

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**Agenda ID #15494
RESOLUTION E-4829
March 2, 2017**

R E S O L U T I O N

Resolution E-4829. GRID Alternatives (GRID) requests approval of a second Third Party Ownership (TPO) model provider for the Single Family Affordable Solar Homes (SASH) Program.

PROPOSED OUTCOME:

- This resolution finds that GRID's TPO model under the agreement with its proposed second TPO provider, Sunrun, meets the minimum standards adopted in D.15-01-027 and approves the TPO model.

SAFETY CONSIDERATIONS:

- Because this resolution only allows for the use of a financing structure for projects installed under the SASH Program, based on the information before us, no incremental safety implications associated with approval of this resolution are expected.

ESTIMATED COST:

- There are no expected costs associated with the approval of the financing structure adopted by this Resolution.

By Advice Letter 0009 filed on November 14, 2016.

SUMMARY

GRID Alternatives' Third Party Ownership model under the agreement with its proposed second Third Party Ownership provider meets the minimum customer protection standards adopted in Decision 15-01-027 and is approved with modification. We also establish a compliance requirement in the event that this, or another, TPO agreement is substantially modified.

GRID Alternatives (GRID) filed Advice Letter (AL) 0009 on November 14, 2017, requesting approval of a second proposed Third Party Ownership (TPO) provider for the Single Family Affordable Solar Homes (SASH) Program, and in its filing, GRID makes a demonstration that its proposed TPO model meets the minimum customer protection standards required for a TPO model in SASH by Ordering Paragraph 18 of Decision (D.)15-01-027. This Decision implemented Assembly Bill (AB) 217 (Bradford, 2013), which reauthorized the SASH Program. Pursuant to this Decision, GRID received approval to utilize a TPO model for the SASH program and Resolution E-4719 allowed for GRID's first TPO partnership with Clean Power Finance.

This resolution approves GRID's TPO model under the agreement with its second TPO provider, Sunrun, for the SASH program. In the event that substantive changes to the terms of GRID's agreement with any of the approved TPO providers are made, we require GRID to submit a Tier 2 AL demonstrating that the TPO model remains in compliance with the minimum customer protection standards adopted in D.15-01-027.

BACKGROUND

In 2007, pursuant to Senate Bill (SB) 1 and AB 2723, the Commission adopted D.07-11-045, which established the \$108 million SASH incentive program to provide subsidies for the installation of solar photovoltaic (PV) systems on existing owner-occupied low-income households.

In authorizing the SASH Program, the Commission elected not to authorize the use of a TPO model for the SASH Program, citing concerns around inexperience with TPO models in general and concerns about maintaining consumer protection. Although that decision declined to authorize TPO for SASH, the Commission did leave the door open for such a model in the future, stating " We will consider modifying this order to allow third-party ownership arrangements for low-income customers if we are presented with a proposal that adequately protects and benefits low-income homeowners in third-party ownership

agreements.”¹ GRID was selected to administer the SASH Program on behalf of the three investor owned utilities (IOUs), and has administered the program since 2008. By combining the SASH incentive funding with GRID’s own fundraising, GRID was able to provide no-cost solar PV systems to low-income customers under the original program.

In 2013, AB 217 (Bradford) was enacted, which, among other things, authorized \$108 million in new funding for the Multifamily Affordable Solar Housing (MASH) and SASH programs combined, set a goal of 50 megawatts (MW) of installed capacity across both programs, and extended the programs until 2021, or the exhaustion of funding, whichever occurs first. With the funding and capacity levels set by AB 217, the legislature essentially mandated that the reauthorized MASH and SASH programs achieve the same level of capacity installed under the previous programs with only half of the funding.

In D.15-01-027, adopted January 29, 2015, the Commission reauthorized the SASH and MASH programs pursuant to AB 217. That Decision established a \$54 million solar incentive program for SASH and reduced incentive levels under the program by half, from \$6.00/watt to \$3.00/watt. To address the significantly reduced incentive levels, and in acknowledgment of the maturation of the TPO market in California, the Commission directed GRID to submit a proposal for a TPO model for the new SASH Program via a Tier 3 AL. The Commission also directed GRID to demonstrate in that AL how the proposed model meets a set of 12 minimum standards intended to ensure adequate customer protection and maximize customer benefit.

On June 25, 2015, the Commission adopted Resolution E-4719, which found that GRID’s proposed TPO model, offered in partnership with Clean Power Finance, meets the 12 minimum customer protection standards and approved the TPO model, with modification, for use in the SASH program. The Resolution also required GRID to submit a Tier 3 AL demonstrating compliance with the 12 minimum customer protection standards in the event it partners with a different TPO provider in the future.

¹ D.07-11-045 at 41.

Minimum Customer Protection Standards:

1. Ensure SASH customers receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment;
2. Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate;
3. Address concerns that homeowners may have about moving or selling their home during the TPO contract term;
4. Cover maintenance, operations, inverter replacement, and monitoring;
5. Prohibit liens on homes;
6. Minimize the risk to the low-income customer that the solar system would be removed for delinquent payments;
7. Ensure that all costs are apparent and upfront and that there is no risk that the TPO deal would result in an additional financial burden to the family;
8. Standardize financial terms for low-income customers where possible;
9. Protect the customer against terms that could change after contract signing;
10. Require that TPO agreements note the potential for additional costs associated with the contract, if applicable;
11. Require the TPO provider to clearly explain that rate changes will affect the economics of a power purchase agreement; and
12. Require that TPO agreement provisions spell out what happens in the event that the solar financing company defaults.

Summary of GRID's Existing TPO Model

On June 29, 2015, the Commission approved GRID's proposed TPO model for SASH host customers offered in partnership with Clean Power Finance, via

Resolution E-4719. Under the TPO model, Clean Power Finance (now known as Spruce Finance) acts as the underwriting agent for projects and helps provide oversight for the investment fund (TPO Partner), which is the solar system owner. The SASH host customer and the TPO Partner execute a 20-year PPA and GRID pays the system owner all PPA costs upfront on the SASH host customer's behalf (Prepaid PPA). Once the SASH host customer begins realizing bill savings, that customer is asked to make a voluntary, quarterly financial contribution to GRID for the 20-year term of the PPA that cannot exceed more than 50% of the customer's bill savings (Client Contribution). GRID treats the Client Contribution as voluntary and there is no penalty for non-payment.

GRID states that it began offering the TPO model to SASH host customers in 2015 and, as of July 2016, 389 projects totaling 1.2 MW have been completed utilizing the TPO model and SASH 2.0 incentive funding.

GRID's Proposal to Add a Second TPO Provider to the SASH Program

GRID has partnered with a proposed second TPO provider, Sunrun, to offer a prepaid PPA, similar to the one currently being offered with its approved TPO provider, to SASH host customers. GRID contends that adding a second TPO provider will allow more SASH projects to be TPO-funded, particularly in light of the fact that the existing TPO provider has recently imposed limitations on the quarterly volume of prepaid PPA projects available to GRID's clients. Adding a second TPO provider will also allow a wider variety of equipment manufacturers to be used and enable GRID to offer a Spanish language contract and Spanish-speaking customer support, which Sunrun offers.

GRID states that under its proposed second TPO provider, the TPO model will remain the same as the currently approved SASH TPO model; GRID will continue to offer a Prepaid PPA, in which GRID pays all upfront costs on behalf of the SASH host customer and the customer does not assume any financial obligation. GRID explains that, while the same TPO model will be used under both providers, Sunrun will have different customer contracts than the first approved TPO provider, as the two providers are separate companies. GRID contends that the contracts under both providers "cover an identical range of requirements and liabilities and contain standard TPO contract language" and

that “customers receive similar performance guarantees, warranty coverage, and monitoring support regardless of TPO provider.”² GRID explains that the “GRID-Client TPO Agreement”, the document between the customer and GRID, contains the same information under both TPO providers, but has been updated to reflect the specifics of Sunrun’s contracts.

GRID explains that, similar to the originally approved TPO provider, there are four contractual agreements signed under the TPO model with its Sunrun:

1. A Conditional Approval and Partner Guarantee Addendum between GRID and Sunrun, verifying the payment arrangement and making GRID the responsible party for making prepayments to Sunrun.
2. A Solar Facility Addendum Contract between GRID and Sunrun, outlining the technical specifications, design and installation of each system.
3. A Prepaid PPA between the SASH host customer and Sunrun for a 20-year term, covering production guarantees, maintenance and operations, monitoring, and transferring the agreements to a new owner if necessary.
4. A GRID-Client TPO Agreement between the SASH host customer and GRID, covering the Upfront Payment amount that GRID pays to the system owner, the “Client Contribution” payment amount, frequency of payment, and GRID’s 10-year warranty for system replacement and labor.

GRID states that, in addition to the four contracts described above which will be executed for each SASH project, GRID and Sunrun’s Partnership Agreements (the GRID-Sunrun Master Solar Facility Turnkey Contract and GRID-Sunrun Channel Agreement) fully outline the requirements for Sunrun projects and GRID’s roles and responsibilities.

² GRID AL 9 at page 7.

NOTICE

Notice of AL 0009 was made by publication in the Commission's Daily Calendar. GRID states that a copy of the AL was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

No protests were filed.

DISCUSSION

Energy Division Evaluated the TPO Model under the Agreement with the Second Proposed TPO Provider Proposed by GRID to Ensure it Meets the Following Minimum Standards Adopted in D.15-01-027:

1. Ensure SASH customers receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment.

GRID affirms that the Client Contribution model, in which the SASH host customer will retain at least half of the economic savings that result from the solar PV system's generation, is the same under its proposed partnership with Sunrun as is currently in place under the approved TPO model with the existing TPO provider. GRID asserts that there is no change in the percentage of savings that remain with the customer or in the dollar amount of the voluntary contribution.

In GRID's TPO model, under both the existing TPO provider and its proposed partnership with Sunrun, the SASH customer is required to sign a GRID-Client TPO Agreement wherein the customer agrees to make a "pay it forward" reimbursement payment (or Client Contribution) to GRID on a quarterly basis for the 20-year term of the PPA. GRID states that the Client Contribution is not required in order to finance the customer's SASH project, but will instead be treated as a contribution to help GRID build future projects for low-income customers. GRID argues that requiring a Client Contribution achieves the dual aims of providing customers with a sense of ownership of their system, and

helping GRID cover the costs for additional solar PV system installations for low-income customers in the future.

GRID states that the amount of the Client Contribution is a fixed amount and will be based on the expected production of the system on a kilowatt hour (kWh) basis over the 20-year term of the system. It maintains that if electric rates escalate over time, the percent of the savings the SASH customer realizes will increase. GRID affirms that the customer agreement will not include any other costs or fees and the total system cost and expected Client Contribution for the 20-year contract term will be included at the time of contract execution. GRID also warrants that in no case would the Client Contribution represent more than 50% of expected customer savings.

Based on the fact that the Client Contribution model and amount under the proposed second TPO provider remains unchanged from the TPO model approved by Resolution E-4719, GRID has sufficiently demonstrated that, under its TPO model with Sunrun, SASH customers will receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment.

We note here that the NEM successor tariff, adopted in D. 16-01-044, requires all participating customers to take service under an available time-of-use (TOU) rate, which makes calculating projected savings more complex than under the tiered rate structure. Because rates vary based on the time of day that energy is used (or produced in the case of NEM credits), each household's individual usage patterns must be taken into account when calculating projected savings. We clarify that D.15-01-027 directs that GRID must ensure that the customer receives at least 50% of the savings from the system. For SASH customers who will take service under the NEM successor tariff and therefore will move from a tiered rate to a TOU rate, GRID must continue to ensure that the 50% of savings requirement is met based on the best available information regarding each customer's historical usage patterns and must make any additional calculations necessary to do so. In the event that the amount of GRID's established Client Contribution would result in an individual customer receiving less than 50% of the projected savings, GRID must either eliminate or reduce the amount of the expected Client Contribution requested from that customer. We also note here

that, because the Client Contribution is voluntary and there is no penalty for non-payment, any SASH customer can choose to retain 100% of the savings from their system by not making contributions to GRID (or by stopping contributions at any time).

2. Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate.

GRID states that, just as it does under the approved TPO model with its existing TPO provider, under its partnership with Sunrun it will pay Sunrun all required PPA payments upfront on behalf of the SASH customer. GRID asserts that because it is prepaying the total cost of the PPA and removing any risk that the host customer would default on payment, the TPO provider is left agnostic to the credit score of the host customer. GRID contends that, therefore, its prepayment model removes the barriers associated with poor credit to low-income customers that want to finance a solar installation.

The GRID-Client TPO Agreement and the Conditional Approval and Partner Guarantee Addendum both include terms that ensure that GRID will make the prepayment on the host customer's behalf, and thereby remove barriers to participation related to poor credit. The relevant agreement terms are included in Appendix A to this Resolution.

GRID notes that in the Conditional Approval and Partner Guarantee Addendum, executed between GRID and Sunrun, Sunrun affirms that it will not check a customer's credit unless there is a credit application submitted by GRID. GRID explains that it does not obtain information about the credit worthiness of any SASH customers and will never submit an application for homeowners' credit to Sunrun.

Based on these terms, we find that GRID's TPO model with Sunrun eliminates barriers for customers with poor credit to qualify and participate in SASH.

3. Address concerns that homeowners may have about moving or selling their home during the TPO contract term.

The PPA between the SASH host customer and Sunrun includes terms covering options for homeowners when selling their property. GRID also explains in its GRID-Client TPO Agreement that if the original SASH host customer sells the home, the customer may transfer the PPA to the new homeowner at no cost, or exercise an option where either the original SASH host customer or the new homeowner purchases the system from the TPO provider at fair market price. The GRID-Client TPO Agreement also explains that if any original SASH customer sells their homes, they are no longer responsible for making the Client Contribution to GRID, and the new homeowners would not be expected to assume the Client Contribution payment. GRID argues that because the PPA is prepaid, taking over the PPA would likely be an attractive option to the new homeowner, as the new homeowner would receive all of the economic benefit from the solar system without any requirement to make payments.

GRID affirms that there is no credit score requirement for the new homeowner in order to take over the PPA. GRID explains that the standard terms in all of Sunrun's PPA agreements indicate that the new homeowner would need to have a credit score of at least 650, however, because GRID will be fully prepaying all the costs of the PPA upfront and the new homeowner will not assume any financial obligation, the new homeowner's credit score is not a factor and will not be required. The GRID-Client TPO Agreement clearly states that a credit check will not be required for a new homeowner to assume the transfer of the agreement. The "Transfer of Sunrun Solar Service Agreement: Up-Front Prepaid" that will be used in the event that a SASH host customer transfers the PPA to a new homeowner does not include a credit check requirement. GRID also includes the Transfer Agreement form required for non-prepaid PPAs (which are not used as part of the SASH program), which does include a credit score requirement, as an illustrative example of the language that is not included in the Transfer Agreement under the SASH TPO model with Sunrun.

The relevant agreement terms are included in Appendix A.

Based on the terms in the GRID-Client TPO Agreement and the PPA we find that GRID's TPO model with Sunrun sufficiently addresses concerns homeowners may have about moving or selling their homes during the TPO contract period.

4. Cover maintenance, operations, inverter replacement, and monitoring.

GRID states that the PPA between the SASH host customer and Sunrun offers a 20-year warranty that covers system monitoring, system production guarantees, inverter replacement, and maintenance and operations. GRID affirms that there is no material difference in these services between Sunrun and the original approved TPO provider. Under these provisions Sunrun is responsible for providing system monitoring, maintenance and operations, and ensuring that the solar system meets the system production guarantees in the PPA.

The GRID-Client TPO agreement outlines the details of ensuring the production guarantee is met and how cases of under or over production will be handled. GRID asserts that the production guarantee provision will cover inverter replacement if the inverter is the source of the solar system not meeting its production guarantee.

GRID notes that in practice, GRID will be responsible for all service calls to resolve any issues on-the-ground in the first 10 years through its 10-year warranty with the host customer as provided in its GRID-Client TPO Agreement. Sunrun will then be responsible for provision of these services in years 11 through 20.

The relevant agreement terms are included in Appendix A.

Based on the terms in the PPA and GRID-Client TPO Agreement, we find that GRID's TPO model with Sunrun covers maintenance, operations, inverter replacement and monitoring.

5. Prohibit liens on homes

GRID states that because it prepays the cost of the PPA on the SASH host customer's behalf, there is no financial obligation from the host customer to Sunrun that could trigger a lien on the customer's home for non-payment of the PPA. GRID explains that it will accept the financial responsibility of making the prepayment to Sunrun for each SASH project by selecting the "Financed" option on the Conditional Approval and Partner Guarantee Addendum.

GRID also notes that while the SASH host customer does sign a GRID-Client TPO Agreement agreeing to pay a voluntary Client Contribution payment to GRID, the Agreement provides that GRID will not implement a penalty toward the host customer for non-payment.

We find it reasonable that GRID's prepayment of the PPA cost is sufficient to ensure that its TPO model prohibits liens on homes of SASH host customers associated with the solar system installation.

6. Minimize the risk to the low-income customer that the solar system would be removed for delinquent payments.

As noted in previous sections, GRID will prepay the entire cost of the PPA to Sunrun on the SASH host customer's behalf, and so, there would be no risk that the host customer would be delinquent on payments. GRID also notes that if the SASH customer is unable to pay the Client Contribution payment to GRID, there will be no penalty to the host customer for non-payment.

We find that by prepaying the entire cost of the PPA GRID's TPO model with Sunrun has minimized the risk to the low-income customer that the solar system would be removed for delinquent payments.

7. Ensure that all costs are apparent and upfront and there is no risk that the TPO deal would result in an additional financial burden to the family.

GRID states that under its TPO model the only cost to the SASH host customer is the optional Client Contribution payment. The GRID-Client TPO Agreement provides detailed information on the full amount of the Client Contribution monthly, annually and over the entire 20-year term of the PPA and clearly states that there is no penalty for non-payment.

The relevant Agreement terms are included in Appendix A.

We find that by prepaying the entire cost of the PPA and including terms that clearly state the nonbinding nature of the repayment commitment GRID's TPO

model with Sunrun ensures that all costs are apparent and upfront and there is no risk that the TPO deal would result in an additional financial burden to the family.

8. Standardize financial terms for low-income customers when possible.

GRID states that there are no significant differences between the current TPO provider and Sunrun in terms of the standardized financial terms and contractual overview provided to the SASH host customer.

GRID states that in order to standardize financial terms for low-income customers, its standard GRID-Client TPO Agreement is written in simple straightforward language. GRID also provides summaries of the major responsibilities of the SASH host customer, GRID, and the TPO partner under the various contracts as part of its GRID-Client TPO Agreement. In addition, GRID states that it has developed marketing materials that describe the TPO model, the Prepaid PPA, and the client contribution in easy to understand terms, including a TPO model “one-pager” and a TPO contract summary. These materials are offered in multiple languages and GRID states that staff is available to assist SASH host customers in reviewing contracts and understanding the TPO model and their obligations under the PPA in multiple languages as well.

Based on the standard language in the GRID-Client TPO Agreement and the marketing materials that GRID has created that clearly explain the TPO model and the customer obligations under the model, we find that GRID has demonstrated that its TPO model with Sunrun sufficiently standardizes financial terms for low-income customers.

9. Protect the customer against terms that could change after contract signing.

GRID asserts that all provisions under the Prepaid PPA and GRID-Client TPO Agreement are in place for the 20-year term. GRID also notes that there are no escalators or modifiers to the Client Contribution payment amount that could change the economics for the SASH host customer after the GRID-Client TPO Agreement is signed. GRID clarifies that even in the event that the third party

system owner sells the system to a fourth party, the fourth party is bound by all the terms and obligations under the original agreement.

As there are no provisions that are subject to change in either the PPA or the GRID-Client TPO Agreement during the terms of the agreement, we find that GRID has demonstrated that its TPO model protects customers against terms that could change after contract signing.

10. Require that TPO agreements note the potential for additional costs associated with the contract, if applicable.

GRID asserts that the Prepaid PPA and the GRID-Client TPO Agreement delineate all foreseeable costs associated with the solar PV system. Therefore, all costs associated with the contract should be apparent at the time of contract signing. GRID also states that in the unlikely event of an unforeseen circumstance resulting in an additional cost, GRID would respond in a way that furthers its mission to advocate for the families it serves.

Based on the terms of the PPA and the GRID-Client TPO Agreement, we find that the PPA and GRID-Client TPO Agreement identify foreseeable costs associated with the contract.

11. Require the TPO provider to clearly explain that rate changes will affect the economics of a power purchase agreement.

GRID asserts that, under both the current TPO provider and Sunrun, GRID provides similar language in its contracts with clients explaining the potential impacts that future rate changes could have on client savings.

GRID states that its GRID-Client TPO Agreement explains that the SASH host customer will participate in net energy metering (NEM) and that even with the installation of the solar PV system, the SASH host customer will need to purchase electricity from their utility at times when their onsite energy use exceeds their solar system's production. The GRID-Client TPO Agreement also explains that utility rates may increase in the future, or the structure of the rates may change during the PPA term, and that both of those changes may impact the

economics of the customer's solar system. The GRID-Client TPO Agreement also highlights that those changes are beyond the control of GRID or the TPO Partner.

GRID states that its GRID-Client TPO Agreement also explains that, depending on whether the customer's utility has reached its NEM limit, projects could be interconnected under either the original NEM tariff or the NEM successor tariff. GRID provides each customer with projected savings in both the GRID-Client TPO Agreement and an Economic Analysis Statement, that take into account which NEM tariff the project is expected to interconnect under. GRID states that it specifically informs customers expected to take service under the NEM successor tariff that they will be required to move to a TOU rate and provides additional materials explaining TOU rates to these customers.

In addition, the GRID-Client TPO Agreement provides a table with a sample financial impact, which demonstrates the role electricity rates play in the SASH host customer's energy savings and highlights that savings are based on underlying electricity rates, which are subject to change.

Based on the terms in the GRID-Client TPO Agreement we find that GRID's TPO model with Sunrun clearly explains that rate changes will affect the economics of the solar PPA.

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

GRID asserts that the explanations provided to SASH host customers regarding scenarios in which the third-party system owner defaults or GRID goes out of business are the same under both the current TPO provider and Sunrun.

GRID states that because the PPA is prepaid and there are no ongoing financial obligations to the TPO Partner, the main issues of concern from the SASH host customer's perspective in the event of a default by the TPO Partner would be related to the responsibility for ensuring ongoing system performance or a warranty claim for the remainder of the contract term. The GRID-Client Agreement between GRID and the SASH host customer identifies that in the event that the TPO Partner defaults, the power from the solar system is already

paid for and the solar system will remain on the host customer's property. GRID also notes that the GRID-Client TPO Agreement between GRID and the SASH host customer would remain in place, and GRID would provide warranty protections for years 1-10 under that agreement. GRID highlights, however, that there would not be warranty protections for years 10-20.

Based on the terms in the GRID-Client TPO Agreement, we find that GRID's TPO agreement provisions spell out what happens in the event that the TPO Partner defaults.

Compliance Requirement in the Event that Any of GRID's TPO Agreements is Substantially Modified

We note that, while Resolution E-4719 requires GRID to submit a Tier 3 AL demonstrating compliance with the 12 minimum customer protection standards in the event it partners with a different TPO provider in the future, it does not stipulate the steps that should be taken if substantive changes are made to the terms of GRID's agreement with an approved TPO provider. In the event that substantive changes to the terms of GRID's agreement with any of the approved TPO providers are made, we require GRID to submit a Tier 2 AL demonstrating that the TPO model remains in compliance with the minimum customer protection standards adopted in D.15-01-027.

Safety Considerations

This resolution authorizes GRID to partner with a second TPO Provider to implement its approved TPO financing model to develop projects for the SASH Program. Because this resolution only allows for the use of a financing structure for projects installed under the SASH Program, based on the information before us, no incremental safety implications associated with approval of this resolution are expected.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment

prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS

1. Resolution E-4719 requires GRID to submit a Tier 3 AL demonstrating compliance with the 12 minimum customer protection standards adopted in Decision 15-07-027 in the event that it enters into agreements with other TPO partners.
2. To ensure that the minimum customer protection standards adopted by D.15-01-027 continue to be met in the event that substantive changes are made to the terms of GRID's agreements with any of the approved TPO providers for the SASH program, it is reasonable to require that GRID must submit a Tier 2 AL demonstrating that the changes do not impact the TPO model's compliance with the minimum customer protection standards.
3. GRID has sufficiently demonstrated that, under its TPO model with Sunrun, SASH customers will receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment.
4. For SASH customers who will take service under the NEM successor tariff and therefore will move from a tiered rate to a TOU rate, GRID must ensure that the 50% of savings requirement is met based on the best available information regarding the customer's historical usage patterns and must make any additional calculations necessary to do so.
5. GRID's TPO model with Sunrun eliminates barriers for customers with poor credit to qualify and participate in SASH.
6. GRID's TPO model with Sunrun sufficiently addresses concerns homeowners may have about moving or selling their homes during the TPO contract period.

7. GRID's TPO model with Sunrun covers maintenance, operations, inverter replacement, and monitoring.
8. GRID's prepayment of the PPA cost is sufficient to ensure that its TPO model with Sunrun prohibits liens on homes of SASH host customers associated with the solar system installation.
9. GRID's TPO model with Sunrun has minimized the risk to the low-income customer that the solar system would be removed for delinquent payments.
10. GRID's TPO model with Sunrun ensures that all costs are apparent and upfront and there is no risk that the TPO deal would result in an additional financial burden to the family.
11. GRID has demonstrated that its TPO model with Sunrun sufficiently standardizes financial terms for low-income customers.
12. GRID has demonstrated that its TPO model with Sunrun protects customers against terms that could change after contract signing.
13. The PPA and GRID-Client TPO Agreement identify foreseeable costs associated with the contract.
14. GRID's TPO model with Sunrun clearly explains that rate changes will affect the economics of the solar PPA.
15. GRID's TPO agreement provisions spell out what happens in the event that the TPO Partner defaults.

THEREFORE IT IS ORDERED THAT:

1. GRID Alternatives' Advice Letter 0009 is approved, with modification, as specified herein.
2. If substantive changes to the terms of GRID's agreement with any of the approved Third Party Ownership providers are made, we require GRID to submit a Tier 2 Advice Letter demonstrating that the Third Party Ownership model remains in compliance with the minimum customer protection standards adopted in D.15-01-027.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on March 2, 2017; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director

Appendix A

Applicable Terms and Conditions Relevant to Select “Minimum Customer Protection Standards”

Standard #2: Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate.

The GRID-Client TPO Agreement and the Prepaid: Conditional Approval and Partner Guarantee Addendum both include terms that ensure that GRID will make the prepayment on the host customer’s behalf, and thereby remove barriers to participation related to poor credit.

GRID-Client TPO Agreement

GRID’s Prepaid Model: In order to install and finance solar with no upfront costs to you and without having you meet certain credit score requirements, GRID has developed a Prepaid Power Purchase Agreement (PPA) model. In this model, GRID will prepay, in one payment, all of the standard payments that the system owner, Sunrun, requires of you related to the purchase of electricity for the 20-year agreement term (see below regarding the possibility of renewing the agreement after 20 years), as described in page 2 and Exhibit A of the Prepaid Power Purchase Agreement. You will have no payments to make to the system owner, Sunrun, for electricity during the 20-year agreement term. GRID will be the financial intermediary and make the entire electricity prepayment on your behalf. GRID will utilize philanthropic fundraising, rebates, and other sources of income to cover all of the equipment procurement costs and installation costs.

Prepaid: Conditional Approval and Partner Guarantee Addendum

Financed (if applicable): The Deposit and/or Initial Payment have been made to Sunny D Solar from the customer and/or a third party. The remaining balance due to Sunrun will be coordinated by, and written from, Sunny D Solar. In doing so, Sunny D Solar guarantees the Deposit and Initial Payment above will be paid to Sunrun upon installation. Sunrun will not check customer credit unless there is a submitted credit application with the deal.

Standard #3: Address concerns that homeowners may have about moving or selling their home during the TPO contract term.

The PPA and GRID-Client TPO Agreement both include terms that cover what would happen in the event the SASH host customer sells their home during the TPO term.

Power Purchase Agreement Section 5a

5. Sale of Home, Assignment and Foreclosure

a. Sale of Home. If you sell the Home you:

(i) May transfer all rights and obligations under this Agreement to the new owner, provided that the new owner (a) meets Sunrun’s credit requirements of a FICO score of 650 or higher and (b) agrees in writing to be bound by all of

the terms and conditions set forth herein. Contact Sunrun's Customer Care Department at customercare@sunrunhome.com to obtain an assignment agreement; or

(ii) May transfer all rights and obligations under this Agreement to the new owner, provided that the new owner (a) qualifies for a mortgage to purchase the Home or (b) purchases the Home in cash and either you or the new owner pays Sunrun a \$250.00 credit check exemption fee.

(iii) Will be deemed to have terminated this Agreement and Sunrun may exercise its rights under Section G(11) if:

1. You sell or otherwise transfer your interest in the Home without either purchasing the Solar System or assigning this Agreement to the new owner in accordance with the terms of this Section, or
2. The new owner refuses to assume the Agreement.

Transfer of SunRun Solar Service Agreement: Up-Front Prepaid – Paragraph 8

This Transfer Agreement is conditional upon the following: (a) successful close of escrow on the Property; and (b) proof of transition of the title of the Property into Assignee's name

The language above does not include a credit check requirement, in contrast to the Transfer Agreement required for non-prepaid PPAs (which are not part of GRID's TPO model for SASH customers), provided here for illustrative purposes.

Transfer of SunRun Solar Service Agreement: Low Up-Front – Paragraph 8

This Transfer Agreement is conditional upon the following: (a) successful close of escrow on the Property; (b) proof of transition of the title of the Property into Assignee's name; (c) completion by the Assignee of an Experian FICO V2 credit check performed no earlier than 90 days prior to the signing of this form; and (d) Sunrun's review and approval of Assignee's credit score.

GRID-Client TPO Agreement: Part 1 Summary and Overview

If you move or sell your house during the contract term: If you sell your house in the 20-year contract term, you can transfer the agreement to the new owner and there is no charge for a transfer. The new owner can be informed that they are receiving the benefit of an operational solar electric system with a production guarantee and maintenance and service coverage, and that the cost of electricity under the agreement has already been paid for in full. If the new owner does not want a serviced solar electric system expected to produce cost-savings on the property, you can exercise an option where you or the buyer would have to purchase the system at the greater of fair market value and the amounts set forth in Exhibit A to the Prepaid Power Purchase Agreement. From a financial perspective, it likely would make sense for a new buyer to assume the agreement and benefit from the system. The client contribution you may be making to GRID will not continue if you sell/transfer home ownership to a new owner. GRID clarifies here that there is not a credit score (FICO) requirement for the new buyer to assume the transfer of the agreement. The Prepaid Power Purchase Agreement notes in Section 5(a)(i), Sale of Home, Assignment and Foreclosure that the new buyer would need to both have a credit score of at least 650 and agree to all the terms of the Prepaid Power Purchase Agreement. Because GRID will be fully prepaying all costs of the Prepaid Power Purchase Agreement, Sunrun will not be requiring a credit check for a new buyer. The new buyer will still need to agree to the Prepaid Power Purchase Agreement terms by completing Sunrun's assignment agreement.

Standard #4: Cover maintenance, operations, inverter replacement, and monitoring.

The PPA and GRID-Client TPO Agreement both include terms that cover maintenance, operations, inverter replacement, and monitoring,

Power Purchase Agreement Section C1

C. Our Warranties:

a. Workmanship Warranty. We warrant our work for a period of twenty (20) years after installation (the “Warranty Period”), except as provided below with respect to our roof penetration warranty. During the Warranty Period we will, at our expense, repair or replace any material or Work covered under this Agreement. Our Workmanship Warranty includes but is not limited to the following:

(i) Roof Penetration Warranty. We warrant that roof penetrations made by the Solar System and impacting the Home’s roof will be weather-tight for a period of 5 years after installation.

(ii) Damage Warranty. We will either repair or reimburse you for damage we cause during installation to the Home, your belongings or your property, as limited by Sections C(2), E, F and G.

(iii) Sunrun will maintain and repair the Solar System for the Initial Term and any Renewal Terms.

b. Equipment Warranty. Sunrun warrants all equipment for the duration of the Initial Term. If parts fail during the term of this Agreement, Sunrun will use commercially reasonable efforts to replace them with like equipment; however, you acknowledge that due to parts availability and other factors, this may not be possible. Sunrun agrees that any change in equipment will not reduce the Guaranteed Output set forth in Section D.

c. End of Term Warranty. At the end of the Initial Term or at the end of a Renewal c. Term, should either you or Sunrun wish to end the Agreement, Sunrun will remove the Solar System at no cost to you and return the Home to a condition similar to its condition prior to installation of the Solar System, excepting ordinary wear and tear (including, but not limited to, wear and tear resulting from local weather conditions) and wear and tear that can be expected due to the presence of the Solar System on the Home for the 20-year term (including, but not limited to, uneven wear and tear and uneven discoloration).

Power Purchase Agreement Section C3

f. Sunrun uses the meter to monitor and record your electricity production, and promptly respond to any production issues. You will be responsible for any damage or inaccuracies in the meter that are caused by you or any other person unrelated to Sunrun who may enter the Home with your knowledge or permission. If the meter installed by Sunrun or its Installation Partners breaks or malfunctions, Sunrun will, in good faith, estimate the amount of electric energy actually produced during the meter malfunction in order to determine whether you are owed a payment under the production guarantee, as set forth in Section D.

GRID-Client TPO Agreement: Part 1 Summary and Overview

Production Guarantee: You will receive an annual production guarantee from Sunrun for each year of the 20-year agreement.

If the system overproduces, you will receive the benefits of the overproduction as a credit(s) against your consumption on your electric bill. You are not charged for the additional energy that is produced.

If the system under-produces, GRID is responsible to detect and decipher the source of the underproduction and who would be responsible for taking action in the first 10 years. Sunrun is responsible for this detection in years 10-20.

You will not receive the benefit of the production guarantee if the underproduction is the result of electric grid failure or your actions (see Section D(2) of the Prepaid Power Purchase Agreement for more details and exceptions with respect to the production guarantee). If the underproduction stems from a failure in the system itself, GRID will be required to repair the system for the first 10 years, and Sunrun will be required to maintain the system such that it will continue to produce electricity for the full term of the Prepaid Power Purchase Agreement. If the response time to fix the problem exceeds program standards, GRID will not send you an invoice for the optional client contribution until production resumes. In a case of underproduction (determined annually) that qualifies for a refund under Section D(2) of the Prepaid Power Purchase Agreement, you will receive a refund check from the third-party system owner, Sunrun, in accordance with and subject to the terms of the Prepaid Power Purchase Agreement.

Service Level: Sunrun, the system owner, promises to provide you with certain services related to the solar system for a period of 20-years. Such services include production guarantees, maintenance and operations as described in the Prepaid Power Purchase Agreement. In addition, GRID offers a 10-year warranty for labor and equipment, including no-cost system repair and equipment replacement for the first 10 years. In practice, GRID will respond to all service calls and resolve any issues on-the-ground for the first 10 years, and Sunrun will be responsible for maintaining the system and fulfilling its production guarantees in accordance with the terms of the Prepaid Power

Purchase Agreement for years 10-20. Sunrun may hire contractors for the service term for years 10-20 for on-site system repairs. They may hire GRID, or another licensed contractor.

GRID-Client TPO Agreement: Part 2, Section 4

Warranties. Upon completion of installation, we will issue to you a 10-year industry standard warranty on the installation for both labor and equipment. We will be responsible for no-cost repair and service for a period of 10 years from the date of the completed installation. Sunrun will be responsible for overseeing the service, performance guarantees, and monitoring through the 20-year contract term in accordance with the terms of the Prepaid Power Purchase Agreement. In the unlikely event that Sunrun defaults on their obligations during the contractual term, GRID will maintain its service obligations for the first 10 years.

Standard #7: Ensure that all costs are apparent and up front and that there is no risk that the TPO deal would result in an additional financial burden to the family

The GRID-Client TPO Agreement includes information on the full costs to the SASH host customer associated with the solar PV system and the “Client Contribution” reimbursement payment.

GRID-Client TPO Agreement: Part 1 Summary and Overview

GRID’s Prepaid Model: In order to install and finance solar with no upfront costs to you and without having you meet certain credit score requirements, GRID has developed a Prepaid Power Purchase Agreement (PPA) model. In this model, GRID will prepay, in one payment, all of the standard payments that the system owner, Sunrun, requires of you related to the purchase of electricity for the 20-year agreement term (see below regarding the possibility of renewing the agreement after 20 years), as described in page 2 and Exhibit A of the Prepaid Power Purchase Agreement. You will have no payments to make to the system owner, Sunrun, for electricity during the 20-year agreement term. GRID will be the financial intermediary and make the entire electricity prepayment on your behalf. GRID will utilize philanthropic fundraising, rebates, and other sources of income to cover all of the equipment procurement costs and installation costs.

Your “pay-it-forward” contribution: In exchange for the prepayment described above, and to help GRID serve more families, we ask that you pay us a small donation, on a quarterly basis, following the date the system is interconnected and we expect that you are saving money on your electric bill, as further described in Section 1(c) Client Contribution. This small “client contribution” is a “pay-it-forward” concept: the dollars will be used to help GRID build solar installations for more families. It is non-binding and non-obligatory, and the contributions GRID receives from clients are treated as philanthropic donations. You can opt to pay this donation automatically from your checking or savings account, or we can send you an invoice each quarter. There will be no penalty for non-payment. GRID will not place a lien on your property, remove the solar electric system, or otherwise impair your ability to continue using electricity generated by the system. If you miss making a quarterly payment, or your payment is late, we will contact you directly and try to set up a new timeline. GRID will not accumulate any potential missed payments; rather, we will attempt to work with you to find a solution so that you can start making your client contribution in a subsequent quarter. We have designed this program with a goal of you saving a significant amount of costs on your monthly electric bill, and we ask that a small portion of those savings be donated to GRID in a “pay-it-forward” structure to contribute to the costs of solar installations for other families

GRID-Client TPO Agreement: Part 2 GRID-Client Agreement

1. Prepaid Power Purchase Agreement Payment; Client Contribution.

(a) Prepaid Power Purchase Agreement Payment. You agree that upon signing the Prepaid Power Purchase Agreement you authorize GRID to pay Sunrun, on your behalf:

(i) the Deposit and the Balance Payment (in each case, as defined in the Prepaid Power Purchase Agreement) in one installment as set forth on page 2 and Exhibit A of the Prepaid Power Purchase Agreement and [(ii) any other payments required including applicable taxes (as described in Section B(3) of the Prepaid Power Purchase

Agreement) during the term of the Prepaid Power Purchase Agreement.] We are making these payments in order to subsidize your consumption of solar power and desired use of alternative energy.

(b) Refund of Prepaid Power Purchase Agreement Payments. You agree that if you and/or Sunrun terminates the Prepaid Power Purchase Agreement prior to the full term of the Prepaid Power Purchase Agreement, any refund of the Prepaid Power Purchase Agreement payments from Sunrun for the remaining balance of the term of the Prepaid Power Purchase Agreement will be payable directly to us and will not be refunded to you. If any payment is paid to you by Sunrun in violation of this Agreement, such amount will be held in trust for our benefit, segregated from other funds of yours, and promptly paid to us.

(c) Client Contribution. You understand that, in return for us making such payments specified in clause (a) above on your behalf, you can pay to Grid an amount equal to \$24.00 (Note: This is based on the sample 3.46kW DC system with electric rate \$0.12/kWh and production 1,310 kWh/kW-DC assumption) per quarter (the "Client Contribution"). This is not a loan to you from us. This amount is a donation to GRID in connection with our subsidizing your purchase of solar power, and will enable us to continue to provide our program services to other families, including our efforts to lead teams of volunteers and job trainees to install solar electric systems for low-income homeowners, and providing needed savings for families struggling to make ends meet, preparing workers for jobs in the fast-growing solar industry and reducing carbon emissions. The Client Contribution is non-obligatory, and there will be no penalty for non-payment. The Client Contribution can begin 90 days after the interconnection of the Solar System to the utility and can be made on or about the first day of each calendar quarter. Over the 20-year contract term with Sunrun, the total contribution amount can be \$1,920. The Client Contribution donation amount will remain the same for the duration of the Prepaid Power Purchase Agreement, and will not be affected by escalating electric rates from your utility. However, your electric utility may increase its rates or modify its rate structure, which may affect the economics of your Solar System. Any modifications from your utility company are outside of the control of GRID Alternatives or Sunrun. In the event you do not make a Client Contribution, GRID Alternatives agrees to attempt to work with you to develop a new Client Contribution amount or donation timeline. GRID agrees not to place a lien on your property, to remove the Solar System, or to otherwise impair your ability to continue using electricity generated by the Solar System in the event you miss a Client Contribution. There will be no transfer of the Client Contribution to a new owner if you sell or transfer ownership of your home where the Solar System is located.