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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on Customer-Generated Renewables for Priority Communities.	Rulemaking 25-01-005

ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON WINDING DOWN SOLAR ON MULTIFAMILY AFFORDABLE HOUSING, MULTIFAMILY AFFORDABLE SOLAR HOUSING, AND DISADVANTAGED COMMUNITIES – SINGLE-FAMILY SOLAR HOMES

This ruling directs Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), Liberty Utilities LLC's (Liberty), and PacifiCorp (together the IOUs) and program administrators (PA) to file opening comments on the questions below regarding processes for winding down the Solar on Multifamily Affordable Housing (SOMAH), the Multifamily Affordable Solar Housing (MASH), and the Disadvantaged Communities – Single-Family Solar Homes (DAC-SASH) programs. All parties are invited to file opening and reply comments, but some questions are explicitly directed to the IOUs and program administrators. Comments are limited to 25 pages, excluding attachments. Opening comments are due December 7, 2026, and reply comments are due December 21, 2026.

1. SOMAH Program and MASH Tariff Wind-Down Questions

1.1. Program Background

In 2007, the Commission launched the California Solar Initiative as part of a statewide campaign to install 3,000 megawatts (MW) of new distributed solar generation and transform the market for solar energy by reducing the cost of

solar generating equipment. Over a 10-year period, the Commission authorized $2.5 billion in ratepayer funds for payments to incentivize solar system installations, with 10 percent dedicated to low-income residential customers and affordable housing projects through two programs: the SASH and MASH programs.

Assembly Bill (AB) 693 (Eggman), Stats. 2015, ch. 582 adopted the SOMAH program, a successor to the MASH program, focused on deed-restricted affordable housing and established an incentive program to encourage solar energy systems to serve multifamily affordable housing with up to $100 million annually (from 2016 to June 2026) in funding from the IOUs' share of greenhouse gas (GHG) allowance auction proceeds. Among other things, Senate Bill (SB) 355 (Eggman), Stats. 2023, ch. 393 later required the SOMAH program to target the installation of a combined generating capacity of at least 300 MW on qualified properties by 2032 and directed the Commission to triennially evaluate program expenditures and performance metrics and to make any adjustments necessary to ensure progress toward program goals. SB 355 also expanded the types of properties eligible to participate in SOMAH to, among other property types, properties located in a disadvantaged community, as identified by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code, and properties owned by a California Native American tribe, as defined in Section 21073 of the Public Resources Code.[1]

The Commission, in Decision (D.) 17-12-022, adopted requirements and implementation guidance for the SOMAH program, which built on the successes and lessons learned from the MASH program, to incentivize solar photovoltaic

[1] California Public Utilities Code Section 2870 (a)(3)(A) and 2870(a)(3)(C).

(PV) systems with a focus on increasing tenant bill savings, workforce development, and development of projects in disadvantaged communities. Funding for SOMAH comes from the IOUs' GHG allowance auction proceeds, which are largely overseen by the California Air Resources Board. SOMAH is one of the programs to which the Commission allocates funding through its authority under California Public Utilities (Pub. Util.) Code Section 748.5(c).[2]

The Commission's staff selected a statewide SOMAH Program Administrator — the Center for Sustainable Energy (CSE) — via a competitive bidding process in March 2018, and the program began accepting applications on July 1, 2019. In D.20-04-012, pursuant to Pub. Util. Code Section 2870(c), the Commission found that there was adequate interest in the program and revenue available to continue funding through June 2026.[3] SB 355 further extended the SOMAH program through December 31, 2032, and enacted several program modifications that require Commission deliberation to implement and remain outstanding after the close of R.14-07-002. AB 1207 (Irwin), Stats. 2025, ch. 748 made the state's 15 percent allocation of greenhouse gas revenues in the California Transmission Accelerator Revolving Fund Program for clean energy and energy efficiency projects inoperative on July 1, 2026.

[2] Pub. Util. Code Section 748.5(c) contains a sunset date of July 1, 2026 that was added by AB 1207.

[3] D.20-04-012 Ordering Paragraph 1.

1.2. Last Application/Wind-Down Date

With AB 217 extending the MASH program through December 31, 2021, [4] DNV's[5] MASH end of program evaluation[6] determined that the program "operated through the end of 2021, though MASH Program Administrators PAs were permitted to complete viable projects through 2022."[7] As late as June 2022, 14 projects across PG&E and SCE remained pending, representing 2.83 MW and $4.42 million in incentives.

In regard to SOMAH, the Third Triennial Report found exceptionally long interconnection timelines for SOMAH projects, averaging from 241 to 388 days by the IOUs.[8] While the SOMAH PA has oversight of the administration of the program, it has little to no control over project interconnection timelines. Recognizing these challenges, D.24-11-006 provided the IOUs with significant direction and resources to decrease and minimize the time that projects required for interconnection and to receive their SOMAH Virtual Net Energy Metering (VNEM) bill credits.[9]

1. For SOMAH, Pub. Util. Code Section 2870(f)(1) states that "[b]y June 30, 2017, the commission shall authorize the award of monetary incentives for qualifying solar energy systems that are installed on qualified multifamily affordable housing properties through December 31, 2032."[10] Noting the lessons learned from MASH's late program closure and given SOMAH's track record and

[4] AB 217 (Bradford), Stats. 2013, ch. 609, Pub. Util. Code Section 2851–2852.
[5] Det Norske Veritas (DNV) is a global organization headquartered in Norway that specializes in assessment, advisory, and independent third-party verification for various industries, including renewable energy. DNV completed the MASH evaluation and some of the SOMAH evaluation in partnership with Verdant.
[6] DNV, MASH Evaluation Final Report (2008–2021) at 6, Table 4-2.
[7] DNV, MASH Evaluation Final Report (2008–2021) at 6, Table 4-2.
[8] SOMAH Third Triennial Report Table 4-9.
[9] D.24-11-006 Ordering Paragraph 17.
[10] Pub. Util. Code Section 2870(f)(1).

lengthy project timelines from application to final incentive check issued, by what date should the SOMAH program establish a final application and reservation deadline that would provide sufficient lead time for active projects to complete interconnection and receive their final incentive payment before the December 31, 2032 deadline?

2. D.26-07-029 directed that GHG auction monies collected before 2026 and accrued interest to fund the SOMAH program's incentives through the program's closure.[11] D.26-07-029 also required the IOUs to file a budget expenditure report via Tier 2 AL by December 31, 2033.[12] Given that MASH closed after its Commission-directed end date while still providing incentives, what should the SOMAH incentive payment deadline be to avoid a similar delay? Is there a program milestone that such a payment deadline could be tied to?
3. How should the Commission enable the IOUs to provide sufficient lead time for SOMAH projects to move through the IOU interconnection queues and billing system processes in time to meet SOMAH's December 31, 2032 deadline? Should interim deadlines be adopted? How should projects that fail to make the December 31, 2032 deadline due to utility-caused interconnection or billing delays be handled?

1.3. Marketing, Education, and Outreach (ME&O)

Historically, the SOMAH PA provides a draft of its annual ME&O plan to the Energy Division in the third quarter of each year for review, and any approval occurs in the fourth quarter, with implementation beginning in the first quarter of the following year. Given the MASH program experience, the SOMAH program will likely have a pipeline of projects to complete through 2031 and into 2032. Additionally, D.24-11-006 found that the SOMAH PA's ME&O spending

[11] D.26-07-029 Ordering Paragraph 9.
[12] D.26-07-029 Ordering Paragraph 2.

peaked at 40% of the program's administration budget in 2022 (over $3.2 million), remaining nearly as high in 2023 at 39% (nearly $2.9 million).[13]

4. With such a pipeline and timeframes in mind, should the SOMAH PA submit its final annual ME&O plan to the Energy Division in the third quarter of 2028 for review and approval in the fourth quarter of 2028 with implementation occurring in 2029? Should June 30, 2029 serve as the last day for ME&O activities and to record SOMAH ME&O expenses?
5. If ME&O funds are no longer available to be used toward ME&O activities starting in July 2029 (or at some other time) as the program winds down, should they instead be redirected to the SOMAH program's incentive budgets or another purpose?

1.4. VNEM Tariff Lifespans

In D.23-11-068, the Commission noted that although the MASH program formally ended in December 2022, its VNEM tariff continues to be open to new enrollees.[14] However, given that the MASH program has closed, and its tariff is similar to the SOMAH tariff, the Commission found it reasonable to close the MASH tariff to new enrollees when the SOMAH tariff closes.[15] D.23-11-068 offered that the Commission could consider whether a low-income, affordable multifamily housing customer generation tariff should be continued. Additionally, the SOMAH contract continues for 20 years unless terminated earlier pursuant to the operation of the contract.[16]

6. Should the Commission close the MASH tariff to new properties on December 31, 2032 to coincide with the date

[13] D.24-11-006 Table 3.
[14] D.23-11-068 at 68.
[15] D.23-11-068 at 67.
[16] SOMAH Handbook at C-9 Term and Termination.

in which SOMAH is statutorily required to issue final incentive payments?

7. If the last SOMAH project is interconnected in 2032, its SOMAH VNEM arrangement will continue into 2052. Is it reasonable to have the tariff continue to run 20 years longer than the program?
8. Should these properties transition to the Virtual Net Billing Tariff as established by D.23-11-068 or another tariff after the SOMAH tariff expires?

1.5. SOMAH Program Administrator Semi-Annual Progress and Expense Reports

Pursuant to Appendix B of D.17-12-022, the Program Administrator submits semi-annual reports to the Director of the Energy Division on the progress of the SOMAH program.

9. Should December 31, 2032 be the date that the final SOMAH Program Administrator Semi-Annual Progress and Expense Reports are submitted?

1.6. Evaluation, Measurement, and Verification (EM&V)

The SOMAH program is required by statute to conduct a triennial program evaluation. Historically, these evaluation efforts have been rigorous – thoroughly reviewing past program performance and documenting recommendations for program improvement.

10. Given that the next triennial evaluation is due in 2029 and the program will end in 2032, should the upcoming report cadences or scopes be modified? For example, should the 2029 evaluation scope be pared down with a final report due December 31, 2032?

1.7. Battery Capacity Counting toward 300 MW Goal

D.24-11-006 authorized the SOMAH program to offer incentives for integrated battery storage but did not determine whether the quantification and attribution of the SOMAH program's incentivized storage capacity would count

towards the program's statutory 300 MW goal. Under Rule 21, interconnection application data documents each system's gross nameplate rating/capacity as part of the interconnection process. An estimated 70 MW to 120 MW of installed storage capacity has been installed using SOMAH incentives.[17] So far, the program has not determined whether integrated battery storage should count toward the statutory 300 MW goal, and currently, this gross nameplate rating/capacity is not quantified as part of the program goal.

11. Should integrated battery storage be included as part of the program's goal and would doing so be in compliance with Pub. Util. Code § 2870?

1.8. Program Wind-Down Administration

12. Noting responses to the previous questions, should the Commission direct the SOMAH PA to modify its Program Implementation Plan (PIP), via the Tier 2 advice letter process established in D.17-12-022 to outline the procedures necessary to implement an orderly program wind-down? If so, what modifications are necessary?
13. Are any other updates to the SOMAH Program Handbook needed to reflect the program's wind-down efforts?

D.26-07-029 declined to expand SOMAH eligibility to new construction and master-metered properties, citing administrative complexity and the risk of diverting funds from existing eligible property types. CSE Advice Letter 175-E,[18]

[17] Energy Division staff estimate, calculated by multiplying the number of SOMAH projects paired with storage by the average installed storage system size in kW, using the SOMAH installed-system data from the California Distributed Generation Statistics website (data downloaded October 28, 2026). The range reflects the low and high ends, based on the average battery size assumption since implementation of D.24-11-006. Available at https://www.californiadgstats.ca.gov/charts/somah/ and https://www.californiadgstats.ca.gov/downloads/#_somah.

[18] Advice Letter 175-E, SOMAH Administrator's Proposal to Clarify Eligibility Requirements for Replacement Solar Energy Systems and Make Necessary Related Revisions to the SOMAH Program Handbook (submitted August 26, 2026).

filed August 26, 2026, proposes a different kind of expansion. Rather than admitting new property types, it would lower the age and condition threshold for replacing an existing solar system. Currently, a system must be 20 years old and out of warranty to qualify for replacement as per the SOMAH Handbook.[19] AL 175-E would lower that to 10 years interconnected, provided the system has never received SOMAH funding and is documented as non-functional or non-restorable. The Commission seeks party comment on the issues raised by AL 175-E as a part of this proceeding.

14. Given the Commission's demonstrated caution toward broadening SOMAH's scope, should the Commission authorize this system-level eligibility expansion as proposed by AL 175-E? Why or why not?

2. DAC-SASH Wind-Down Questions

AB 327 (Perea), Stats. 2013, ch. 611 created Pub. Util. Code Section 2827.1(b)(1), which requires the Commission to ensure "that customer-sited renewable distribution generation continues to grow sustainably and include specific alternatives designed for growth among residential customers in disadvantaged communities."[20] In furtherance of this direction, the Commission established the DAC-SASH program in D.18-06-027 to enable income-qualified homeowners in disadvantaged communities to receive rooftop solar installations with incentives and customer protections. As noted in D.18-06-027, DAC-SASH was modelled after the Commission's predecessor SASH program.

[19] SOMAH Program Handbook, 9th Edition, Section 2.3.2, Eligibility of Replacement Systems, available at https://calsomah.org/resources/program-handbook; *see* also Advice Letter 175-E at 2.

[20] Pub. Util. Code Section 2827.1(b)(1).

DAC-SASH has an annual budget of $10 million, which began on January 1, 2019.[21] GHG allowance auction proceeds fund the budget, to the extent available.[22] If GHG allowance auction proceeds are insufficient for a given year, the remainder of the budget is collected from ratepayers through public purpose program (PPP) funds.[23] A single program administrator, GRID Alternatives (GRID), currently administers DAC-SASH.

2.1. Program Wind-Down / Program Implementation Plan (PIP)

D.18-06-027 authorized the program to operate through December 31, 2030. Resolution E-5020 subsequently approved GRID Advice Letter 13-E/E-A and the DAC-SASH Handbook and PIP, including a specific post-sunset completion framework: All incentive reservations must be made before December 31, 2030; installations must be completed by September 30, 2031; and incentive payments may be finalized by January 1, 2032 for projects that reserved incentives before the program sunset.

1. Should the Commission require DAC-SASH incentive payments to be finalized by January 1, 2032?
    a. If so, what administrative actions need to happen for both GRID and the IOUs to ensure that all DAC-SASH program activities (installation-based and administrative) cease by January 1, 2032? Answers should consider the Commission's prior experience with the SASH program, in which installation and administrative costs continued for an extensive period after incentive budgets were no longer available.
2. Should the Commission direct GRID to modify its PIP, via the Tier 2 advice letter process established in D.18-06-027,

[21] Resolution E-5020.

[22] D. 18-06-027 at 31.

[23] *Id*. at 31 and Conclusion of Law 14.

to establish the procedures necessary to implement an orderly program wind-down?

a. If so, what specific information should GRID include in the DAC-SASH "Wind-Down Plan" to ensure compliance with administrative-closeout deadlines?

b. How should the "IX. Complete Program Timeline and Deliverables" table on pages 23–27 of the PIP be revised to incorporate the Wind-Down Plan and reflect lessons learned from the extended SASH program closeout?

c. How should Appendix A on page 31 of the PIP be revised to reflect the wind-down plan and associated program activities?

3. What other updates need to be made to the Program Handbook to reflect the program wind-down efforts?

4. What changes or modifications (if any) to the GRID DAC-SASH Program administration contract are needed to comport with the wind down?

2.2. Semi-Annual Progress Report (SAR) Update

The Semi-Annual Progress Report (SAR) is GRID's recurring program-status report to the Commission for DAC-SASH. It essentially provides a twice-yearly snapshot of program implementation and performance, including project/application activity, installations, incentive expenditures, budgets, ME&O activities, and other relevant program developments.

5. Should the final Q3-Q4 2031 DAC-SASH Semi-Annual Progress Report be submitted no later than December 31, 2031?

2.3. Future Evaluation Timelines

6. D.18-06-027 directed the DAC-SASH program to be evaluated every three years. Given that the most recent independent evaluation of DAC-SASH took place in 2026, should the Commission modify the timing of the remaining evaluation cycle to instead direct a final "end-of-program" evaluation that incorporates program activities

and data through 2031 and is completed no later than January 1, 2032?

a. If so, when should the final evaluation commence and what reporting schedule should be established to capture the final program year and post-sunset project-completion activities?

2.4. GRID/IOU

D.18-06-027 directs the IOUs to fund DAC-SASH first through available GHG allowance proceeds and, if those funds are exhausted, through PPP funds. Following the termination of GHG allowance funding for DAC-SASH on June 30, 2026 pursuant to AB 1207, PPP funding became the program's funding source beginning July 1, 2026. D.18-06-027 further provides that funds not allocated to specific projects or program expenses by December 31, 2030 shall be returned to ratepayers at the conclusion of the program. The most recent DAC-SASH Semi-annual report (Q1–Q2 2026) identifies approximately $21 million in remaining incentive funding, including $3.78 million for PG&E, $11.54 million for SCE, and $5.69 million for SDG&E, not counting accrued interest.[24]

7. Per statute, GHG allowance proceeds no longer fund the DAC-SASH program as of July 1, 2026. PPP funds are now the sole funding source through the remainder of the program. Should the Commission establish a date *before* December 31, 2030 after which the IOUs would no longer collect additional PPP funds for DAC-SASH? If so, when is an appropriate date to cease new collections?
8. D.18-06-027 provides that "[m]oney not allocated to specific projects or program expenses by the program end date of December 31, 2030, will be returned to ratepayers at the conclusion of the program." To ensure that any remaining DAC-SASH funds are returned to ratepayers as close to program closure, as possible, by when should

[24] DAC-SASH Semi-annual Report, Q1-Q2 2026 Table 7.

SDG&E, SCE, and PG&E file Tier 2 advice letters seeking disposition of the remaining funds in their respective DAC-SASH Program subaccounts, consistent with the terms of their Public Policy Charge Balancing Account preliminary statements?

9. Noting that interconnection lead times may result in DAC-SASH project funding delays or ineligibility, should GRID be required to submit final incentive claim forms to SCE (or the other IOUs) by a certain date to ensure incentive payments are finalized?

2.5. Marketing Education & Outreach (ME&O)

Resolution E-5020 approved the DAC-SASH Program Handbook, which requires all incentive reservations to be made before December 31, 2030, and provides that installations must be completed by September 30, 2031, to ensure incentive payments are finalized by January 1, 2032 (or otherwise applicable program closure date). The 2026 DAC-SASH ME&O Plan states that "[a] project's timeline can take anywhere from a few months to sometimes over a year."[25] D.20-12-003 subsequently directed PG&E, SCE, and SDG&E to support DAC-SASH ME&O, including through the annual provision of eligible customer-profile data to facilitate targeted customer acquisition and coordination with the IOUs' Energy Savings Assistance (ESA) outreach efforts. Appendix A to D.20-12-003 required the IOUs to provide these customer profiles annually until the program is 95% reserved in the respective IOU territory. D.20-12-003 also authorized the IOUs to propose annual budgets for reasonable administrative costs needed to support DAC-SASH and to recover approved costs through their respective DAC-SASH balancing accounts, subject to reasonableness review through their annual Energy Resource Recovery Account (ERRA) proceedings.

[25] GRID Alternatives, *2026 DAC-SASH Marketing, Education & Outreach Plan*, p. 9.

The timing of the final application deadline therefore affects the number and maturity of projects remaining in the pipeline as DAC-SASH approaches the end of the program, as well as the period during which continued GRID and IOU ME&O activities and expenditures may be appropriate.

10. To date, DAC-SASH ME&O activities undertaken by GRID and the IOUs have supported program outreach, customer engagement, and the generation of new applications. Given the SASH experience, DAC-SASH will likely have a pipeline of projects to complete through 2030 and into 2031.
    a. Should program year 2029 be the final year for GRID to develop its annual ME&O Plan, and should July 1, 2029 serve as the date for ending GRID's ME&O activities and spending?
    b. When should PG&E, SCE, and SDG&E cease their respective DAC-SASH ME&O activities and spending? Should the IOUs' ME&O end date differ from GRID's, and if so, what date should apply and why?
11. Noting that 4% of the program budget is allocated to ME&O, should funds no longer needed for ME&O activities be allocated to the DAC-SASH incentive budgets based on the IOUs' proportionate contribution to DAC-SASH's annual budget? If so, how and where should this fund shift be documented (i.e. the IOUs' annual budget advice letters directed out of D.20-12-003 Ordering Paragraph 6, in the PA's DAC-SASH semi-annual reports, both, or some other way)?

2.6. Third-Party Owned Systems (TPO)

The most recent DAC-SASH program evaluation found that approximately 91% of completed projects within the 2022–2024 evaluation scope

were Third Party Owned (TPO).[26] The consumer-protection framework governing these systems originated under the SASH program. In D.15-01-027, the Commission reauthorized SASH pursuant to Assembly Bill 217 and reduced SASH incentive levels from $6.00/watt to $3.00/watt. In light of the reduced incentive levels and maturation of California's TPO market, the Commission directed GRID to propose a TPO model through a Tier 3 advice letter and demonstrate that the proposed model met 12 minimum standards intended to ensure adequate customer protection and maximize customer benefit. Resolution E-4719 subsequently approved GRID Advice Letter 0005, establishing the TPO model for SASH. Resolution E-5020 later approved GRID Advice Letter 13-E-A and continued the TPO model and associated customer-protection standards under DAC-SASH.

Under the DAC-SASH TPO model, the third-party provider owns the installed system and assumes long-term obligations, including system monitoring and production guarantees, while GRID has certain service and equipment responsibilities. DAC-SASH TPO arrangements were presented to the Commission for approval based on the Program Administrator's representation that the arrangements met or exceeded the applicable customer-protection standards.

The program's ownership model has since changed. GRID's partnership with Sunrun for new TPO projects ended in July 2025, and, following approval of GRID Advice Letter 19-E, new projects transitioned to a GRID-owned model. As DAC-SASH approaches closure, legacy TPO systems and newer GRID-owned

[26] Verdant Associates, LLC, DAC-SASH 2022–2024 Evaluation Report (Apr. 14, 2026), Evaluation Data and Methods at 10.

systems will remain in service beyond the end of the program, potentially with different ownership, maintenance, warranty, monitoring, and customer-support obligations.

12. For legacy TPO systems, who will own the systems following DAC-SASH program closure, and what ongoing ownership, operational, and customer-protection obligations will remain in effect? Should GRID be responsible for fulfilling and enforcing any obligations after the Program Administrator's DAC-SASH responsibilities end pursuant to the commitments made when these arrangement were presented to the Commission?
13. For newer GRID-owned systems, does GRID continue to own the systems following DAC-SASH program closure, and for how long? Will GRID be responsible for maintenance, equipment replacement, warranties, system monitoring, customer support, and other ongoing obligations associated with those systems?

IT IS RULED that party comments responding to questions about the SOMAH, MASH, and DAC-SASH program wind-downs included in this ruling shall be filed and served by December 7, 2026, with reply comments due by December 21, 2026.

Dated November 2, 2026, at San Francisco, California.

/s/ JACK CHANG
Jack Chang
Administrative Law Judge