but have not yet participated at a level proportionate to their contributions, and finally that few costs may be avoided by early program closure, it is reasonable to keep the SOMAH program open to new applications in Liberty and PacifiCorp's territory through the duration of the program. To encourage equitable participation, we provide guidance for a dedicated ME&O effort aimed at identifying and encouraging eligible properties to apply and participate. First, we direct the SOMAH PA to allocate a specified minimum proportion of the ME&O budget, from 2025 through 2029, to specific efforts aimed at identifying, encouraging and assisting property owners and contractors in Liberty and PacifiCorp's territories. The SOMAH PA must include this commitment in their Program Implementation Plan in the Comprehensive SOMAH Update advice letter, and annual ME&O plans over the 2025-2029 period.¹²⁰ The proportion of Liberty and PacifiCorp GHG allowance auction proceeds contributed to the program is approximately 1.7 percent, therefore we direct the SOMAH PA to allocate a minimum of 1.5 percent of the total ME&O budget to ME&O efforts in Liberty and PacifiCorp's territories. Consistent with our direction in Section 6.1, which focuses ME&O efforts towards owners and operators of affordable housing and contractors, the PacifiCorp and Liberty ME&O minimum budget allocation should be exclusive to those audiences. These efforts should be tracked and addressed in the SOMAH PA's Semi-Annual Progress and Expense Report to confirm spending is on-track. Second, we direct the SOMAH PA to report on the following key property owner KPIs in the SOMAH annual ME&O Plan, and we set a stretch goal for the SOMAH PA to

¹²⁰ Annual SOMAH Marketing, Education, & Outreach Plan was adopted in the Program Implementation Plan by Resolution E-4987 and D.20-12-024 required its distribution to certain stakeholders.

have these KPI outcomes increase by 20 percent each year from 2026 to 2030:

- a) Number of new email subscribers;
- b) Number of webinars and attendees;
- c) Number of unique organizations contacted; and
- d) Percent of applications (in Liberty and PacifiCorp territories) requesting or utilizing SOMAH services (e.g., pre-screening, technical assistance).

Finally, we agree with CSE's and Sunrun's suggestion for flexibility in meeting the program's job training requirement; this decision modifies job training requirements, for projects in Liberty and PacifiCorp's territories, to the minimum amount required (i.e., not dependent on project capacity size). The SOMAH PA must capture this change as part of its Comprehensive SOMAH Update advice letter filing.

8. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

The Commission did not receive any public comment, submitted in this proceeding, addressing this matter as of the issue date of the proposed decision.

9. Comments on Proposed Decision

The proposed decision of ALJ Valerie U. Kao in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

10. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Valerie U. Kao is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Pub. Util. Code Section 2870(f)(1) sets a target for the SOMAH program to install a combined generating capacity of at least 300 MW by December 31, 2032.
2. The goals identified in Appendix A of the Phase 2 evaluation are consistent with the SOMAH program's statutory goals as articulated in Pub. Util. Code Section 2870(f).
3. Additional goals focused on incentivizing projects in DACs is consistent with meeting the Commission's obligation to ensure specific alternatives designed for growth among residential customers in DACs as articulated in Pub. Util. Code Section 2870(b)(1).
4. The Environmental and Social Justice Action Plan Version 2.0 adopted by the Commission includes a goal to increase investment in clean energy resources in environmental and social justice communities, and states that the Commission intends to consider ways to improve the effectiveness of customer generation programs including SOMAH.
5. The Commission is periodically tracking affordability areas of concern for electricity services; affordability is increased when electricity costs are reduced, and other factors remain steady.
6. The metrics and KPIs identified in Appendix B of the Phase 2 evaluation will enable tracking and assessment of progress toward achieving the SOMAH program's goals.
7. Early coordination is needed to support evaluation of the SOMAH program, as required by Pub. Util. Code Section 2870(k)(1).

8. Sharing of account and meter numbers for each SOMAH property, from the IOUs to the SOMAH PA, will support data collection for future evaluations and will expedite application and interconnection.

9. Sharing of meter number information, from the IOUs to SOMAH applicants or their designated representative, will facilitate processing of project and interconnection applications.

10. The SOMAH program is better at reaching customers in DACs than the general market.

11. Stability in incentive levels is an important program element and facilitates progress toward the SOMAH program's goal of installing 300 MW of solar capacity.

12. A solar energy device that exceeds the minimum requirements of Public Resources Code Section 25782, as defined in Pub. Util. Code Section 2870(a)(4), may be eligible for SOMAH incentive funding.

13. Certain carport mounting surface materials and installation costs are eligible project costs and may receive SOMAH funding.

14. Selection of a carport site (for installation of a solar energy system) could increase total project costs compared to a roof-mounted option.

15. Designating safety and code compliance upgrades as eligible project costs will facilitate efficient installations as required by Public Resources Code Section 25782 pursuant to Pub. Util. Code Section 2870(a)(4).

16. The EPBB methodology and calculator's input data sources and modeling are outdated, which negatively impact the incentive value for SOMAH projects located farther north.

17. An eligible solar energy system may include an integrated or paired storage system.

18. Integrated battery storage can enable eligible SOMAH participants to further maximize tenant bill savings, which is a goal of the SOMAH program pursuant to Pub. Util. Code Section 2870(f)(2).

19. Providing incentives for integrated battery storage through the SOMAH program may include positive grid impacts and reduced administrative burden for participants.

20. The May 5, 2023 Ruling invited comments and this decision considered authorizing an advance payment loan to eligible SOMAH projects, in accordance with Pub. Util. Code Section 2870(j).

21. Use of a philanthropic backstop to provide upfront payments for SOMAH projects may mitigate the risk of lost SOMAH incentive funds (in the event of cancelled projects) but not without significant logistical and legal arrangements; private entities may, however, support SOMAH participants outside of or in parallel to the program.

22. The Phase 2 Evaluation found that most SOMAH participants were unaware of the Progress Payment Pathway and recommended providing this option by default.

23. Tribes face unique financial barriers to applying for solar incentives, including being excluded from financing by traditional loan providers and contractors due to their sovereign status.

24. The multiple bid requirement for Track A projects is time-consuming, and contractors are reluctant to bid on a project they had little to no involvement in designing.

25. The two key audiences of SOMAH ME&O efforts are owners and operators of multifamily affordable housing and solar contractors, with the objective of generating SOMAH applications and projects.

26. CBOs are most successful when their core mission is aligned with target audience and reflects familiarity with outreach to that audience; when their efforts are focused on individual underserved community members; and when engagement occurs over an extended period.

27. Tenant education does not focus on the key audiences of SOMAH ME&O efforts and is an underutilized measure; it is not sustainable to continue to require or increase effort on tenant education.

28. Energy pre-screens will focus ME&O efforts on eligible properties that are most likely to benefit from participation in the SOMAH program.

29. Interconnection and VNEM billing for SOMAH projects can take longer than nine months to complete, indicating a need for each large IOU to dedicate staff to help with VNEM interconnection and billing issues.

30. Periodic updates on VNEM billing status for SOMAH projects that have received permission to operate can shed light on what part(s) of the process is/are most challenging, and enable identification of key challenges and/or opportunities for future program evaluations.

31. SOMAH participation in Liberty and PacifiCorp service territories has thus far been minimal.

Conclusions of Law

1. It is reasonable to adopt the Phase 2 evaluation's goals, metrics and KPIs for the SOMAH program, with modifications discussed in Section 2.1 of this decision to advance and measure progress toward the SOMAH program's statutory goals.

2. Adopting modifications that improve the effectiveness of customer generation incentive programs is consistent with Action Item 2.5.6 of the Environmental and Social Justice Action Plan Version 2.0.

3. SOMAH participants' essential electricity costs can be made more affordable through the application of renewable generation credits on their bills from participating in the SOMAH program.

4. It is reasonable to direct the IOUs to consult with Energy Division staff and provide timelines for fulfilling evaluation-related data requests in advance of each triennial evaluation of the SOMAH program.

5. It is reasonable to direct the IOUs to share account and meter numbers with the SOMAH PA to support future evaluations.

6. It is reasonable to direct the IOUs to share meter number information with SOMAH applicants or their designated representative to facilitate processing of project and interconnection applications.

7. It is reasonable to maintain solar incentives at their current levels for program stability and to facilitate progress toward the goal of installing 300 MW of solar capacity.

8. It is reasonable to make safety and code compliance-related upgrades eligible for SOMAH incentive funding, under certain conditions to minimize the potential for free-ridership as described in Section 3.1 of this decision.

9. It is reasonable to immediately suspend use of the EPBB for projects located farther north.

10. It is reasonable to authorize the SOMAH PA to propose a method and tool to replace the EPBB, consistent with the direction provided in Section 3.2 of this decision.

11. It is reasonable for the SOMAH program to provide incentives for integrated energy storage, consistent with the direction provided in Section 3.3 of this decision.

12. It is reasonable to authorize the SOMAH PA and IOUs to share relevant information and logos for a parallel financing effort managed by one or more of the SOMAH PA organizations; and to permit the SOMAH PA to lend its branding, share information, and use the SOMAH program rules to manage a parallel of offering and providing loans to SOMAH participants.

13. It is reasonable to require the Progress Payment Pathway as the default option for SOMAH participants.

14. It is reasonable to provide incentive funding to tribes at an earlier application milestone.

15. It is reasonable to remove the multiple bid requirement for Track A (Technical Assistance) projects.

16. It is reasonable to direct the SOMAH PA to track and report on KPIs focused on the key audiences of SOMAH ME&O efforts.

17. It is reasonable to direct the SOMAH PA to address the CBO success criteria for each CBO involved in SOMAH ME&O efforts.

18. It is reasonable to eliminate the tenant education requirements adopted in Resolution E-4987.

19. It is reasonable to direct the SOMAH PA to conduct energy pre-screens to identify and conduct outreach to eligible properties that are most likely to benefit from participation in the SOMAH program.

20. It is reasonable to direct each large IOU to dedicate staff to help with VNEM interconnection and billing issues.

21. It is reasonable to direct the IOUs to periodically provide updates on VNEM billing status for SOMAH projects that have received permission to operate.

22. It is reasonable to direct the SOMAH PA to allocate a minimum amount of the SOMAH ME&O budget, comparable to Liberty's and PacifiCorp's share of GHG allowance auction proceeds contributed to the program, to specific efforts aimed at identifying, encouraging and assisting property owners and contractors in Liberty and PacifiCorp's service territories.

23. It is reasonable to direct the SOMAH PA to track and report on KPIs focused on applicants and projects in Liberty and PacifiCorp territories.

24. It is reasonable to afford flexibility in meeting the SOMAH program's job training requirement to encourage participation by eligible properties in Liberty and PacifiCorp service territories.

O R D E R

IT IS ORDERED that:

1. The following goals, metrics and key performance indicators are adopted for the Solar on Multifamily Affordable Housing (SOMAH) program:

Goals:

- a) Expanding access to solar generation or solar generation with integrated battery storage and its benefits to low-income customers in multifamily housing, where it is typically limited.
- b) Incentivizing the installation of at least 300 megawatts (MW) of solar generation capacity.
- c) Ensuring financial benefits accrue primarily and directly to tenants, and are not recaptured by other means.
- d) Providing greater accessibility to the program for applicants through a single point of contact, full service

- technical assistance, and coordination with other low-income programs.
- e) Promoting local economic development through job training requirements and hiring practices.
 - f) Facilitating efficient program administration by a single statewide administrator.
 - g) At least 40 percent of all projects statewide will be in disadvantaged communities by the program's end.
 - h) At least 30 percent of all projects in each large investor-owned utility's (IOU) territory will be in disadvantaged communities by the program's end.

Metrics:

- a) Applicant projects with Reservation Request Approval, Milestone Status, and Incentive Package Submitted in Track A and Track B.
- b) Number of job trainees who complete training per number of projects completed: current year's progress and progress since the program's start.
- c) SOMAH-sponsored job trainings conducted and attendees.
- d) SOMAH projects with Reservation Request Approval, Milestone Status, and Incentive Package Submitted benefitting tenants who are income qualified and/or live in a disadvantaged community.
- e) SOMAH projects with Reservation Request Approval, Milestone Status, and Incentive Package Submitted in United States Department of Housing and Urban

Development and United States Department of Agriculture housing.

- f) For evaluation purposes only: Applicants satisfied with technical assistance.

Key Performance Indicators (KPIs):

- a) SOMAH projects with Reservation Request Approval, Milestone Status, and Incentive Package Submitted by capacity (0-50 kilowatts (kW), 50-100 kW and over 100 kW), budget, and IOU territory.
- b) For evaluation purposes only: Targeted audiences aware of SOMAH.
- c) Community based organizations (CBO) participating in the SOMAH Advisory Council and CBOs participating in the SOMAH Job Task Force: current year's progress and progress since the program's start.
- d) MW of installed solar capacity and megawatt-hours of integrated storage capacity in multifamily affordable housing.
- e) For evaluation purposes only: Reduced electricity bill costs among SOMAH tenants.
- f) For evaluation purposes only: SOMAH trainees hired for solar jobs.
- g) For evaluation purposes only: Program cost or savings impact on the California Alternate Rates for Energy program budget.

- h) For evaluation purposes only: Energy Savings Assistance Program enrollment among SOMAH tenants.
- i) For evaluation purposes only: Avoided carbon dioxide emissions, in tons.
- j) For evaluation purposes only: Program awareness reaches 51 percent of the targeted audience of eligible property owners by 2027.
- k) For evaluation purposes only: CBO impact on application rates and applicant satisfaction.

The SOMAH Program Administrator shall report on the adopted goals, metrics and key performance indicators annually in its January Semi-Annual Expense and Progress Report, except as otherwise noted above.

2. Within 30 days after the issuance date of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power must each submit a Tier 1 Primary Data Collection advice letter providing a timeline for fulfilling data requests in support of the triennial evaluation to be completed in 2026. The advice letter must at minimum identify the expected data required, each company's data retrieval process, and the length of time needed to prepare data submission, and account for additional time for questions or clarifications.

3. No later than January 1, 2027, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power must submit a Tier 1 Primary Data Collection advice letter providing a timeline for fulfilling data requests in support of the triennial evaluation to be completed in

2029. The advice letter must at minimum identify the expected data required, each company's data retrieval process, and the length of time needed to prepare data submission, and account for additional time for questions or clarifications.

4. No later than January 1, 2030, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power must submit a Tier 1 Primary Data Collection advice letter providing a timeline for fulfilling data requests in support of the triennial evaluation to be completed in 2032. The advice letter must at minimum identify the expected data required, each company's data retrieval process, and the length of time needed to prepare data submission, and account for additional time for questions or clarifications.

5. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power (collectively, the electric utilities) must provide the Solar on Multifamily Affordable Housing (SOMAH) Program Administrator with account and meter numbers for each participating SOMAH property. Within 60 days after the issuance date of this decision, the electric utilities must, if needed, update their respective non-disclosure agreements with the SOMAH Program Administrator in order to provide the SOMAH Program Administrator with account and meter numbers for each participating SOMAH property. If no updates are needed to the non-disclosure agreements, the electric utilities must send an explanatory joint SOMAH Customer Confidentiality notification to the service list and Energy Division within 30 days after the issuance date of this decision.

6. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Liberty Utilities (CalPeco Electric) LLC

and PacifiCorp d/b/a Pacific Power (collectively, the electric utilities) must share correct meter number information with Solar on Multifamily Affordable Housing (SOMAH) applicants or their designated representatives if SOMAH applicants or their designated representatives identify a barrier to collecting this information onsite or if they submit incorrect meter number information within their SOMAH, interconnection or billing applications. Within 60 days after the issuance date of this decision, the electric utilities must update their SOMAH interconnection forms, agreements, and tariffs as needed to facilitate the sharing of correct meter number information with SOMAH applicants or their designated representatives. If no updates are needed, the electric utilities must send an explanatory joint SOMAH Customer Confidentiality notification to the service list and Energy Division within 30 days after the issuance date of this decision. This explanatory notice, if filed, can be combined with the same option in Ordering Paragraph 5.

7. The Solar on Multifamily Affordable Housing Program Administrator shall immediately suspend use of the Expected Performance Based Buydown methodology and calculator for projects in Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power service territories, for projects located north of 39 degrees North (Latitude) in Pacific Gas and Electric Company (PG&E) service territory, and all tribal projects in PG&E service territory. This suspension shall remain effective unless and until a replacement method and tool is approved by Energy Division staff pursuant to Ordering Paragraph 8.

8. The Solar on Multifamily Affordable Housing Program Administrator is authorized to propose a method and tool to replace the Expected Performance Based Buydown methodology and calculator via a Tier 2 advice letter and in accordance with the direction articulated in Section 3.2 of this decision.

9. Within 90 days after the issuance date of this decision, the Solar on Multifamily Affordable Housing (SOMAH) Program Administrator shall hold a workshop with interested persons/entities to receive input on appropriate methods for providing incentives for paired storage systems. Subsequent workshops may be held if deemed necessary by the SOMAH Program Administrator. The SOMAH Program Administrator must provide notice to the service list of any subsequent workshop at least 15 days before holding the workshop.

10. Within 30 days after the date of the final workshop held pursuant to Ordering Paragraph 9, the Solar on Multifamily Affordable Housing (SOMAH) Program Administrator must submit a Tier 2 Comprehensive SOMAH Update advice letter to incorporate the changes adopted by this decision into the SOMAH Program Implementation Plan and Program Handbook where necessary for their implementation. These program changes include:

- a) Adoption of the Goals, KPIs, and Metrics noted in Ordering Paragraph 1.
- b) Process changes to facilitate, reflect, or accommodate information sharing as noted in Ordering Paragraphs 5 and 6.
- c) If SOMAH applicants or their designated representative identify a barrier to collecting meter number information onsite, the relevant utility will share this information; and if SOMAH applicants or their designated representative submit incorrect meter number information, the relevant utility will notify them.

- d) Safety and code compliance upgrades, such as structural roof repairs, are eligible system installation costs for existing properties. For significant roof repair or replacement only, these costs are only eligible provided there is no other siting option or alternative siting options are demonstrably more costly.
- e) SOMAH shall offer incentives for integrated energy storage capacity paired with an eligible solar system. Costs for paired energy storage are eligible system installation costs.
- f) All SOMAH projects shall default to the Progress Payment Pathway; SOMAH participants may still elect to receive just one payment.
- g) An Advanced Payment Pathway will apply to SOMAH projects on eligible properties owned by tribes.
- h) Projects in Track A will not be required to obtain multiple project bids.
- i) The tenant education requirements adopted in Resolution E-4987 is no longer a requirement for new SOMAH applicants.
- j) For each year from 2025 through 2029, a minimum of 1.5 percent of the total marketing, education and outreach (ME&O) budget shall be dedicated to ME&O efforts in Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power service territories.
- k) Outreach to the high priority properties list.

- l) For projects in Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power service territories, job training requirements are modified to the minimum amount required (i.e., not dependent on project capacity size).

The Deputy Executive Director for Energy and Climate Policy or their designee may modify the due date for this order via notice to the service list.

11. To facilitate a parallel financing effort managed by one or more of the Solar on Multifamily Affordable Housing (SOMAH) Program Administrator organizations: Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power must share relevant information and logos and extend use of any information they are already sharing, if requested by the SOMAH Program Administrator. The SOMAH Program Administrator is authorized to lend its branding, share information, use the SOMAH program rules, and adjust its processes to maximize efficiency and minimize participant confusion regarding any such offer and provision of financing.

12. The Solar on Multifamily Affordable Housing (SOMAH) Program Administrator must track and report on the following key performance indicators in all future Semi-Annual Progress Reports:

- a) Count of Points of Interaction (pre-screen request, email/phone inquiry, or meeting) with Potential Applicants;
 - i. Interaction initiated by Potential Applicants or their designated representative (inbound request);

1. Identify Location (IOU Territory);
 2. Responder was CBO or SOMAH PA or Joint;
 - ii. Interaction to Potential Applicant initiated by CBO (outbound request);
 1. Identify Location (IOU Territory);
 - iii. Interaction to Potential Applicant initiated by the SOMAH PA (outbound request);
 1. Identify Location (IOU Territory);
 - iv. Average Counts of Points of Interaction per Potential Applicant;
- b) Percent of property owner email subscribers that are SOMAH Applicants;
- c) Percent of social media points of interaction (follows, re-posts, likes, etc.) that are from property owners and solar contractors;
- d) SOMAH Webinars or Events;
- i. Count of Events, broken out by 1) type (in-person or virtual) and 2) host (PA, CBO, or Joint);
 - ii. Count of Total Attendees, broken out by 1) Location (IOU Territory), 2) Property Owners or Operators, and 3) Solar Contractors, and 4) Meeting Host (PA, CBO, or Joint);
 - iii. Count of Events Aimed at New Applicants;
- e) List of External Events Aimed at New SOMAH Applicants; and
- f) List of Earned Media, noting if SOMAH Project Case Studies were used.

13. The Solar on Multifamily Affordable Housing Program Administrator must, in all future marketing, education and outreach plans, include information addressing community-based organizations' core mission alignment with target audience, familiarity with outreach to that audience, efforts focused on individual underserved community members, and engagement over an extended period of time.

14. The Solar on Multifamily Affordable Housing (SOMAH) Program Administrator must, in coordination with Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power, conduct an energy pre-screen of eligible properties to develop a 'high priority properties' list consisting of properties that are likely eligible and likely to benefit from solar (and paired storage), and then conduct outreach to all properties included in the list. The SOMAH Program Administrator shall update the 'high priority properties' list and conduct outreach to these properties annually, and must include an update on these activities in the SOMAH Semi-Annual Progress Report.

15. To support the Solar on Multifamily Affordable Housing (SOMAH) Program Administrator's energy pre-screen and outreach efforts, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power (collectively, the electric utilities) must provide contact information of identified 'high priority properties' upon request. If needed, the electric utilities must update all necessary agreements between them and the SOMAH Program Administrator to facilitate such information sharing within 60 days after the issuance date of this decision. If no updates are needed, the electric

utilities must send an explanatory joint SOMAH Customer Confidentiality notification to the service list and Energy Division within 30 days after the issuance date of this decision.

16. If a Solar on Multifamily Affordable Housing (SOMAH) Customer Confidentiality notification is needed for Ordering Paragraphs 5, 6, and 15 of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power must send only one joint SOMAH Customer Confidentiality notification.

17. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company must dedicate one employee, at least part-time, to completing Solar on Multifamily Affordable Housing (SOMAH) interconnection applications and providing support for SOMAH property owners and tenants in cases of virtual net energy metering billing delays. The dedicated employee must have an active email address and telephone number, which must be provided to applicants when their project reaches the Reservation Request milestone. The dedicated employee shall have responsibility for facilitating the processing of SOMAH applications and interconnections through the utility's processes.

18. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power must provide a confidential quarterly memo to the Solar on Multifamily Affordable Housing (SOMAH) Program Administrator and Energy Division staff about virtual net energy metering billing status for SOMAH projects that have received permission to operate. Each quarterly memo will be due at the end of the quarter, with the first memo due no

later than December 31, 2024. An individual quarterly memo is not required if there are no active SOMAH projects in a utility's territory in the previous quarter. After 2026, we delegate to the Deputy Executive Director for Energy and Climate Policy, or their designee, permission to end the quarterly memo.

19. For each annual marketing, education and outreach (ME&O) plan from 2025 through 2029, the Solar on Multifamily Affordable Housing (SOMAH) Program Administrator must include a focus on ME&O to eligible applicants in Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power service territories consistent with a minimum 1.5 percent allocation of the ME&O budget.

20. The Solar on Multifamily Affordable Housing (SOMAH) Program Administrator must track and report on the following key performance indicators, specific to Liberty Utilities (CalPeco Electric) LLC and PacifiCorp d/b/a Pacific Power, in all future annual marketing, education and outreach plans:

- a) Number of new email subscribers;
- b) Number of webinars and attendees;
- c) Number of unique organizations contacted; and
- d) Percent of applications (in Liberty and PacifiCorp territories) requesting or utilizing SOMAH services (e.g., pre-screening, technical assistance).

21. Rulemaking 14-07-002 and Application 16-07-015 are closed.

This order is effective today.

Dated _____, at Bakersfield, California