

Decision **ALTERNATE PROPOSED DECISION OF COMMISSIONER
GUZMAN ACEVES (Rev. 2)** (Mailed 5/22/2018)

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

**ALTERNATE DECISION ADOPTING ALTERNATIVES TO PROMOTE SOLAR
DISTRIBUTED GENERATION IN DISADVANTAGED COMMUNITIES**

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Appendix A - Disadvantaged Communities - Single-family Solar Homes Program

ALTERNATE DECISION ADOPTING ALTERNATIVES TO PROMOTE SOLAR DISTRIBUTED GENERATION IN DISADVANTAGED COMMUNITIES**Summary**

This decision adopts three new programs to promote the installation of renewable generation among residential customers in disadvantaged communities (DACs), as directed by the California Legislature in Assembly Bill (AB) 327 (Perea), Stats. 2013, ch. 611. AB 327 directed the Commission to develop a standard contract or tariff applicable to customer-generators with renewable electrical generation, as a successor to then-existing Net Energy Metering tariffs, and, as a part of this mandate, required the Commission to develop specific alternatives designed to increase adoption of renewable generation in DACs.¹ In Decision (D.) 17-12-022, the Commission adopted the Solar on Multifamily Affordable Housing (SOMAH) program, which provides one avenue for certain low-income customers to access clean solar electric generation, with a special provision to increase solar installation in DACs. Along with SOMAH, the three programs adopted in this decision represent additional tools to facilitate the installation of renewable generation to differently situated customers in DACs, and are intended to provide a comparable set of renewable programs to residential low-income customers that residential general market customers can afford or access.

The new programs adopted in this decision are modeled after existing programs that have successfully increased access to renewable generation, but the versions adopted here are targeted specifically to assist DACs. The DAC – Single-family Solar Homes (DAC-SASH) program, modeled after the Single-

¹ Pub. Util. Code § 2827.1(b)(1). All further references to sections are to the Public Utilities Code, unless otherwise specified.

family Affordable Solar Homes (SASH) Program, will provide assistance in the form of up-front financial incentives towards the installation of solar generating systems on the homes of low-income homeowners. The DAC-SASH program will be available to low-income customers who are resident-owners of single-family homes in DACs. Unlike traditional SASH, eligibility for DAC-SASH is not limited to designated affordable housing units, and so will be available to a broader group of homeowners than the current SASH program. The incentives provided through DAC-SASH will assist low-income customers in overcoming barriers to the installation of solar energy, such as a lack of up-front capital or credit needed to finance solar installation.

The DAC – Green Tariff (DAC-Green Tariff) program is modeled after the Green Tariff portion of the Green Tariff/Shared Renewables Programs adopted in D.15-01-051. The DAC-Green Tariff program, like DAC-SASH, will be available to customers who live in DACs and meet the income eligibility requirements for the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance programs. The DAC-Green Tariff will provide a 20 percent rate discount compared to their otherwise applicable tariff. This will allow customers who are not in a position to take advantage of SOMAH or DAC-SASH to choose clean energy options without the need to own their home and without the cost of installing their own distributed renewable energy generation systems. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company will offer the DAC-Green Tariff to their customers consistent with this decision.

The Community Solar Green Tariff program is another variation on the Green Tariff/Shared Renewables Program and is structured similarly to the DAC Green Tariff. The Community Solar Green Tariff program will allow primarily

low-income customers in disadvantaged communities to benefit from the development of solar generation projects located in their own or nearby disadvantaged communities. The program provides these customers opportunities to gain a sense of ownership of locally-generated solar power, via the required efforts of a local sponsor.

Community choice aggregators (CCAs) may choose to offer their own parallel DAC-Green Tariff or Community Solar Green Tariff programs to their customers.

Under the framework created in this decision, the DAC-SASH program will be run by a single, statewide Program Administrator (PA) to be chosen by the Commission's Energy Division from entities responding to a Request for Proposal. Once a PA is selected, the PA will submit a Tier 3 Advice Letter containing specific proposals for implementing the policies adopted here.

The DAC-SASH, DAC-Green Tariff and Community Solar Green Tariff programs would be funded first through GHG allowance proceeds. If such funds are exhausted, the programs would be funded through public purpose program funds.

1. Background

1.1. Procedural Background

Assembly Bill (AB) 327 (Perea), Stats. 2013, ch. 611, directed the Commission to develop a standard contract or tariff applicable to customer-generators with renewable electrical generation, as a successor to then-existing Net Energy Metering (NEM) tariffs. As a part of this mandate, the Commission is required to develop "specific alternatives designed for growth [in adoption of

renewable generation] among residential customers in disadvantaged communities.”²

The Commission initially considered tariff options for disadvantaged communities (DACs) along with various alternatives for a NEM successor tariff for use by the other customer-generators during 2015. Specifically, Energy Division staff held a workshop on April 7, 2015, to discuss defining and developing such alternatives. Energy Division staff also prepared a staff paper dated June 3, 2015, entitled *Energy Division Staff Paper Presenting Proposals for Alternatives to the NEM Successor Tariff or Contract for Residential Customers in Disadvantaged Communities in Compliance with AB 327* (Staff Paper), which offered two proposals for alternatives to any NEM successor tariff or contract, and modeled the elements that party proposals for alternatives for DACs should include.³

In response to the June Ruling, nine parties submitted proposals that addressed alternatives for DACs (2015 Proposals).⁴ Comments on parties’ proposals were filed on September 1, 2015; reply comments were filed on September 15, 2015.⁵ In Decision (D.)16-01-044, the Commission adopted a NEM

² Public Utilities Code (Pub. Util. Code) § 2827.1(b)(1). All further references to sections are to the Public Utilities Code, unless otherwise specified.

³ See June 4, 2015 Administrative Law Judge’s (ALJ) Ruling: (1) Accepting into the Record Energy Division Staff Papers on the AB 327 Successor Tariff or Contract; (2) Seeking Party Proposals for the Successor Tariff or Contract; and (3) Setting a Partial Schedule for Further Activities in this Proceeding (June Ruling).

⁴ California Environmental Justice Alliance (CEJA); GRID; Interstate Renewable Energy Council (IREC); Office of Ratepayer Advocates (ORA); Pacific Gas and Electric Company (PG&E); Southern California Edison Company (SCE); San Diego Gas & Electric Company (SDG&E); Solar Energy Industries Association (SEIA) and Vote Solar (jointly); and The Utility Reform Network (TURN).

⁵ The following parties filed comments and/or reply comments: Brightline Legal Defense Fund; CEJA; Center for Sustainable Energy; Everyday Energy; Greenlining Institute (Greenlining); GRID; IREC; Local Government Sustainable Energy Coalition; MASH Coalition; Marin Clean

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successor tariff (often referred to as “NEM 2.0”) for use by residential customer-generators. In that decision, the Commission deferred adoption of alternatives for DACs, along with the implementation of AB 693 (Eggman), Stats. 2015, ch. 582, creating a Multi-family Affordable Housing Solar Roofs Program, to a second phase of the proceeding to ensure full consideration of both issues.⁶

An Administrative Law Judge (ALJ) Ruling issued on March 14, 2017 (March 2017 Ruling), sought updated proposals and/or comments on alternatives for DACs. That ruling stated that proposals and comments should assume that the Commission will count the program it adopts to implement AB 693 “toward the satisfaction of the commission’s obligation to ensure . . . specific alternatives designed for growth among residential customers in disadvantaged communities. . .” (Section 2870(b)(1).), and sought proposals for alternatives for DACs that are distinct from any program implementing AB 693. In formulating these proposals, the ruling directed parties, for the purposes of DAC tariff options, to propose a DAC definition with reference to the most recent screening tool developed by the California Environmental Protection Agency (CalEPA), known as CalEnviroScreen 3.0. Parties filed proposals for DAC alternatives on April 24, 2017. Comments were filed on May 26, 2017 and Reply Comments were filed on June 16, 2017.⁷

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Energy (MCE); NEM-PAC 2.0 (Inland Empire Utilities Agency, Padre Dam Municipal Water District, Rancho California Water District, Terra Verde Renewable Partners, Valley Center Municipal Water District, jointly); ORA; PG&E; SCE; SDG&E; Sierra Club; SEIA, California SEIA, The Alliance for Solar Choice (TASC) (jointly); TURN; Vote Solar.

⁶ Implementation of AB 693 was addressed in D.17-12-022.

⁷ Proposals/Responses to ALJ Ruling were filed by: California Environmental Justice Advocates (CEJA)/Sustainable Economies Law Center (SELC), GRID, IREC, Joint Solar Parties (SEIA, CALSEIA, VoteSolar), MASH Coalition, ORA, PG&E, SCE, SDG&E, TURN.

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On December 14, 2017, the Commission adopted the Solar on Multifamily Affordable Housing (SOMAH) program in D.17-12-022, pursuant to the direction of AB 693, and found that SOMAH installations should be counted towards the Commission's obligation to encourage installation of renewables in DACs. This decision adopts additional mechanisms for encouraging growth of renewable distributed generation in DACs.

1.2. Previous Programs to Promote Solar Development in Low-income Communities

California has a long history of supporting the adoption of solar generation in low-income and disadvantaged communities. Specifically, the Multifamily Affordable Solar Housing (MASH) and Single-family Affordable Solar Homes (SASH) programs originated under the California Solar Initiative (CSI) more than a decade ago. These programs were created in compliance with the direction in AB 2723 (Pavley) Stats. 2006, ch. 864, which required the Commission to ensure that not less than 10 percent of overall CSI funds be used for installation of solar energy systems on "low-income residential housing," as defined in the bill. In 2007 and 2008, the Commission adopted programs implementing this requirement. Specifically, in D.07-11-045, the Commission adopted the SASH program for qualifying low-income single-family homeowners, and in D.08-10-036, the Commission adopted the MASH program to provide incentives for solar installations on multifamily affordable housing.

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Comments were filed by: CEJA, CSE, Greenlining, GRID, IREC, Joint Solar Parties, Lancaster CCA, MASH Coalition, Marin Clean Energy (MCE), PG&E, ORA, SCE, TASC, TURN.

Reply Comments were filed by: CEJA, California Housing Partnership Coalition (CHPC), California Union Employees (CUE), IREC, Joint Solar Parties, MASH Coalition, ORA, Peninsula Clean Energy (PCE), PG&E, SCE, SDG&E.

In 2013, the Legislature passed AB 217 (Bradford), Stats. 2013, ch. 609, which authorized \$108 million in new funding for MASH and SASH; set a goal of 50 megawatts (MW) of installed capacity across both programs; and extended both programs until 2021, or the exhaustion of the new funding, whichever occurs first. Pursuant to this legislation, the Commission reauthorized both programs in D.15-01-027, which also made changes to program administration and eligibility requirements. Both programs have been evaluated by Navigant Consulting, most recently in a Market and Program Administrator Assessment of the 2011-2013 program years, completed in early 2016.

The MASH program is essentially closed to new applications at this time because all funds allocated to that program have been reserved for projects, with additional unfunded projects remaining on the program's waitlists in each utility territory. In D.17-12-022, the Commission adopted a new program, SOMAH, which serves a similar market segment to MASH, with a focus on multi-family affordable housing. The Commission developed SOMAH in part to satisfy the AB 327 requirements to promote development of on-site renewable generation in DACs, as multifamily affordable housing properties in DACs may qualify for SOMAH even if properties do not meet all tenant income requirements for eligibility.

The SASH program serves single-family units inhabited by low-income residents of PG&E, SDG&E, and SCE (together, the investor-owned utilities or IOUs), and is run by a single state-wide administrator, the non-profit GRID Alternatives (GRID). Unlike MASH, SASH has funding remaining, and is expected to continue operating through the program's statutory sunset date of 2021.

2. Goals for Programs Benefitting DACs

In this decision, we consider the creation or augmentation of several programs intended to benefit customers in DACs, with a particular focus on low-income residential customers within those communities. As noted above, we are guided by Pub. Util. Code § 2827.1(b)(1), which requires the Commission to:

Ensure that the standard contract or tariff made available to eligible customer-generators ensures that customer-sited renewable distributed generation continues to grow sustainably and include specific alternatives designed for growth among residential customers in disadvantaged communities.

Our intent in adopting the programs set forth in this decision is to ensure that low-income households in DACs have similar opportunities as other households to access clean and innovative energy offerings.

In parties' initial comments and proposals on options for promoting use of solar generation in DACs, parties agreed that the plan for alternatives for growth in DACs should not be embodied in the NEM successor tariff itself. In AB 327, the Legislature determined that there is a need for additional attention to alternatives for expanding accessibility of solar generation in DACs that was not served through the original NEM tariff itself. It is reasonable to conclude that the incentives provided by the original NEM tariffs, including compensation at the full retail rate for exported energy and exemption from all charges imposed on other residential customers, was not sufficient. The successor to the original NEM tariff adopted in D.16-01-044 shares many features with the original NEM tariff, and similarly was not designed to address the specific barriers to adoption experienced in DACs. For this reason, the alternatives for growth must be found

outside the successor tariff itself. As noted in D.16-01-044,⁸ parties argue, and we find, that the statutory criteria for the successor tariff, such as the requirement to ensure that the total costs are approximately equivalent to total benefits,⁹ should not be applied in the development of alternatives for DACs.¹⁰ Because this program serves multiple state policy goals, and is intended as an equity program to allow low-income customers and those in DACs to access solar distributed generation and clean energy on the same basis as other residential customers, we find that it is appropriate not to apply this constraint to DAC programs.¹¹ Instead, the options adopted here should directly address the specific barriers to solar adoption experienced in DACs.

To develop programs responsive to this guidance, we must ensure that the programs address the specific obstacles to the development of renewable generation in DACs. Several of these obstacles are identified in the staff paper attached to the Administrative Law Judge's June 24, 2015 ruling requesting comments on alternatives for DACs,¹² and in the California Energy Commission's *Low-Income Barriers Study, Part A: Overcoming Barriers to Energy Efficiency and Renewables for Low-Income Customers and Small Business Contracting*

⁸ D.16-01-044, Footnote 62, at 50-51. Most parties reiterate their support of this conclusion in comments filed in response to the March 2017 Ruling.

⁹ Cite D.16-01-044.

¹⁰ Considering how to ensure continuing growth, the fundamental task of the successor tariff and the alternatives, should be addressed as discussed in Section 2.17.3.

¹¹ See, for example, MASH Coalition Comments filed April 24, 2017 at 7-8, GRID Comments filed April 24, 2017, at 38-39.

¹² *Energy Division Staff Paper Presenting Proposals for Alternatives to the NEM Successor Tariff or Contract for Residential Customers in Disadvantaged Communities in Compliance with AB 327 (Staff Paper)*, Attached to ALJ Ruling dated June 4, 2015.

Opportunities in Disadvantaged Communities (Barriers Report).¹³ The barriers study outlines an array of distinct challenges facing customers within low-income and DACs to accessing solar photovoltaic energy generation as well as other renewable energy, including low home ownership rates, insufficient access to capital, building age, and remote or underserved communities. The program options identified in this decision are intended to address many of these barriers.

2.1. Adoption of Multiple Program and Tariff options

Some parties favor the creation or augmentation of one program or another to the exclusion of others. For example, SCE believes a discounted GTSR program is a more cost-effective solution than SASH augmentation for immediately addressing barriers to access to clean energy sources by customers in DACs. Similarly, TURN contends that its proposed Renewable Energy for All program is a more targeted and better way than VNM to achieve the mandate of § 2827.1(b)(1) and increase access for those who have traditionally faced barriers to renewable distributed generation adoption. The MASH Coalition favors Community Solar or SASH proposals because it asserts that GTSR programs are not community-based.

By contrast, other parties such as Greenlining urge the Commission to adopt multiple programs to address the diverse barriers to solar adoption by customers in low-income and DACs. We find that it is appropriate to adopt multiple program options for the households we target here in order to ensure that low-income households in DACs have similar opportunities as other

¹³ *Low-Income Barriers Study, Part A: Overcoming Barriers to Energy Efficiency and Renewables for Low-Income Customers and Small Business Contracting Opportunities in Disadvantaged Communities*, California Energy Commission, December 2016.

households to access clean and innovative energy offerings. In addition, multiple programs will address the variety of barriers facing low-income residents in DACs. Different groups have different needs and may find different options to be appealing; in addition, different types of customers may have different barriers to their use of renewable energy. There is significant variation in housing types for low-income households; some live in multi-family housing, some own their homes, some are renters in single-family homes. Households also face different financial situations, have different expected lengths of residence in their homes, and have different priorities (*e.g.*, some may care more about local siting and ownership of green resources than others). Today's decision is intended to reach out to different communities than previous decisions related to solar and distributed generation options.

In addition, there is value in having a diverse set of new clean energy programs specifically tailored for disadvantaged communities because we are uncertain which programs will ultimately be successful. By developing three different models (along with other programs such as the recently-adopted SOMAH program), we will find out what works well, what needs modification, and if any should be discontinued. To this end, Energy Division will monitor and evaluate each program as it is implemented.

3. Definition of Disadvantaged Communities

Section 2827.1 does not provide a definition of "disadvantaged communities." The Commission does not, however, need to create a definition from scratch. In Health and Safety (H&S) Code Section 39711, the Legislature created a process for identifying DACs for purposes of investment of funds from the Greenhouse Gas (GHG) Reduction Fund.

The California Environmental Protection Agency (CalEPA) has implemented the legislative instruction by using a screening tool created in partnership with the Office of Environmental Health Hazard Assessment (OEHHA), called CalEnviroScreen; the current version of CalEnviroScreen is CalEnviroScreen 3.0.¹⁴ CalEPA and the California Air Resources Board (CARB) have used CalEnviroScreen to fulfill the legislative requirement of identifying DACs for purposes of distribution of certain funds from the Greenhouse Gas Reduction Fund. The agencies concluded that a “disadvantaged community” is a community that appears among the top 25 percent of census tracts identified by CalEnviroScreen 3.0 statewide.¹⁵

The *Staff Disadvantaged Communities Paper* recommended the use of the predecessor tool, CalEnviroScreen 2.0, and the CalEPA/CARB result for characterizing DACs for purposes of the programs related to the NEM successor tariff. Specifically, staff recommended using the “top 25 percent of communities statewide identified by CalEnviroScreen 2.0” metric used by CalEPA and CARB. In the March 2017 Ruling requesting updated proposals, parties were asked to use the results of the current tool, CalEnviroScreen 3.0, in their analysis. CalEPA has stated its commitment to regularly revising the CalEnviroScreen tool with updated information and data.¹⁶ We find that in the event the CalEnviroScreen methodology is updated again in the future, the revised version of

¹⁴ The tool may be found at: <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30>.

¹⁵ See <https://oehha.ca.gov/calenviroscreen/sb535>

¹⁶ California Communities Environmental Health Screening Tool, Version 2.0 Report, October 2014, at i: <http://oehha.ca.gov/ej/pdf/CES20FinalReportUpdateOct2014.pdf>.

CalEnviroScreen should be used for the purposes of ongoing identification of DACs.¹⁷

Parties proposed several different ways in which the CalEnviroScreen tool can be used to identify DACs. The two most common eligibility recommendations are to use the top 25 percent of DACs statewide as identified in the current CalEnviroScreen tool, or to define eligible communities as the top 25 percent of DACs within each participating utility's territory. In the March 14, 2017 ALJ Ruling, parties were asked:

How should a disadvantaged community be defined for purposes of implementing the mandate of alternatives for growth among residential customers in disadvantaged communities set out in Section 2827.1(b)(1)?
and:

How should this definition be implemented by the Commission in designing alternatives for DACs?

PG&E and SDG&E recommend use of the top 25 percent of the most disadvantaged census tracts in their territory per the CalEnviro Screen 3.0 tool for this proceeding, while SCE would target the top 5 percent.

CEJA recommends, in agreement with the Joint Solar Parties, that the Commission apply the same methodology that it applied in its Electric Vehicle

¹⁷ In its "Designation of Disadvantaged Communities Pursuant to Senate Bill 535 (De León)," CalEPA states that it "will work with local and regional jurisdictions to review our data and verify results. If recalculation of a community's CalEnviroScreen2.0 score shows that it should have been identified as a disadvantaged community, we will add that community to the list for this designation. And we will not remove a community from the list for the current designation if recalculation of their CalEnviroScreen 2.0 score shows that they were incorrectly identified as a disadvantaged community. Accordingly, any changes to the current version of CalEnviroScreen 2.0 will have no bearing on funding decisions already in process." California Environmental Protection Agency, "Designation of Disadvantaged Communities Pursuant to Senate Bill 535 (De León), October 2014 at 15:
<http://www.calepa.ca.gov/EnvJustice/GHGInvest/Documents/SB535DesCom.pdf>.

pilot decisions; that is, communities in the CalEnviroScreen top 25 percent of census tracts on either a state-wide or a utility-wide basis – whichever is broader. CEJA also recommends including program eligibility for low-income households in a half-mile radius around all qualifying census tracts.

TURN recommends that the Commission identify DACs as the top 20 percent of impacted census tracts on a service territory-specific basis. This definition accounts for the complications of identifying communities on a statewide basis, while also seeking to limit eligibility to the most DACs so the programs are sustainable. TURN notes that this is the same definition used for the existing GTSR program’s Environmental Justice component.

ORA recommends the Commission maintain consistency across different proceedings and programs by using the CalEPA’s CalEnviroScreen tool to define DACs while supplementing eligibility criteria to include low-income individuals or buildings regardless of their location.

GRID proposes that a disadvantaged community (DAC) be defined as one of the following (a household would qualify if it is located in *either* 1 or 2):

1. A Health and Safety Code Section 39711-compliant community as identified by the CalEnviroScreen, using the framework established in the Electric Vehicle proceedings of top 25 percent of census tracts in each IOU or statewide, whichever is broader.
2. Pub. Util. Code §2852(3)(A)(i)(ii)(B)(i)(ii)(C)-compliant affordable housing (P.U. Code §2852-compliant).

Several parties express concern that relying on CalEnviroScreen alone to define DACs would exclude some rural communities with high poverty and pollution.¹⁸ GRID specifically notes that “many rural communities and all tribal

¹⁸ Brightline/SALEF, GRID, Greenlining, IREC, and SEIA/Vote Solar, are in this group.

reservations north of San Francisco and rural, coastal communities from Monterey to Los Angeles” are not included in the top 25 percent of communities identified by CalEnviroScreen 2.0 statewide.¹⁹

Although many of the parties’ suggestions have some merit, the best choice here is the simplest, which is the definition included in AB 693 and already adopted for SOMAH. We define a “disadvantaged community” for the purpose of the options adopted in this decision as a community that is identified, by using CalEnviroScreen 3.0, as among the top 25 percent of communities statewide. In addition, 22 census tracts in the highest 5 percent of CalEnviroScreen’s Pollution Burden, but that do not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data, are also designated as DACs. This is the method developed and used by CalEPA and CARB, the agencies with expertise in this area, and it is reasonable for the Commission to use this definition to identify DACs to be served with the programs developed pursuant to Section 2827.1(b)(1).

Although the Legislature did not specifically cite to Code § 39711 in AB 327, as it did in AB 693, it is clear that the concept of “disadvantaged communities” as articulated in H&S Code § 39711 and implemented by CalEPA has become the standard for use by state agencies.²⁰ In this context, SDG&E’s suggestion to use the top 20 percent of communities in each IOU service territory identified by CalEnviroScreen is not appropriate, despite its origin in the

¹⁹ GRID Proposal at 10.

²⁰ See, for a recent example, new Section 454.52(a)(1)(H), added by SB 350, directing the development of integrated resource plans that, among other things:

Minimize localized air pollutants and other greenhouse gas emissions, with early priority on disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code.

Commission's decision in D.15-01-051. That decision set the framework for the green tariff/shared renewables (GTSR) program mandated by Sections 2831-2834. In D.15-01-051, the Commission was implementing a statutory directive to, among other things, reserve 100 MW of the mandated generating facilities for "the most impacted 20 percent" of communities. The Commission, for the sake of consistency among the various elements of the GTSR program, adopted the metric of "top 20 percent in each IOU service territory" to identify the relevant communities. This statute-specific metric should not be used in place of the more general, and more widely used, "top 25 percent under CalEnviroScreen" identification the Commission adopts for purposes of compliance with Section 2827.1(b)(1). In addition, as for the SOMAH Program, it is appropriate to include 22 census tracts in the highest 5 percent of CalEnviroScreen's Pollution Burden, but that do not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data, as DACs for the purposes of this decision.²¹ ²² We expect to apply these same identification criteria (top 25 percent of DACs statewide as well as any census tracts in the highest 5 percent of CalEnviroScreen's Pollution Burden) under future revisions of CalEnviroScreen.

As discussed in Section 6.5, we target the new Community Solar Green Tariff program to the top 25% of communities per CalEnviroScreen, while allowing the projects themselves to be located in either the same communities or top 25% communities within 5 miles of the benefitting customers' community.

²¹ EPS report: Designation Of Disadvantaged Communities Pursuant To Senate Bill 535 (De León), April 2017 at 2. See <https://calepa.ca.gov/wp-content/uploads/sites/34/2017/04/SB-535-Designation-Final.pdf>.

²² Elsewhere in this Order, the term "top 25% DACs" (or similar terms) should be read to include the 22 census tracts referenced in this paragraph.

4. Targeted Customer Groups

ORA and TURN advocate that the Commission ensure that the disadvantaged community proposals be directed to provide benefits only to low-income customers. Both note that PG&E provided data that demonstrated that non-low income customers in its service territory adopted solar at similar rates, whether they were located within DACs (7.4 percent) or outside of DACs (7.3 percent), whereas low income customers lagged behind in adopting solar, both within DACs (2.4 percent) and outside of DACs (2.0 percent).²³ In PG&E's service territory, low-income customers located both within and outside of DACs have low adoption rates for solar. PG&E's data shows that the percentage of solar adoption in DACs is 5.0%, compared to 6.2% in non-DACs, and that only 8.7% of solar adoption in its territory is by CARE customers.²⁴ Also, low-income customers accounted for almost half of the customers in DACs and 18 percent of customers in non-DACs. Based on this, it appears that there is a high concentration of low-income customers within DACs with low rates of adoption of renewable distributed generation.²⁵

Our purpose in this decision is to implement statutory direction to provide enhanced clean energy options in DACs. While AB 327 does not give specific direction regarding whether or not only low-income households in DACs should be the target of these programs, we find that low-income customers currently experience the most barriers to solar adoption, and it is reasonable to target our efforts at this demographic group.

²³ ORA Reply Comments on DAC Proposals, June 24, 2017 at 2.

²⁴ PG&E Comments in Response to Questions in ALJ ruling, April 24, 2017 in Table 1 at 2.

²⁵ TURN comments on DAC Proposals, May 26, 2017 at 12-13.

However, in making this choice, it is important to note that the Legislature used the term “disadvantaged communities,” not “low-income individuals.” CEJA points out that AB 327 uses both “disadvantaged communities” and “low-income” to refer to particular groups of customers and argues that the Legislature clearly intended to distinguish between the terms. Those proposals that seek to refocus on low-income individuals, or add criteria in order to allow low-income individuals not living in DACs to participate, miss the mark. While there may be value in other contexts to the definitional suggestions made by some parties, this legislation is about “residential customers in disadvantaged communities.”

ORA also recommends that the Commission should expand eligibility for the alternative programs or tariffs in this decision to low-income customers who are located outside the DAC census tracts identified by the CES tool. AB 327 is specific in directing us to develop programs for DACs. Therefore we limit the applicability of the programs adopted in this decision to such areas.

As noted in the descriptions of our policies below, we wish to target different populations, which may have different barriers to use of clean energy, with different programs. Therefore, we adopt here options that provide the benefits of renewable distributed generation to a variety of customers residing in DACs. One program adopted here and described in Section 5.4, below, specifically focuses on low-income households living in owner-occupied, single-family homes. We believe that this, along with the SOMAH program adopted in D.17-12-022, which is focused on multifamily affordable housing and offers a DAC eligibility option, will address some of the barriers specific to low-income customers. Those include economic barriers such as insufficient access to capital and credit as well as marketing, outreach and linguistic barriers.

The other option adopted here, an expanded GTSR tariff, will be more broadly available to residential customers in DACs, and will focus more on increasing the general availability of solar generation in these communities. This program will address property structure and property ownership barriers. In the discussion of specific programs in this decision we provide additional direction for participation in each particular program.

5. Proposals based on the Single-family Affordable Solar Homes (SASH)

Several parties recommended that the Commission adopt a variation or extension of the California Solar Initiative's (CSI) SASH Program. The goals of the SASH program²⁶ are to:

- Decrease electricity usage by solar installation and reduce energy bills without increasing monthly expenses;
- Provide full and partial incentives for solar systems for low-income participants;
- Offer the power of solar and energy efficiency to homeowners;
- Decrease the expense of solar ownership with a higher incentive than the General CSI Program;
- Develop energy solutions that are environmentally and economically sustainable; and
- Provide job training and employment opportunities in the solar energy and energy efficiency sectors of the economy.

The SASH program, implemented in 2008, provides qualified low-income homeowners fixed, up front, capacity-based incentives to help offset the upfront cost of a solar electric system. Participation in the SASH program is currently

²⁶ See CPUC Website page titled "CSI SASH Program" at <http://www.cpuc.ca.gov/general.aspx?id=3043>.

available to PG&E, SCE and SDG&E customers with a household income that is 80 percent or below the area median income (AMI) and who own and live in a single family home defined as “affordable housing” under Pub. Util. Code § 2852. In D.07-11-045, the Commission determined that a single statewide Program Administrator should manage the SASH program across the three utility service territories and that a competitive solicitation should be conducted to fill this role.

AB 217 (Bradford, 2013), augmented the original funding and extended the program through 2021. In addition, this legislation adopted additional program requirements for both MASH and SASH. Specifically, the legislation directed that the Commission must ensure that the SASH program does the following:

1. Maximizes the overall benefit to ratepayers from the programs;
2. Requires participants who receive incentives to enroll in the Energy Savings Assistance Program if eligible; and
3. Provides job training and employment opportunities in the solar energy and energy efficiency sectors of the economy.²⁷

D.15-01-027 updated MASH and SASH program requirements consistent with AB 217. This decision added \$54 million to the SASH budget, and reduced incentive levels under the SASH program by half, from \$6.00/watt to \$3.00/watt. The current SASH program couples the program’s incentive dollars (\$7 million to \$9 million each year) with GRID’s contributions (~\$4M-\$5M/year) from philanthropic fundraising, proceeds from the third-party ownership (TPO) model, equipment donations, and other resources to result in roughly 1,000

²⁷ Section 2852(d).

annual projects without relying on a financial contribution or ongoing financial obligation from the participating households. Based on a consensus of the parties reflected in the record of the rulemaking, D.15-01-027 directed SCE to renew its contract with GRID for continued administration of the SASH program through 2021, the end of the AB 217 program extension. The SASH program is currently funded through 2021, or until funding is exhausted. In addition, D.15-01-027 requires SASH and MASH installers to provide job training and employment opportunities.

5.1. TURN SASH Proposal

TURN proposes to allocate an additional \$10 million per year to the SASH program for units located in DACs through 2021 (the current sunset date for SASH funding), and to expand the SASH program eligibility to include owner occupied single-family housing units in DACs whose residents meet the income eligibility criteria used for CARE and the Family Electric Rate Assistance (FERA) program.

Citing the California Distributed Generation Statistics²⁸ for 2016, TURN suggests that the cost for a system sized under 10 kilowatts (KW) was \$4.83 per watt. With this in mind, TURN contends the current SASH incentive level of \$3 per watt is sufficient to motivate participation by covering the majority of system costs and ensuring that participants will receive bill savings from the installation of a renewable distributed generation system. As a result, TURN suggests that the existing \$3.00 per watt incentive should be applied to the expanded version of SASH within DACs.

²⁸ <https://www.californiadgstats.ca.gov>.

In addition, TURN describes the current SASH program's third party ownership (TPO) option, which increases access to participation by low-income individuals. TURN proposes that the SASH TPO option should be available to DAC participants because access to capital for the upfront costs of owning or leasing a system is one of the key barriers to adoption of NEM in DACs. TURN notes that, according to the January 2017 edition of the SASH Semi-Annual Progress Report, a majority of the SASH projects installed in 2015 and 2016 are third-party owned and "it is expected that the TPO model will continue to be a significant contributor to financing SASH projects." Under the SASH third party ownership model, GRID partners with Spruce Finance or Sunrun (the "TPO Partner"), which then acts as the underwriting agent for each project.

Resolution E-4829 explains how the TPO model works:

The SASH host customer and the TPO Partner execute a 20-year PPA [power purchase agreement] 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 percent of the customer's bill savings (Client Contribution). GRID treats the Client Contribution as voluntary and there is no penalty for non-payment.

To fund this SASH expansion, TURN recommends the additional funds proposed for the SASH program be treated as CARE program expenses and funded through the Public Purpose Program charge. TURN suggests that, because the NEM DAC alternative is a public purpose program and will primarily benefit low-income ratepayers, it is appropriate to treat funding associated with this program as a CARE expense.

5.2. GRID SASH Proposal

GRID is a non-profit, direct service organization that works with low-income families and affordable housing owners to provide access to solar distributed energy generation. In California, GRID serves as the statewide program administrator for the state's two dedicated low-income solar programs for single-family households: SASH and the Low-Income Weatherization Program. GRID was awarded the contract to administer SASH through a competitive bidding process at the time of the program's implementation.

GRID argues that funding augmentation is needed now exclusively on the single-family SASH program side, rather than on both the multi-family MASH program side and the SASH program side, because AB 693 identified a funding source for up-front rebates for solar projects benefitting tenants in dedicated affordable multi-family housing, and set a long-term time horizon until 2030 for these investments. GRID recommends extending the SASH program to 2030 from its current statutory end date in 2021, and augmenting the SASH budget to increase penetration levels beyond the current implementation plan's strategy of approximately three MW per year.

GRID recommends retaining the current SASH eligibility criteria, which would result in additional incentives becoming available to households with incomes at or below 80 percent of area median income living in owner-occupied homes that meet the definition of affordable housing codified in Pub. Util. Code § 2852(3)(C) within the territories of PG&E, SCE, and SDG&E.

5.3. Intervenor Comments on SASH Proposals

In comments filed on parties' 2017 proposals, GRID expresses support for TURN's SASH proposal with some revisions. GRID notes that \$10 million per year increase in the SASH budget would essentially double the current annual

funding allocation for SASH, potentially doubling the capacity installed through the program, as well as job training workdays created and other positive effects of the program. In addition, based on its experience working with low-income families and observing the persistent issues with creditworthiness, access to credit and capital, and structural barriers, GRID suggests that low-income households will continue to require a financial incentive to access rooftop solar after the current program sunset in 2021. For administrative reasons including efficiency and standardization, GRID recommends maintaining all existing eligibility and qualifying requirements of the program in this recommended extension through 2030. GRID also notes that current SASH eligibility requirements are statutory requirements set by the Legislature when it adopted Section 2852 in 2007, and they were maintained when the program was extended by statute in 2013.

MASH Coalition agrees with TURN and GRID that the expansion of SASH is an appropriate mechanism to promote the use of customer-sited solar generation for DACs. CSE, IREC and TASC similarly support proposals to extend the SASH program to reach low-income single-family homes in DACs.

CEJA/SELC note that the SASH program as it currently exists would not result in significant growth in DACs because it is limited to deed-restricted single-family housing. CEJA/SELC support TURN's extension proposal, with minor modifications, because it is feasible without legislative action, broader than the existing SASH program, and therefore more likely to result in growth in DACs in single-family homes that are suitable for rooftop solar. CEJA/SELC advocate that the definition of DACs for the purposes of a SASH extension include low-income households within a half mile radius of CalEnviroScreen3.0

top 25 percent census tracts. TASC and Peninsula Clean Energy also agree with TURN that the SASH program should be expanded to all CARE customers.

In comments on the DAC proposals, Greenlining supports including SASH as part of a suite of options for DACs. Greenlining finds the eligibility criteria of low-income owner-occupied compliant affordable single-family homes for expanded SASH consistent with the purpose of this program. Greenlining recognizes these criteria limit the number of residents in DACs eligible to participate. However, Greenlining asserts that a SASH expansion could be one in a set of alternatives that together serve a broader set of subpopulations.

In contrast to the non-profit and consumer representative parties described above, SCE believes SASH may not be the most effective way to address the immediate needs of DACs. Because SASH provides upfront incentives to customers who purchase solar distributed generation systems for their own homes, a SASH expansion would only benefit a limited set of customers in DACs. SCE contends that SASH inherently excludes many low-income households that the statutory mandate for DAC alternatives to the NEM tariff are designed to reach, and that other proposals could reach, such as renters in multi-unit dwellings. SCE asserts that SASH is relatively higher in cost, as compared to proposals that leverage the Green Tariff/Shared Renewables Program. As a result, SCE believes a discounted GTSR program is a more cost-effective solution for immediately addressing DAC barriers.

Joint Solar Parties support a SASH expansion as one among a set of alternatives that may be approved in this proceeding. At the same time, the Joint Solar Parties suggest that there may be concerns about allowing SASH-funded solar arrays to be installed on homes that are not deed-restricted affordable housing. Specifically, the Joint Solar Parties note that if the original CARE or

FERA-eligible customer moved out of the home, someone who does not qualify as low-income could move in and benefit from the majority of the bill savings flowing from that solar array. To address this issue, the Joint Solar Parties suggest that TURN's proposal could be modified to fund solely installations for CARE or FERA-eligible customers who live in deed-restricted affordable housing in the participating companies' territories.

5.4. Adoption of a DAC Single-family Solar Homes Program

Financial barriers, including the lack of capital for an initial down-payment or lack of access to credit pose a significant barrier to solar adoption for low-income households in DACs. The Staff Paper and California Energy Commission *Low-Income Barriers* report detail these financial barriers to solar adoption by low-income households, such as lack of access to capital or credit, or the inability to assume more debt.²⁹

Low-income customers, whether or not they are located in DACs, often lack the upfront capital to purchase a customer-sited solar system outright. Even if a low-income family has capital available, adopting solar may be challenging if there are additional costs that cannot be financed, such as required roof repair or replacement or an electrical service upgrade. Low-income families and residents of DACs may be likely to experience these problems if they own an older home or lack the resources maintain or repair their homes. Low-income customers may have low to no tax liability, further impeding their ability to access Federal tax benefits. Loans, solar power purchase agreements, or solar leases are offered to general market customers as a standard option, along with purchasing a

²⁹ "SB 350 Low-Income Barriers Study, Part A - Commission Final Report", December 5, 2016 at 35-37.

system outright. However, low-income customers in DACs are unlikely to have access to the credit needed to qualify for these options. Moreover, even if low-income customers qualify for a credit-based product, it can be unclear whether the family would receive long-term benefits. The SASH program is structured to overcome financial barriers for this customer segment, and allow for low-income households to participate and receive significant economic benefits.

Most parties agree that a SASH-like program would be a useful tool for overcoming barriers such as access to renewable distributed generation among a certain set of residents (low-income resident owners of single-family homes) in DACs. While there is merit to SCE's point that there may be a more cost-effective solution for immediately addressing DAC barriers, we find that it is reasonable to provide a variety of options for low-income households, similar to the set of options already available to other customers. SASH provides a proven and successful model for expanding access to solar among low-income customers and for providing additional, non-energy benefits, such as job training. As TURN points out, the significant upfront incentives provided by the SASH expansion may be expected to effectively encourage growth in the adoption of renewable distributed generation in DACs by addressing the upfront costs of purchasing and installing a renewable distributed generation system.

TURN suggests that a budget increase of \$10 million per year in funding for SASH would make a meaningful contribution in promoting installation of solar distributed generation. GRID states that the current \$7 million to \$9 million annual SASH program budget, augmented by GRID's own fundraising efforts of approximately \$4 million per year, results in about 1,000 annual projects without

a financial obligation from the participating households. GRID contends that these levels could easily be tripled with proportional funding increases.

We agree that it is reasonable to adopt a variation of TURN's SASH augmentation proposal, with several modifications discussed here. Because the SASH budget and eligibility requirements are established in state statute, however, it would not be appropriate to merely extend the SASH program by augmenting its budget or broadening its eligibility requirements. Instead, we adopt a new program that is similar in structure to SASH, but is better targeted to residents of DACs, and is not limited by the SASH statutory eligibility limits. In addition, TURN's proposal does not fully address the statutory sunset of SASH in 2021. By creating a separate but similarly structured program, we are able to continue a SASH-like program targeted to DACs through 2030, comparable to the recently-adopted SOMAH program, which serves low-income multifamily affordable housing statewide and has special eligibility criteria for DACs.

Given the direction in Section § 2827.1(b)(1) to expand growth of solar distributed generation in DACs, and the fact that many affordable housing units in DACs are already eligible for the SASH program, we see no clear rationale for limiting eligibility to affordable housing units. Our objective is to expand clean energy options for low-income households in DACs, and applying the affordable housing limitation to this new program would not increase the number of homes eligible for assistance, even if TURN's recommended budget augmentation would increase the number of homes that could be served in a given year. For these reasons, we adopt a new Single-family Solar Homes program for DACs, to be called the DACs – Single-family Solar Homes program (DAC-SASH). The structure and administration of this program, along with the program incentive

levels and authorization for the use of third-party ownership projects when they are determined to be cost effective, will be modeled after the existing SASH program. A summary of the DAC-SASH program elements are set forth in Appendix A. All SASH program rules not specifically changed in this decision or Appendix A shall apply to the DAC-SASH program. Low-income customers of PG&E, SCE, and SDG&E are eligible for DAC-SASH if they own and occupy single-family homes in DACs as defined in this Decision and meet the eligibility requirements of CARE or FERA. Because DAC-SASH provides a long-lasting capital improvement to properties, households must undergo an income verification process in order to qualify for DAC-SASH. As a result, enrollment in CARE or FERA, which do not require an income verifications process, is not on its own sufficient to qualify a household to participate in DAC-SASH.

The CARE and FERA income eligibility requirements, in general, are more restrictive than the income requirements for SASH, which allows for participation of households with incomes up to 80 percent of area median income. Because this program allows for participation of homes that are not deed-restricted, however, we believe that the lower income eligibility requirement is appropriate to ensure that program resources are used to benefit households with the most need of assistance.

5.4.1. DAC-SASH Program Funding

As recommended by TURN, the DAC-SASH program will have an annual budget of \$10 million per year beginning on January 1, 2019, and continuing through the end of 2030. Parties propose a few different options for funding DAC-SASH and other NEM alternatives for disadvantaged communities. These options include funding through public purpose program surcharges, other aspects of rates, or using a portion of the GHG allowance revenues allocated to

the IOUs to benefit those companies' customers. Many parties support using GHG allowance revenues for this purpose if they are available, and doing so will avoid the need to make changes to the public purpose program charges or raise other components of customer rates. About two-thirds of the allowance revenues set aside for renewable energy projects have been allocated towards the SOMAH program adopted in December 2017, but sufficient funds should remain after that allocation to fund DAC-SASH. We find that it is reasonable to use GHG allowance revenues to fund DAC-SASH, to the extent that such funding is available. If insufficient GHG allowance revenues are available in a given year, the remainder of the budget should be collected through customer rates. To ensure clear tracking of program start-up costs and funding, PG&E, SCE, and SDG&E shall each file a Tier 1 Advice Letters within 60 days of the issuance of this decision to create establish a memorandum account to track the start-up costs for the DAC-SASH program. The Commission will review these start-up costs in the companies' next Energy Resource Recovery Account (ERRA) proceedings. In addition, starting in 2019, PG&E, SCE, and SDG&E will track the \$10 million per year DAC-SASH budget. Each IOU shall file an advice letter within 60 days of the issuance of this decision to establish two-way balancing accounts to track the program budget. The Commission will review those balancing accounts in each utility's ERRA proceedings through the conclusion of the program in 2030, and shortfalls in GHG funding for a particular program year can be addressed in those proceedings as they arise. Money 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.

5.4.2. Program Administration

We believe that the administrative structure of the SASH program provides a reasonable model for the administration of DAC-SASH. This section discusses the administrative structure for the program as a whole, outlines the major activities for which the PA will be responsible, describes the competitive bidding process that will be used in choosing a program administrator, and provides for periodic evaluation of the program.

5.4.2.1. Administrative Structure

For the past ten years, SASH has been administered by a single, statewide program administrator that operates the program in the territories of PG&E, SCE, and SDG&E. Our experience with SASH demonstrates that a non-utility PA can successfully manage a program of this type across different utility service territories, while keeping administrative costs reasonable. Based on this experience, we chose to use a single program administrator, chosen through a competitive bidding process, for the SOMAH program adopted in D.17-12-022. A single statewide PA will also be able to coordinate marketing and education efforts, ensuring consistent messaging to and treatment of potential participants. Such a structure should simplify communication about the program and make it more accessible to participants. For these reasons, we choose to have a single PA oversee this program statewide.

5.4.2.2. Major Responsibilities of the Program Administrator

In general, the PA will be responsible for ensuring that all participants in DAC-SASH meet all program requirements. Toward this end, the PA will establish and then implement a process for documenting the eligibility of all program applicants. In addition, the PA will develop processes for verifying the

quality and completeness of work performed under the program, and will be experienced in service delivery. Specifically, the PA shall be responsible for the development and management of the program, including but not limited to the following activities.

1. Development of **program materials and procedures**, including:
 - a. Digital application forms and procedures;
 - b. Eligibility documentation requirements;
 - c. Data collection methods, digital forms, and databases;
 - d. Outreach materials (in coordination with statewide education and outreach efforts, as described in D.16-03-029 and D.16-09-020);
 - e. Incentive payment procedures; and
 - f. A DAC-SASH program Handbook, which we anticipate will contain information comparable to the current SASH Handbook.
2. General **program management**, including:
 - a. Supporting the Commission's Energy Division throughout the DAC-SASH program, including assisting with reports, public comment process, meetings, workshops, and evaluation activities and other activities as specified in its contract.
 - b. Establishing relationships with low-income single-family homeowners and community-based organizations that serve those populations.
 - c. Building organizational capacity to meet the demands of a statewide program;
 - d. Exploring other funding options with corporations and government agencies;
 - e. Reviewing applications and making eligibility determinations, including collection of documentation

- of property and participant eligibility, and compliance of proposed projects with program rules;
 - f. Providing customer support, including responding to complaints, problems, and maintenance needs;
 - g. Providing technical assistance with the application processes;
 - h. Collecting and facilitating access to program resources;
 - i. Partnering and working with solar installers to install PV on target homes, and partner with appropriate entities to develop “green job” training or other workforce development programs;
 - j. overseeing compliance with program requirements (for example, ensuring that job training, energy efficiency, and other requirements are met); and
 - k. processing incentive claims.
3. **Data Collection and Reporting** on program operation and outcomes, such as:
- a. Collection of data on program operations, including but not limited to applicants’ eligibility information, project proposals, tracking of project status, MW developed through the program, and incentives paid;
 - b. Collection and reporting of data on the number of training participants and hours, as well as the amount of local labor, provided by DAC-SASH projects;
 - c. Meeting all reporting requirements developed by the Commission’s Energy Division staff, including posting data on <http://californiadgstats.ca.gov>.

5.5. Implementation Plan and Next Steps

5.5.1. Selection of a Program Administrator

Based on our determination that DAC-SASH should have a single state-wide PA, we find that selection of a PA should be made through a competitive bidding process. Specifically, the Commission’s Energy Division

will select the Program Administrator through an RFP process managed by PG&E on behalf of the Commission. The RFP process shall be led by staff from the Commission's Energy Division, and Energy Division will make the final decision on the winning bidder and will select one utility to contract with the winning bidder. In making this determination, Energy Division shall take into consideration the following factors:

1. Experience with service delivery in a similar program(s) - by directly or through partners or subcontractor(s), delivering services for engineering, designing, procuring, installing, testing and commissioning of PV systems in multifamily buildings;
2. Databases and IT – Demonstrated successful management of federal, state, and/or local funds; with the ability to track and comply with specific programmatic and audit requirements of multiple funding sources. Maintain a system of internal accounting and administrative control; demonstrate a history of fiscal stability and responsibility;
3. Workforce development and tracking – Experience documenting and reporting workforce participation goals with a track record of providing training in solar installation procedures. Training experience could include training outside entities, formal in-house training, or developing training curricula and may include knowledge of, and demonstrated coordination with, existing utility and other statewide workforce, education, and training programs and pathways;
4. Technical assistance - Experience with the decision-making, finance, capitalization, and other relevant characteristic of low-income communities or consulting services in the fields of home construction, improvement, or renovation of residential properties, with a focus on weatherization, energy efficiency, and photovoltaic standards;
5. Application review and eligibility verification; and

6. Data Reporting.³⁰

We direct SCE to support the selection of a statewide administrator through an RFP process selection and manage the RFP process on the Commission's behalf to assist in expediting the process. Commission staff will play a central role in developing the RFP and will make the final decision on the winning bidder. The RFP process will be concluded and SCE will sign a contract with the chosen PA by October 31, 2018, unless a different date is determined through a letter from the Director of the Commission's Energy Division. Energy Division will serve notice of the release of the RFP and of the winning bidder on the service list for this proceeding.

5.5.2. Program Implementation via a Tier 3 Advice Letter

Once chosen, the PA shall be responsible for developing program rules and procedures consistent with the policies and guidance contained in this decision. This decision, including Appendix A, establishes broad policies for program eligibility, additional program requirements (*e.g.*, for third-party ownership, job training, and energy efficiency services), and program operation. Once selected, the PA shall hold one or more workshops with interested parties to receive input on appropriate methods for implementing the program, within the policy guidance provided here. In addition, we direct the IOUs to enter into appropriate non-disclosure agreements with the chosen PA, if necessary to facilitate the sharing of customer usage data and other personally identifiable information needed for the operation and administration of DAC-SASH. Based on stakeholder input, the PA shall propose a plan for implementing and

³⁰ The information provided in Appendix A of D.08-10-036 is also available to Energy Division staff to use in developing criteria for the RFP for the PA.

operating the DAC-SASH in compliance with this decision. Not later than December 31, 2018, the PA shall submit a Tier 3 implementation Advice Letter that includes a DAC-SASH Program Handbook for Commission consideration, subject to approval in a formal resolution. If appropriate, the Commission's Energy Division may modify the due date for this advice letter. The program implementation proposal shall include sections on at least the following subjects:

1. Application procedures;
2. Requirements for documentation of building, and project eligibility;
3. A program budget that includes line items for incentives and administrative activities, including but not limited to marketing, education, and outreach;
4. Specific job training requirements consistent with those discussed in Appendix A;
5. Specific energy efficiency requirements consistent with those adopted in Appendix A; and
6. Data collection and reporting requirements, including report formats.

The Commission may provide further direction on the contents of this Tier 3 implementation Advice Letter through one or more future Commission decisions or resolutions. Once the DAC-SASH Program Handbook is adopted, the PA may propose program adjustments to the Program Handbook via a Tier 2 Advice Letter. The assigned Commissioner and/or ALJ will determine if suggested program changes require modification of a Commission order, and if so, the change would be considered by the full Commission, following notice to parties and an opportunity to comment.

5.5.3. Measurement and Evaluation

Every three years beginning in 2021, Energy Division shall select an independent evaluator through an RFP process similar to that used to select the Program Administrator. The consultant hired through this process will evaluate the effectiveness and efficiency of both the PA and the DAC-SASH program overall. Specifically, the Commission's Energy Division will select the PA through an RFP process managed by SDG&E on behalf of the Commission. The RFP process shall be led by staff from the Commission's Energy Division, and Energy Division staff will make the final decision on the winning bidder.

If appropriate based on the program evaluation, the Commission may choose to modify program elements including, but not limited to, incentive levels and job training, local hiring, and energy efficiency requirements. Similarly, if necessary based on poor performance by the initial PA, the Commission may decide to choose a new PA using a competitive bidding process comparable to the one described in Section 5.5.1.

5.5.4. Energy Division Budget and Activities

Up to \$500,000 per year from the program budget may be used to reimburse Energy Division for activities related to implementation and oversight of the DAC-SASH program. Activities funded by this budget will include, but may not be limited to, any Energy Division activities related to the competitive bidding processes required in this decision and all evaluation, measurement, and verification activities.

As discussed elsewhere in this decision, Energy Division staff will make the final determinations on the selection of a Program Administrator and a separate evaluation consultant through competitive bidding processes. The IOUs and the PA will work with Energy Division in the development of

implementation procedures, and Energy Division staff may hold or direct the utilities and PA to hold workshops to gather input on DAC-SASH rules and operations. Utilities and the PA will also work with Energy Division staff to develop reporting requirements. Energy Division may modify such reporting requirements and formats when necessary to ensure effective oversight of DAC-SASH and to gather data on the program's operation and outcomes as necessary to inform the periodic program reviews.

6. Green Tariff Programs for DACs

In addition to proposals for the expansion of SASH-like programs to serve residential customers in DACs, several parties proposed variations of an expanded Green Tariff program, modeled on existing Green Tariffs operated by PG&E, SCE, and SDG&E.

6.1. History of the Green Tariff Program

Senate Bill (SB) 43 (Wolk) (Statutes 2013, Ch. 413) enacted the Green Tariff Shared Renewables (GTSR) Program, which is intended to (1) expand access "to all eligible renewable energy resources to all ratepayers who are currently unable to access the benefits of onsite generation," and (2) "create a mechanism whereby institutional customers...commercial customers and groups of individuals . . . can meet their needs with electrical generation from eligible renewable energy resources."³¹ The statute further states that the GTSR Program should facilitate development of renewable resource projects located close to the source of demand.³² The GTSR program is designed to allow PG&E, SCE and SDG&E

³¹ Section 2831.

³² Section 2833(p).

customers to receive 50 percent- 100 percent of their electricity demand from solar generation. The program has a capped enrollment of 600 MW statewide.

One portion of the authorizing statute dedicates a portion of the GTSR program to residents of DACs, defined for the purposes of the programs adopted pursuant to SB 43 as the top 20 percent of DACs per IOU identified by CalEPA. Projects developed under Section 2833(d)(1)(a), known as the Environmental Justice Reservation for GTSR, must be between 500 KW and 1 MW in size. Section 2833(d)(1)(a) requiring the Environmental Justice reservation states:

One hundred megawatts shall be reserved for facilities that are no larger than one megawatt nameplate rated generating capacity and that are located in areas previously identified by the California Environmental Protection Agency as the most impacted and DACs. These communities shall be identified by census tract, and shall be determined to be the most impacted 20 percent based on results from the best available cumulative impact screening methodology designed to identify each of the following:

- (i) Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation.
- (ii) Areas with socioeconomic vulnerability.

At the same time, however, the statute requires that the costs of existing GTSR tariffs adopted pursuant to SB 43 may not be borne by customers who did not elect GTSR service. Because of this, program costs may not be shifted to non-participating customers, so customers that sign up for a GTSR tariff or project often pay a premium over their otherwise applicable rate. D.15-01-051 began the implementation of SB 43 and set forth the parameters of the program and implementation steps. As adopted, the GTSR program has two components:

the “Green Tariff” and the “Enhanced Community Renewables” program.

Under the Green Tariff, a customer may pay the difference between their current generation charge and a charge that reflects the cost of procuring 50 percent to 100 percent solar generation for their electricity needs. Under Enhanced Community Renewables, a customer agrees to purchase a share of a local solar project directly from a solar developer, and in exchange will receive a credit from their utility for the customer’s avoided generation procurement and for their share of the benefit of the solar development to the utility.

Under D.15-01-051, each renewable installation participating in GTSR must generate between 500 watts and 20 MW of electricity. Generation projects participating in the Green Tariff program are chosen through a competitive Request for Offers (RFO) process, and enter into a Power Purchase Agreement with the utility serving the area in which the project operates. Under the Green Tariff option, the costs for generation used by a customer are passed through by the utility to that customer. As a result, customers maintain their utility service and billing, and have no direct contractual relationship with the developer or operator of the generation project. This is in contrast to the Enhanced Community Renewables portion of the GTSR programs, in which customers pay the developer of the renewable resource to which they subscribe directly for the energy they use.

6.2. Utility and TURN Proposals for DACs Green Tariff Programs

Several parties³³ recommend either extending or modifying the Green Tariff program as one potential way to encourage solar development in DACs. TURN calls its Green Tariff proposal the Renewable Energy for All Program. As noted above, customers participating in currently existing Green Tariffs pay a premium for energy received through the program to cover the costs of development of participating renewable resources. Under TURN's proposal, energy procured for the Environmental Justice Reservation component of the GTSR program would be made available to low-income DAC residents at no rate premium. Specifically, TURN proposes using a portion of the IOUs' GHG allowance revenues set aside for clean energy programs pursuant to Pub. Util. Code § 748.5(c)(6) to buy down the premium costs of participation in the IOUs' Green Tariff programs for low-income customers living in DACs.

The Renewable Energy for All Program would pay for any net costs associated with subscriptions by participating low-income customers to GTSR generating facilities comprising the Environmental Justice Reservation portfolio. The funds for the Renewable Energy for All Program would be used to offset the rate premium costs for participation in the GTSR program so that participating low income customers do not experience any bill increases due to their subscription to the program.

TURN contends that the Commission has sufficient authority under current law to adopt the Renewable Energy for All Program, and argues that this Program would extend access to clean energy to all low-income residents of

³³ Proposals received from PG&E, SCE, SDG&E, and TURN with supporting comments filed by ORA, TASC, CUE.

DACs. TURN also asserts that Renewable Energy for All will provide predictable bill savings through bill credits to participating customers because the Green Tariff rate structure would be determined at the time of enrollment. For this reason, the program would provide more predictable savings than would be likely from on-site solar installations, which are more directly impacted by changes in the retail rate structure. The subsidy for participating customers would be transparent and easily quantified, which TURN prefers to what it sees as hidden cost shifting to nonparticipating customers that occurs under net energy metering.

Like TURN, all three large IOUs propose some variation of a Green Tariff program. SCE, for example, proposes a DAC Community Clean Energy program to leverage the GTSR programs' general structure. Although the current GTSR program has a DAC project set-aside, SCE has observed low GTSR program subscriptions in DACs because GTSR subscribers often experience bill increases, and many DAC residents cannot afford the "above market" costs of participating distributed energy resources (DERs) that may be charged to participating customers. To enhance those benefits, SCE proposes to also give program enrollees a 10 percent discount on their bill. SCE suggests that the 10 percent discount approximates the bill savings experienced by NEM customers outside of DACs. Under SCE's proposal, participation in the DAC Community Clean Energy program would be available to CARE customers in DACs. SCE would phase in the program, limiting initial participation to the most adversely affected customers who would benefit most from the program, such as high usage CARE customers.

To cover these benefits to participating customers, SCE proposes to initially fund the program with any available GHG allowance revenue funds not

already dedicated to the Commission's implementation of AB 693. Recognizing that those funds will likely not be sufficient to cover a robust program, SCE also recommends that the Commission and the utilities jointly encourage the Legislature to earmark monies from do not become available, SCE requests that the Commission provide guidance on how SCE can recover expenditures associated with the DAC GTSR program through rates, such as an advice letter process with a memorandum account to track expenditures. Because it depends on external sources of funding, SCE asserts that its proposal will allow customers in DACs to support DERs without associated bill increases. Regardless of the funding mechanism, SCE suggests adopting a program cap of 70 MW, which would be incremental to the 45 MW of solar reserved for DAC customers under the GTSR program.

SDG&E proposes the SolarAll program to build on the Green Tariff component of GTSR, as a way of promoting the adoption of renewables in DACs and increasing program affordability for a subset of low-income customers. SDG&E proposes to leverage the Environmental Justice Reservation associated with its existing Green Tariff offering (branded currently as "EcoChoice"), to grow solar adoption among DAC CARE customers without further adding to solar procurement or incurring additional costs for ratepayers.

SDG&E proposes that customers participating in the SolarAll program must first enroll in its Schedule GT, the governing tariff for the Green Tariff component of the GTSR program.³⁴ Only CARE customers in DACs would be

³⁴ For Schedule GT, an eligible customer is currently defined as a bundled utility customer in SDG&E's service territory who: (i) does not procure its electricity directly from electric service providers (ESPs) as defined in Rule 1; (ii) does not take service under Schedule NEM, NEM-V, RES-BCT or any other distributed generation tariff; (iii) is not a CCA or member of a CCA; or (iv) is not currently participating in a pilot rate program.

eligible for SolarAll. Once enrolled on Schedule GT, CARE customers in DACs would not need to take further action to participate in SDG&E's new SolarAll program. Participants would be automatically enrolled in the SolarAll program if they reside in a DAC³⁵ and are currently enrolled in SDG&E's CARE program.

SDG&E would provide up to 100 percent renewable energy to customers that qualify for the SolarAll program without charging them the typical Green Tariff rate premium. The otherwise applicable charges for renewable energy as outlined in Schedule GT would be offset with an equivalent credit provided by a new tariff, Schedule SolarAll, which would be applied to all qualifying Green Tariff participants in Schedule SolarAll.

Similarly, PG&E proposes a Solar CARE Plus program that it asserts will spur solar growth among low-income customers within DACs. Under PG&E's proposal, the Solar CARE Plus program would provide eligible customers the opportunity to have 100 percent of their annual electric usage supplied at no cost premium by a pool of solar projects sited in DACs, and would further offer participating customers a bill credit of 1.5 cents per kilowatt-hour, which represents approximately 10 percent of the average electric rate for CARE customers.

The proposed program would be open to CARE-eligible customers located in the top 25 percent of impacted census tracts in PG&E's service territory as determined by the CalEnviroScreen 3.0 tool. Participants would enroll to have 100 percent of their annual usage provided by a pool of solar projects sited in DACs. Participants would continue to take service on the CARE rates, and both

³⁵ SDG&E proposes to define a DAC for the purpose of this Program as being located in a census tract which falls in the top 25 percent of the CalEnviroScreen 3.0 tool's (or a successor tool's) tracts within SDG&E's territory.

their program premium and the additional 1.5 cents per kilowatt-hour credit would be fully subsidized.

PG&E proposes that participating generation installation should be between 500 watts and 20 MW in size, and the program size would be capped at 70 MW in its territory. The 70 MW procured for this program would be separate from and incremental to the 45 MW of solar facilities reserved for service to customers in DACs in PG&E's GTSR Program. PG&E estimates the program would cost \$5 million per year, to be funded from sources outside of rates, such as the Greenhouse Gas Reduction Fund.

6.3. Comments on Utility and TURN proposals for DACs Green Tariff Programs

ORA supports the three utility proposals to modify and leverage the existing GTSR Program framework and recommends the Commission adopt the proposals, with some modifications, as part of a five-year pilot with study and evaluation after the second and fifth year. Specifically, ORA recommends that the Commission modify the PG&E and SCE proposals so that all participants receive credits to offset the GTSR program cost premium, and half of each company's participants also receive an additional 10 percent bill credit. ORA supports adoption of the SDG&E proposal as a five-year pilot without additional modifications. ORA further suggests that the 10 percent discount suggested in the PG&E and SCE proposals should be a starting point, and recommends that the Commission consider increasing the discount for low income customers. ORA also recommends that funding for the GTSR proposals be limited to the utility GHG allowance revenues set aside for clean energy and energy efficiency projects.

GRID generally supports the four proposals, and particularly supports two aspects of the PG&E SolarCARE Plus option: that it does not require participating customers to make a long-term commitment to the program, and that it allows for project bids to be ranked on multiple factors. GRID notes that under PG&E's SolarCARE Plus proposal, customers do not sign a long-term contract or agreement, and so can enter or leave the program at any time. As a result, participation in the program does not create any financial risks to customers, but still provides customer savings. GRID also supports PG&E's proposal that project bids could be ranked based on factors besides lowest cost, including community benefits such as job training and workforce development. GRID agrees with ORA that the 10 percent savings proposed by PG&E should be considered a starting point, with the possibility that the program could be modified to provide greater savings in the future. In support of its suggestion that the Commission consider providing greater savings, GRID notes the SASH TPO model requires a minimum of 50 percent bill savings for participants.

In contrast, MCE recommends that PG&E's Solar CARE Plus proposal should be rejected because it is only available to bundled customers. MCE argues that this restriction may encourage unbundled customers to opt out of CCA services. MCE suggests that allowing this program for bundled customers only may conflict with the requirement of Section 707(a)(4)(A), which directs the Commission to foster fair competition. Alternatively, MCE argues that if the Commission intends to approve PG&E's Solar CARE Plus Program, the proposal should be modified to only recover costs from PG&E's bundled customers only, since program eligibility would be limited to those customers.

MASH Coalition opposes the GTSR proposals for two main reasons. First, MASH Coalition asserts there is at best a small economic benefit to participants.

Second, MASH Coalition argues that the Green Tariff proposals do not provide the opportunities for community engagement with renewable energy that they see as being at the heart of AB 327's DAC mandate. MASH Coalition argues the DAC requirements of Section 2827.1(b)(1) must be considered within the context of the net energy metering program, and therefore should focus on distributed energy generation installed on the customer side of the meter. The Green Tariff proposals, by contrast, involve opting into a utility-owned portfolio of generating facilities, and would not provide individual connections between specific communities and renewable energy generation installed in those communities.

Greenlining supports the goal of 10 percent bill savings, however, it does not support PG&E's proposal to limit participation exclusively to CARE-eligible residential customers in DACs. Greenlining suggests broadening the eligibility to include non-residential customers like small businesses, community-based organizations, schools and libraries as well as higher income residents. Greenlining also opposes PG&E's proposal for program funding from the GGRF asserting that the Commission does not have legal authority to allocate GGRF funds in this proceeding because those funds must be appropriated by the legislature. Greenlining also questions whether this program is the best use of the GHG allowance revenues and, as with SCE, requests the Commission provide guidance on more appropriate funding sources for this program.

TASC supports the concept of a Green Tariff program that allows IOUs to leverage Public Purpose Program or GGRF funds to subsidize clean power for low-income customers in DAC areas, and specifically supports PG&E's and SCE's proposals to provide a fixed bill credit of 1.5 cents per kilowatt-hour to participating customers. TASC believes the DAC-Green Tariff should have two

eligibility requirements: customers would be CARE-eligible and located in DACs. TASC encourages the Commission to adopt participation caps based on those in each IOU's proposal and allow for a programmatic check-in, and corresponding cap expansion, at a time that leaves sufficient opportunity to ensure program continuity. At the same time, however, TASC contends that adopting variations on the existing GTSR program is not an appropriate substitute for customer-generated solar power or co-located community solar.

CSE objects to the four proposals for several reasons. CSE does not believe that these proposals will significantly expand the adoption of solar among DAC residential customers, and does not address GRID's recommended guiding principles for DAC programs. Although the degree of benefits accruing to residential customers in DACs among the four proposals varies, CSE believes that at best these proposals would result in minimal customer savings. Furthermore, CSE notes that to buy-down the premium for DAC residential customers, each proposal relies on proceeds from the auction of GHG allowances under California's cap-and-trade program. CSE argues that the uncertainty of auction revenues will send unreliable signals, creating confusion among market participants. Because of this and what it perceives as a lack of meaningful bill savings to reduce the low-income customers' energy burden, CSE believes these proposals should be rejected by the Commission.

In addition to these concerns, the Joint Solar Parties and CEJA argue that low-income subscribers are likely to achieve greater savings from clean energy via community solar expansion than they would receive via proposed GTSR variations because limited available funding means the Commission will likely aim to be efficient with those dollars and keep subscriber savings relatively low. These parties also contend that under a modified GTSR program, as proposed by

the utilities and TURN, customers cannot subscribe to a specific project, nor is there an obvious means for community control or ownership of projects.

6.4. Adoption of a DAC-Green Tariff

We recognize that a Green Tariff for DACs may not provide a visible connection between DAC customers and specific solar installations in their communities. At the same time, we find that the Green Tariff proposals address many of the other goals for DAC programs identified by parties to this proceeding, and will provide an option for low-income customers to be able to afford and have access to a program similar to one that exists for other customers. Specifically, a Green Tariff accompanied by a suitable discount would provide low-income customers with cost savings, while making renewable generation more broadly available to both homeowners and renters in single-family and multifamily housing in DACs. In addition, we find that it is reasonable to provide multiple options for customers in DACs to gain access to clean energy resources. For some of these households, a modified Green Tariff program may be the best option.

At this time, renters in single-family homes have few options to participate in a solar program outside of one of the existing GTSR programs. As Greenlining and others note, many GTSR options are premium-price products, which may be cost-prohibitive and create a barrier to participation for low-income and disadvantaged community residents. As PG&E and others point out, a DAC-Green Tariff option would overcome many of the barriers to solar adoption for low-income customers within DACs that are not effectively addressed by existing programs. In particular, these options would address economic barriers (e.g., low customer credit ratings), property ownership barriers (e.g., renters cannot directly adopt rooftop solar), property structure

issues (e.g., poor roof condition or sub-optimal roof orientation) and marketing and outreach barriers (e.g., multi-lingual marketing challenges).

To provide low-income customers in DACs the opportunity to access the benefits of GTSR programs and provide multiple green energy options for these customers, we will adopt a DAC-Green Tariff program. As discussed in Section 3 above, the DAC-Green Tariff program will be available to CARE-eligible customers in the top 25 percent of DACs, based on CalEnviroScreen. The three IOUs and TURN all propose that the project size for a DAC-Green Tariff program should align with the current Green Tariff, which allows for projects between 500 KW and 20 MW. We find that it is reasonable to maintain consistency between project size for the DAC-Green Tariff and the existing Green Tariff option.

We will base a new DAC-Green Tariff program on the Green Tariff portion of the GTSR, as follows:

- The IOU executes a Power Purchase Agreement with a developer for a solar project;
- The project is selected through a competitive solicitation;
- There is no direct relationship between the customer and the project developer;
- Subscribing customers receive 100 percent renewable energy; and
- Subscribing customers receive a defined bill credit.

This program will be in addition to, rather than part of, the existing Green Tariff program, and will be available only to low-income residential customers in DACs, defined as those meeting the qualifications for CARE or FERA. The following sections outline the specific modifications to the existing Green Tariff that we adopt for these customers. PG&E, SCE, and SDG&E will implement the

DAC-Green Tariff program by filing a Tier 2 Advice Letter within 60 days of the effective date of this decision.

6.4.1. Twenty Percent Bill Reduction

Parties propose bill discounts ranging from simply buying down any premium over otherwise applicable rates, to bill reductions of as much as twenty percent over otherwise applicable rates. GRID Alternatives points out that Navigant Consulting – the third-party program evaluator for the SASH/MASH programs – found that the top motivator for low-income families to participate in the SASH program was financial, with over 75 percent of SASH participants surveyed indicating that the reduction in their electric or utility bills was their primary reason that they participated in the low-income solar program.

In order to provide meaningful bill savings to reduce customers' energy burdens, we find that it is reasonable to provide a large enough discount to encourage low-income customers in DACs to consider green options. In determining the appropriate rate discount, we must balance the goal of increasing low-income customers' access to renewable generation at reasonable rates with the potential costs to non-participating ratepayers. Because the existing GTSR program must comply with Sections 2831-2834, which established pursuant to mandated by to pay all costs associated with the renewable energy contracted for the program, existing Green Tariff rates may not be subsidized by non-participating customers. As a result, participants in the current Green Tariff program may pay a premium over otherwise applicable rate options in order to participate. Unlike under GTSR, the DAC-Green Tariff program can provide a subsidy to increase the affordability of reviewable energy. All parties agree that a DAC-Green Tariff program must buy down any rate premium to increase affordability for program participants. Because this program will benefit low-

income customers, we find that it is reasonable to provide DAC-Green Tariff participants with an additional discount over otherwise applicable rates, to encourage participation and make renewable energy more accessible and affordable for low-income residents of DACs. We find that it is reasonable to provide participants with a 20 percent bill discount compared to otherwise applicable rates. The process for calculating the 20 percent discount is described in Section 6.5.3 below.

6.4.2. Participation caps

PG&E asserts that the addition of 70 MW in its service territory would result in roughly equivalent renewable energy adoption rates between CARE customers in DACs and non-DAC customers. We find this to be a reasonable cap for PG&E. We will also set the same 70 megawatt cap for SCE, and an 18 megawatt cap for SDG&E (based on the approximate relative size of SDG&E to PG&E). Once the cap is met for any utility, we will re-evaluate whether to modify the program.

6.4.3. Project Location Requirements

The three IOUs and TURN propose that projects could be located in any DAC within the same IOU service territory as customers. We agree that there is no need for stricter location restrictions than proposed by the IOUs and TURN. As discussed in Section 3, DACs for the purposes of this program are defined as communities that are identified, by using CalEnviroScreen 3.0, as among the top 25 percent of communities statewide, along with the 22 communities in the highest 5 percent of CalEnviroScreen's Pollution Burden that do not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data.

6.4.4. Funding Source

Most parties propose using either GGRF funds or the portion of utility GHG allowance proceeds set aside for clean energy programs to fund a DAC-Green Tariff program. MCE argues that the DAC-Green Tariff would only be open to bundled customers, and if so, the use of GHG allowance proceeds would not be appropriate because those funds are intended to benefit all customers, bundled and unbundled. However, our DAC-Green Tariff would be open to both bundled and unbundled customers to the extent that CCAs and DA providers offer the program to their customers.

As with the DAC-SASH program, it is appropriate that all customers pay for the DAC-Green Tariff program. We will require that the DAC-Green Tariff program first be funded through available GHG allowance proceeds. If such funds are exhausted, the DAC-Green Tariff program should be funded through public purpose program funds.

PG&E, SCE, and SDG&E shall file Tier 2 Advice letters within 30 days of the adoption of this decision to create DAC-Green Tariff balancing accounts. The companies will track all costs related to the implementation and operation of the DAC-Green Tariff program in these balancing accounts. These balancing accounts will be reviewed in each company's future ERRA proceedings. In addition, each company will file an application for review of the DAC-Green Tariff Program not later than January 1, 2021. That proceeding will include a review of both the program's costs and benefits, and may result in revisions to the tariff, if appropriate.

6.4.5. Measurement and Evaluation

Every three years beginning in 2021, Energy Division is authorized to select an independent evaluator using an RFP process. The consultant hired

through this process will evaluate the DAC-Green Tariff program. Specifically, the Commission's Energy Division will select the independent evaluator through an RFP process managed by SDG&E on behalf of the Commission. The RFP process shall be led by staff from the Commission's Energy Division, and Energy Division staff will make the final decision on the winning bidder. If appropriate based on the program evaluation, the Commission may choose to modify the DAC-Green Tariff program.

6.4.6. Reporting

Utilities will also work with Energy Division staff to develop reporting requirements for the DAC-Green Tariff program, which may include the posting of data on <http://californiadgstats.ca.gov>. Energy Division may modify such requirements and formats when necessary to ensure effective oversight of the DAC-Green Tariff program, and to gather data on the program's operation and outcomes as necessary to inform periodic program reviews.

6.4.7. Community Choice Aggregators

As discussed above, we find that it is reasonable to use a portion of the proceeds from the sale of GHG allowances as the primary funding source for both the DAC-SASH and DAC-Green Tariff programs. As MCE notes, GHG auction proceeds are intended to benefit both bundled and unbundled customers. Consistent with this, it is reasonable for CCA customers to be eligible for a comparable CCA DAC-Green Tariff.

To facilitate this, CCAs may work with Energy Division and the IOU that provides distribution service to its customers to develop and implement their own DAC-Green Tariffs consistent with the requirements of this decision. CCA DAC-Green Tariffs programs receiving funds consistent with this decision shall be implemented

by a Tier 3 advice letter.³⁶ In order to access GHG allowance revenues or public purpose program funds to support a DAC-Green Tariff program, the CCA tariff must abide by all DAC-Green Tariff rules and requirements adopted in this decision.

6.5. Community Solar Green Tariff Program

In this section, we create a new Community Solar Green Tariff program which will allow primarily low-income customers in certain disadvantaged communities to benefit from the development of solar generation projects located in their own or nearby disadvantaged communities. The program is similar to DAC-Green Tariff program described and adopted in this Order, with an added element of community sponsorship. As discussed herein, this program will provide benefits to the participating customers, benefits to their communities, and benefits to the environment.

Low-income owners of single-family homes are generally not able to afford to install rooftop solar, either due to unsuitable roofs or inability to finance (or both). Low-income renters in single-family homes are generally not able to persuade their landlords to install rooftop solar. We have provided Virtual Net Energy Metering (VNEM) alternatives for rooftop solar for residents of multi-family housing and the SOMAH program which incentivizes solar on affordable multi-family housing. Above we establish the DAC-Green Tariff program to allow customers in DACs to receive electricity generated from a remote solar power facility at a reasonable price.

³⁶ A CCA may combine DAC-Green Tariff and Community Solar Green Tariff proposals (see Section 6.5.3) into one Tier 3 advice letter.

What is missing is a way for customers – especially low-income customers – in disadvantaged communities to access green benefits from a local source at an affordable cost. Specifically, we determine that it is consistent with the intent of AB 327 and P.U. Code 2827.1(b)(1) to develop a community solar³⁷ program as one of several “specific alternatives designed for [renewable energy] growth among residential customers in disadvantaged communities.” A community solar program, along with the DAC-Green Tariff program, fills a gap among the various current solar programs, none of which adequately target renters not in multi-family buildings or owners with unsuitable roofs. A community solar program can also offer an indirect community “ownership” opportunity, even if not a financial obligation, via local siting and provision form a solar facility. Further, it may be possible for communities to leverage funding from other sources – such as state and local funding sources for clean energy projects – to finance community solar projects; funding which may not be available for other clean energy options.

6.5.1. The February 20, 2018 Alternate Proposed Decision

The February 20, 2018 Alternate Proposed Decision (APD) of Commissioner Guzman Aceves proposed a VNEM-based Community Solar program. The program drew from separate but related proposals of CEJA/SELCO and Joint Solar Parties³⁸, which in turn drew from the 2015 Staff Proposal.

³⁷ In this section, we use the term “community solar” to refer to the general idea of locally-owned and supplied solar power to a DAC. We use the capitalized term “Community Solar” to refer to the proposed program in the February 20, 2018 APD, which is revised in this Order.

³⁸ The discussion in this section and the following sections references proposals from parties filed in this docket on April 24, 2017, and comments and reply comments filed on May 26, 2017 and June 16, 2017, respectively. Previous comments were also filed in this docket and are in the record as well. However, the 2017 comments in most cases supersede or reiterate previous

(footnote continued on next page)

Ordering Paragraph 15 of the APD would have adopted a VNEM-based Community Solar program as follows:

“A Community Solar program is adopted with the following attributes:

- a. A project may be owned by the owner of the building, or the owner can be the host for a project owned by a third-party, or the benefitting customers may own all or part of the project.
- b. Projects must go through a Rule 21 interconnection process.
- c. The solar generating project must be:
 - i. located in the territory of Pacific Gas and Electric Company, Southern California Edison Company or San Diego Gas & Electric Company, and
 - ii. located either within the same disadvantaged community as the customers it serves, or located within a top 25% CalEnviroScreen 3.0-designated disadvantaged community located no more than 5 miles away from the disadvantaged community it serves.
- d. All customers of a project must reside in one of the same top 5% CalEnviroScreen 3.0-designated disadvantaged communities in a utility territory, or all must reside in one of the same San Joaquin Valley communities identified in Rulemaking 15-03-010.
- e. The project’s capacity shall be allocated consistent with the following limits:
 - i. At least 50% of capacity must be allocated to low-income residential customers;
 - ii. No more than 50% of capacity, and no less than 5%, shall be allocated to the host; however, if the host is a governmental entity, no more than 60% of capacity shall be allocated to the host;

(footnote continued from previous page)

comments. Comments from before April 24, 2017 are not considered unless specifically mentioned.

- iii. If the host is a governmental entity and utilizes more than 50% of the capacity, the low-income requirement is reduced to 40%;
- iv. No more than 50% of capacity may be allocated to residential customers who are neither CARE-eligible nor FERA-eligible;
- v. No more than 25% of capacity may be allocated to nonresidential customers.
- f. Project size is limited to 30% of the total capacity in that utility's Community Solar program.
- g. Program size is limited to 18 Megawatts each for Pacific Gas and Electric Company and Southern California Edison Company, and 5 Megawatts for San Diego Gas & Electric Company.
- h. All Community Solar customers shall receive NEM Successor tariff credits and continue on the otherwise applicable rate, except as specified in this Order.
- i. CARE-eligible and FERA-eligible customers are exempt for the NEM Successor tariff requirement that mandates customers be on Time-of-Use rates.
- j. CARE-eligible and FERA-eligible customers shall not be required to provide credit scores to participate in the Community Solar program.
- k. There shall not be unsubscribe fees for CARE-eligible and FERA-eligible customers.
- l. As part of the interconnection application, the developer must submit a list of all benefitting accounts and their pre-allocated portion of the total system generation.
- m. Allocations to all benefitting accounts including the host shall not to exceed 100 percent of system generation.
- n. After NEM credits are generated, the credits shall be allocated to the benefitting customer accounts in alignment with their pre-allocated portion.

- o. The host shall be designated the default account and receive excess NEM credits in the event that a benefitting customer's account is closed.
- p. The developer (or the organization representing the community, if that is the ownership structure) may find other customers in the qualified disadvantaged community to sign up for the remaining portion of a 20 year tariff if a customer moves or otherwise declines to continue in the Community Solar program, but not outside of the qualified disadvantaged community.
- q. The developer shall provide representations, warranties, and indemnifications sufficient to protect the utility and its shareholder in the event of a dispute between the developer and the customer.
- r. In any contract or arrangement with a customer, the developer shall include a prohibition of liens on homes, warranties, and requirements that third-party solar providers delineate how rate changes could impact power purchase agreements.
- s. The Community Solar tariff shall include:
 - i. verification, as part of any interconnection request, that all major solar system components are on the verified equipment list maintained by the California Energy Commission
 - ii. verification by the applicant that other equipment, as determined by the utility, has safety certification from a nationally recognized testing laboratory
 - iii. a warranty of at least 10 years on all equipment and its installation."

Comments on the APD were mixed. Several parties supported the proposal with suggested modifications. CALSSA, CHPC, CSE, CEJA/SELC and Sierra Club (collectively "Justice Parties"), and SEIA recommended that communities should be able to identify themselves. They generally argue that

constraining subscribers to a single census tract makes this difficult to achieve and may be exclusionary. Similarly, several parties oppose restricting customers to top 5% DACs; for example, IREC proposes that projects should be located in any top 25% CalEnviroScreen 3.0-designated community in the same county as the participating customers or a contiguous county within 5 miles of the customers to expand the range of potentially eligible projects while also ensuring a connection to the community. CALSSA notes that allowing customers to be in top 25% DAC is consistent with the DAC-Green Tariff proposal and other Commission program).

Some parties propose additions to the APD's proposal. PCE, Greenlining, Justice Parties and Vote Solar suggest allowing ME&O funding to go to local organizations, pointing out that the state already funds organizations to fund recruitment of CARE/ESA customers. Vote Solar also recommends explicitly allowing for additional incentives on top of direct program costs to help overcome financing concerns with regards to high levels of low-income participation in the Community Solar program. CHPC, Greenlining, GRID and IREC recommend independent evaluation of the program. GRID suggested evaluating the necessity of program administrator after one year.

SCE supports the APD's inclusion of a Community Solar Program targeted at DACs, however, SCE still has serious concerns about certain elements of the program with respect to customer cost impacts and the restrictive criteria for developing solar projects. Specifically, SCE is concerned the VNEM framework and the limitations placed on developers participating in the program, if adopted in the final decision, will prevent this program from being successful. SCE is confident it can improve upon the APD's proposed program and would like to

have the opportunity to propose an alternative program which would be will be larger, scalable, and more cost-effective to SCE's customers.

Other parties oppose the APD's Community Solar proposal.

PG&E believes there are key flaws in the APD including a) The VNEM program would constitute free "wheeling"; b) The APD attempts to contain the very substantial cost shifts associated with VNEM, but those constraints are unlikely to endure if VNEM is adopted here; c) VNEM expansion will be administratively burdensome and expensive to implement; and d) VNEM expansion is likely to create serious consumer protection issues.

SDG&E recommends that the APD's Community Solar program not be adopted, because SDG&E claims it confounds current Commission policy direction by implementing perverse incentives which would exacerbate existing cross-subsidies, is unreasonably difficult to implement successfully, and would be based on an insufficient record.

CALSSA does not believe the APD's Community Solar Program would lead to any developer-led projects. CALSSA believes the cost of signing up customers is a barrier for community solar projects, and the proposed geographic limitations would prevent project developers from reaching economies of scale to reduce the construction cost and provide a margin for customer outreach.

TURN strongly opposes the APD's embrace of a VNEM initiative for a Community Solar Program. TURN contends the use of VNEM was never contemplated by AB 327, creates unsustainable cost-shifting to all non-participants including other low-income customers, and would seriously undermine the viability of the other two programs included in the PD/APD. Moreover, TURN believes the APD leaves many critical VNEM implementation

details unresolved, raising serious questions about the nature of the program that would ultimately result from its adoption.

ORA believes the Community Solar program proposed in the APD is a costly and inefficient mechanism for bringing the benefits of solar generation to DACs, particularly when compared with the DAC-Green Tariff that is also included in the APD. For this reason, ORA recommends that the APD be revised to eliminate the proposed Community Solar program in favor of greater participation in the DAC-Green Tariff program.

PCE requests that the Commission should adopt the APD's implementation of the Community Solar program with one modest change: Allow CCAs to develop community solar programs aimed at serving their DACs regardless of whether those communities fall into the top 5% of communities per CalEnviroScreen.

6.5.2 Revisions to the Alternate Proposed Decision

The comments on the APD raised many important questions about the design, viability and implementation of the APD's proposed Community Solar program. We agree with the majority of parties that it is appropriate and desirable to create a community solar program, but after review of comments we now intend to design a more streamlined program. In general, the APD envisioned that the proposed Community Solar program "will allow a developer to create a distributed solar generation project for the benefit of a set of low-income customers in the same or a nearby qualifying DAC". We retain this vision, but develop a different, somewhat simpler model to achieve this goal and the purposes of the statute. This will be called the Community Solar Green Tariff program.

6.5.3 Elements of the Community Solar Green Tariff Program

Instead of a Community Solar program based on a VNEM model, we now develop a program based on the GTSR model. In general, the new program is a companion to the new DAC-Green Tariff program discussed above; in addition, many of the elements of the Community Solar proposal can be retained in the Community Solar Green Tariff program. The major differences between the DAC-Green Tariff program and the Community Solar Green Tariff program is that the Community Solar Green Tariff program requires community involvement with the solar project through a local sponsor and will result in a solar facility serving a nearby community.

Total MW: There is no specific proposal on the record for how to develop this cap. We look to the DAC-Green Tariff program approved in this decision, above. For that program, we place a cap of 70 MW for PG&E, 70 MW for SCE and 18 for SDG&E. Because this program is intended to target a limited group of disadvantaged communities with a community sponsor, it is reasonable to place a cap on the Community Solar Green Tariff program which is smaller than the cap for the DAC-Green Tariff. It is unclear what the overall uptake will be for the program, and what impacts the program will have. It makes sense to develop a cap which is high enough to allow most or all communities which want to participate to do so, but guard against unforeseen circumstances.

According to the U.S Census Bureau's 2010 Census Tallies of Census Tracts, Block Groups & Blocks³⁹, there were 8057 census tracts in California at that time. As discussed below, the Community Solar Green Tariff program will

³⁹ <https://www.census.gov/geo/maps-data/data/tallies/tractblock.html>.

be open to all top 25% of census tract per CalEnviroScreen 3.0. However, as discussed below in the context of RFO bids, we intend to prioritize the top 5% census tracks which are approximately 400 census tracks. Not all of these census tracks are in PG&E, SCE or SDG&E territory. Nevertheless, assuming that 10% of these census tracks develops a Community Solar project of on average 1 MW, the total size of the program would be 40 MW. Using the same ratio as used for the DAC-Green Tariff program, a cap of 18 MW for PG&E, 18 MW for SCE and 5 MW for SDG&E would seem to provide a sufficient ability for the Community Solar Green Tariff program to develop over the next few years.

Therefore, the Community Solar Green Tariff program will be limited to 41 MW⁴⁰ across all three IOUs at this time. If it appears this cap may be reached, we would entertain a Petition to Modify this decision to reconsider this cap upon analysis of the impacts of the program to that point.

Project Siting: Several parties recommended that community solar projects could be located remotely from the customers who are served by the project, as distant as anywhere in the utility's territory. However, the purpose of community solar is to link the community that is served with the site of the project. This allows the community to have an "ownership" in the sense of associating themselves with the project (although not a direct financial ownership) because community members can see or easily get to the location of the project. Many California counties are very large; San Bernardino County is the largest in the nation. Allowing a project to be located anywhere in a county could place the project dozens of miles, or even more than one hundred miles,

⁴⁰ Using SEIA's latest [methodology](#), this is the equivalent of 6,724 households.

from the community it serves. This would defeat the purpose of community solar. Further, since the purpose of the Community Solar Green Tariff program, consistent with statute, is to provide beneficial impacts to disadvantaged communities, it is appropriate that the project itself be located in or near such a community. At the same time, we agree with parties who recommend that the location requirements not be so strict as to discourage otherwise-viable projects.

Therefore, we will require that a Community Solar Green Tariff project must be sited in a top 25% DAC, and the subscribers to the project must be within 5 miles of the project and also within a top 25% DAC (not necessarily the same DAC). Community members and sponsors will provide verification of siting preferences. This proposal adopts one of CSE's suggestions in APD Reply Comments.

Customer Eligibility: The Joint Solar Parties VNEM-based community solar proposal allows a host site and participating customers to be in any designated disadvantaged community, so long as they are both within the same IOU service territory.

The CEJA/SELC VNEM-based proposal recommends that a community solar project must be located in a designated disadvantaged community census tract, and all initial customers must have primary residence in the same census tract as the project, or in a designated disadvantaged community census tract that shares a common border with the project census tract. Residents in a bordering census tract that is not designated as a disadvantaged community would not be allowed to participate. All customers must reside within the same utility service territory. In this proposal, customer qualification based on census

tract (same or adjacent) includes all CARE and FERA-qualifying households in a half-mile radius around the boundary of all qualifying census tracts.

The APD would have required that all customers of a Community Solar project must be in a top 5% CalEnviroScreen 3.0-designated disadvantaged community, or San Joaquin Valley community identified in R.15-03-010, in each IOU's territory and be within 5 miles of the location of the project.

In comments on the APD, several parties advocated greater flexibility in terms of customer location, ranging from allowing customers to be in adjacent DACs to any DAC in a utility territory. The most common suggestion in comments on the APD is to extend eligibility to customers within the same county that a project is sited in. Commenters believe a same-county requirement would allow communities to define their own borders, while still allowing for close-proximity siting where desired, as well as enhancing developer flexibility. No party supported the proposed limits of only allowing customers of any project to be in a single top 5% DAC.

We will not require that a Community Solar Green Tariff project be located in one of the same DACs as the benefiting customers. CEJA/SELC would limit project locations to the same DAC as its customers, and we are concerned that this additional restriction would overly constrain project viability. At the same time, as Greenlining and others suggest, there are local economic benefits which would accrue to the community where the project is located.

In order to balance community benefits and not overly limit project location, we will require Community Solar Green Tariff projects to be located either in or nearby a community with eligible customers. We now find that the limitation to a single top 5% DAC is too restrictive, and could result in few or no

Community Solar Green Tariff projects. Instead, consistent with statutory guidance to provide local benefits, we will require projects to be located in a top 25% DAC based on CalEnviroScreen. As discussed above, projects would also be located not more than 5 miles from the top 25% DACs where the customers are located. This requirement meets the need for projects to be community-based while making it more likely that there will be enough potential subscribers to the project. Customers in a San Joaquin Valley pilot program community identified in R.15-03-010 would also be eligible to participate in the Community Solar Green Tariff program, even if not in a top 25% DAC (as long as such communities are located in whole or in part within 5 miles of the project).⁴¹

Parties such as Greenlining recommended that a community solar program be targeted to low-income customers. Other parties recommend a low percentage requirement for low-income customer participation, such as 10%-20%. The statute does not specifically require that community solar projects be limited to low-income customers, or to be specifically targeted to low-income customers. However, a significant factor in our intent here, as with the SOMAH program, is to provide a way for low-income customers in DACs to access green resources which have been difficult to access to date; unlike SOMAH, the Community Solar Green Tariff program will be available to low-income

⁴¹ The Commission opened R.15-03-010 pursuant to P.U. Code Section 783.5, which seeks to increase access to affordable energy in disadvantaged communities in the San Joaquin Valley. Section 783.5 directs the Commission to evaluate the economic feasibility of extending natural gas service, increasing subsidies in electricity, and other potentially economically feasible energy options. D.17-05-014 adopted a methodology to identify communities in compliance with the requirements of Section 783.5. The communities identified in that docket are also disadvantaged communities, but may not correspond exactly with the definition otherwise used for Community Solar eligibility.

customers who do not reside in eligible multi-family housing. For practical purposes, it is likely that a significant percentage of residents of any top 25% DAC are low-income; Census data shows that over 60% of all residents in such DACs in California are low-income. We do not limit the Community Solar Green Tariff program to low-income residents and agree with Justice Parties comments on the APD that allowing non-CARE customers to participate is appropriate. As described below, priority is given to low-income participants, but other DAC residents and sponsors are eligible as well.

The Joint Solar Parties proposal would allow (but not require) non-residential customers located in disadvantaged communities to subscribe to up to 25% of a project's capacity. IREC contends non-residential customers can serve to mitigate financing risk associated with residential customer-focused VNEM facilities. ORA believes that both the Equity VNEM proposal and the DAC VNEM proposals direct project benefits away from the low-income residential customers who are the appropriate beneficiaries of Pub. Util. Code § 2827.1(b)(1).

In general, the purpose of this decision is to provide options for residential households (primarily low-income) in disadvantaged communities. CEJA/SELC opines that while the goal should be to expand distributed energy generation to residential customers in disadvantaged customers, it will not be possible to do so without some participation by non-residential customers to balance the capital limitations of low-income participants. Therefore, CEJA/SELC recommends that non-residential customers be allowed to participate, but be limited (either individually or in aggregate along with any other non-residential customers) to 25% of a VNEM project's capacity.

We agree with Joint Solar Parties that uptake must be sufficient in order to allow the project to come to fruition. However, the statute specifically references providing benefits to residential customers. We will not extend the Community Solar Green Tariff program to non-residential customers, other than a project sponsor as described herein.

Low-income Requirement: Joint Solar Parties propose that for the life of the project, 10% of each project's capacity would be allocated to low-income customers who live within DACs. The remaining 90% of project capacity would be open to non-CARE residential customers, although those customers must still be located within the bounds of a DAC as defined by the Commission. CEJA/SELG does not include a requirement for a specified percentage of low-income customers, instead allowing all customers in a qualified DAC to participate.⁴²

ORA recommends that only low-income customers should be eligible for DAC VNEM projects to ensure that low-income customers are not funding DAC projects for non-low-income customers. ORA believes it is unreasonable to require non-participating customers, including low-income customers, to fund programs that benefit non-low-income customers who happen to reside in a DAC. GRID agrees with Joint Solar Parties that a 10% low-income requirement is reasonable. IREC points out that although the Legislature could have chosen to specify only low-income customers should participate in specific alternatives designed for renewable energy growth among residential customers in disadvantaged communities, it did not.

⁴² CEJA/SELG would allow CARE customers within a 0.5 mile radius of a qualifying DAC to participate.

D.15-01-051 at 68-69 provided initial direction on customer participation levels for the ECR program:

“We direct the IOUs to base their assessment of community interest on the following criteria: (a) documentation that community members have committed to enroll in 30% of the project’s capacity or documentation that community members have provided expressions of interest in the project sufficient to reach 51% subscription rate; and (b) a minimum of three separate subscribers to reflect the “shared” aspect of the program...”

and

“...we require that the IOUs ensure that at least at least one ECR project have a residential subscription of at least 50%.” (footnotes omitted)

One of the principles of this decision is that the purposes of Section 2827.1(b)(1) should be satisfied primarily through a focus on low-income households in disadvantaged communities. However, the statute does not limit participation to low-income customers. PG&E argues that since nearly half of customers in disadvantaged communities are CARE enrolled, fairness seems to dictate that, at minimum, roughly half of capacity from program aimed at disadvantaged communities should be allocated to low income customers. While PG&E’s numbers may not exactly reflect the makeup of the top 25% CalEnviroscreen 3.0 communities to be in the Community Solar Green Tariff program,⁴³ we agree with PG&E that a community solar program should substantially be for the benefit of low-income customers. In order to increase

⁴³ PG&E’s analysis appears to be based on CARE customers in top 25% CalEnviroscreen 3.0 communities, as opposed to CARE and FERA-eligible customers in top 5% CalEnviroscreen 3.0 communities.

opportunities for low-income customers – who make up a substantial proportion of the population in disadvantaged communities -- to participate in the Community Solar Green Tariff program, we find that a 10% low-income requirement for the is too low. For the purposes of the Community Solar Green Tariff program, we define low-income customers as CARE-eligible and FERA-eligible customers.⁴⁴

In comments on the proposed alternate decision, several parties advocate that the 50% low-income customer requirement should be reduced to 10% to 25%. Because it is important to ensure that the benefits of the Community Solar Green Tariff program substantially flow to low-income customers, we decline to reduce this percentage.

Project Size: Joint Solar Parties propose that individual projects be a maximum size of 5 megawatts, with no minimum size requirement. They contend that this maximum size requirement strikes a balance between allowing projects that can significantly decrease costs through economies of scale and keeping projects to a size that can be sited in a variety of types of DACs, so that residential customers in DACs have more options for choosing projects located near them.

CEJA/SELC proposes that a qualified project would have nameplate generating capacity that does not exceed 1 megawatt. CEJA/SELC argues that this limit is meant to address unique barriers to projects under 1 megawatt in size, and specifically those based on community assets such as schools and churches. CEJA/SELC recommends that projects for disadvantaged communities should not have a minimum size requirement or have to meet other

⁴⁴ This may also be expressed as “CARE and FERA-eligible customers.”

requirements that impose size minimums such as needing to have a CAISO generator identification.

We consider the project size issue in the context of the overall scope of the Community Solar Green Tariff program. The utilities' March 24, 2017 filings provide some useful new data regarding how many residential meters are located in DAC census tracts in each IOU service territory, as defined by CalEnviroScreen. Even with three adjoining census tracts and assuming that: 1) 25% of the project is subscribed by a nonresidential anchor customer and 2) there was a 5% residential participation rate throughout those three census tracts, there would only be enough demand to support a single project of approximately 1 MW. While we do not know what the parameters of potential participation in any particular Community Solar Green Tariff project would be, some projects would likely not be possible if we set a lower size limit. Thus (unlike the 500KW limit for the DAC Green Tariff program) we do not set a lower limit for Community Solar Green Tariff projects.

Above we discuss changes to the alternate proposed decision to broaden the number of customers available for a project, thus potentially allowing larger projects. However, it is necessary to set an upper limit on project size. Given the limited total program size, it is possible that only a few Community Solar Green Tariff projects take up all of the capacity of the program, so that other potential projects in top 25% DACs who wish to participate may be left out. Therefore, we will set the upper limit of the size of any one project to 30% of the total capacity in that IOU's Community Solar Green Tariff program or 3 MW, whichever is larger.

Bill Credit: The bill credit for the Community Solar Green Tariff program will be consistent with the DAC-Green Tariff program described herein; for both programs we set the discount level at 20 percent on the total bill.

In comments on the revised APD, parties sought clarification as to the mechanics of the 20% discount. CEJA recommends clarifying that the “otherwise applicable tariff” referred to in the DAC Green Tariff discussion is referring to a participating customer’s bill before signing up for the Green Tariff program and not 20 percent off the Green Tariff premium price. IREC also says it is unclear whether the 20% reduction will be applied to a customer’s bill today or applied against the Green Tariff premium. IREC opines that if it is the latter, a 20% reduction is likely not meaningful for most customers. Similarly, Vote Solar recommends that the 20 percent discount should be applied to the customer’s bill as it stands before signing up for a Green Tariff program. CSE recommends that the subscriber discount be applied in addition to any discount the low income customer may already receive, or could receive, as a CARE or FERA customer.

SCE recommends the Commission use a discount structure similar to the CARE discount structure to provide a consistent credit for customers relative to their otherwise applicable Tariff. PG&E recommends using a fixed \$/kWh credit in both Green Tariff programs to ensure that all customers receiving a financial benefit from the program receive the same benefit per kWh of usage. We clarify that the Community Solar Green Tariff discount is off of the otherwise applicable residential tariff. Because the Community Solar Green Tariff becomes the applicable tariff for such customers, any CARE/FERA discount would be applied to the Community Solar Green Tariff. Utilities should use the same methodology to calculate the 20% discount as they use to calculate the CARE/FERA discount.

Project Ownership: CEJA/SELC recommends that a majority of the project should be owned or controlled by either (i) residents of disadvantaged communities, directly or indirectly via any entity, or (ii) a nonprofit or government entity.

Joint Solar Parties state in reply comments:

One of the major deficiencies of TURN's and other GTSR program-based proposals is that they preclude the opportunity for community ownership or control of projects. While our DAC VNEM proposal doesn't ensure community ownership, the VNEM tariff allows for a project to allocate the benefits of that community-owned project to members of the community that are not located on the same premise as the generator or adjacent to it.

We appreciate that there are community benefits to requiring local ownership. The Community Solar Green Tariff program allows for local ownership of projects if feasible (and has provisions for community involvement in the project). However, we will not set a requirement for project ownership, but rather leave this to the market and communities to determine. We also provide for a mandatory local sponsor, discussed below.

Aside from being administratively burdensome and difficult to verify, it is likely that a greater number of projects will materialize if fewer restrictions are placed on project ownership because such restrictions would be likely to increase project costs and viability. Instead, we prefer to maximize potential projects in order to provide the benefits of community solar to low-income residents in disadvantaged communities. At the same time, the Community Solar Green Tariff program is set up to encourage community-based participation in projects by requiring a local sponsor, that all customers be in a nearby DAC, and that a

large percentage of customers be low-income. In this way, communities would need to band together through a sponsor to ensure a viable arrangement.

Community Sponsorship: The Community Solar Green Tariff program is predicated upon the involvement of the community. Thus it is necessary to determine how community involvement will be demonstrated. The most straightforward way to do this is a requirement that community involvement must be demonstrated by a non-profit community-based organization or local government⁴⁵ “sponsoring” a project on behalf of residents. Developers will be required to obtain a letter of commitment from sponsors in order to bid for projects. We clarify that sponsor’s role is to be a catalyst for the community and the project, and may involve utility and developer participation in this effort.

Specifically, a developer must provide a letter of commitment from a sponsor that includes:

- Demonstration of substantial interest of community members in subscribing to project;
- Estimated numbers subscribers, with justification to ensure project is sized to likely demand;
- A preliminary plan to conduct outreach and recruit subscribers (which may be conducted in conjunction with the developer and/or the utility); and
- Siting preferences, including community-suggested host sites, and verification that the site chosen for the bid is consistent with community preference.

⁴⁵ Local government entities include schools and, as discussed herein, Community Choice Aggregators.

A question that arises is how to ensure that sponsors will arise to help the community and a developer come together. In some cases, a community-based organization or a local governmental entity may, on their own initiative, organize a Community Solar Green Tariff project. However, in order to meet the intention of the statute, we believe a financial incentive is appropriate to assist in these efforts.

To incentivize sponsorship involvement, we will provide that sponsors would be eligible to receive bill credits equivalent up to 25% of the project's capacity (not to exceed the sponsor's energy needs). In comments on the revised APD, parties sought clarification for how this 25% bill credit would be applied.

CEJA states that it is not clear whether sponsors would receive a bill credit based on a NEM structure for 25% of the production, or whether they are getting a 20% overall bill discount based on the Community Solar Green Tariff structure for the customer subscribers. SCE interprets the sponsor discount requirement to mean the sponsor will receive a bill credit of 20% on the portion of their load served by the Community Solar Green Tariff resource, where the amount of capacity dedicated to the sponsor cannot exceed 25% of the resource's capacity. Further, the production (i.e., kWh) received from the resource cannot exceed the sponsors annual kWh usage. IREC recommends the Commission explicitly state whether or not project sponsors can also be subscribing customers, and if so, whether the 20% discount level will be applied to their bills.

We clarify that the sponsor must take service on the Community Solar Green Tariff for service up to 25% of the project's energy output. The sponsor then receives a credit calculated the same way as residential credit is calculated.

However, any usage above 25% of the project's energy output will be billed at the Sponsor's otherwise applicable tariff. The project's energy output should be based on an estimation of capacity factor for the plant.

TURN recommends that the sponsor's incentive should be limited to five years. While we agree that the incentive should not be unlimited, we instead will limit the sponsor's discount to the life of the project.

CSE recommends that sponsors and host sites be allowed to partner and "share" or "allocate" bill credits between them to ensure project viability and equity among the two key project stakeholders. We will allow more than one sponsor who may share the bill credits, as long as all sponsors would otherwise qualify. One of the sponsors may also be (although is not required to be) a host, as long as the host qualifies as a non-profit or local governmental entity.

It is appropriate to combine the sponsor incentive with our objective of ensuring significant low-income customer access to Community Solar Green Tariff projects. Therefore, the bill credits will only be available to sponsors after the project's capacity has reached a 50% low-income subscription rate. Subscription rate for low-income customers should be assessed by the utility six months after project operation date/permission to operate (PTO).

A sponsor must be based in same geographic area (top 25% DAC within 5 miles of project) and be an IOU customer to receive bill credits. Sponsors from outside this range are not eligible for bill credits.

Project Bid – As with the new DAC-Green Tariff program, we will base the Community Solar Green Tariff program on the Green Tariff portion of the GTSR program, as follows:

- The IOU executes a Power Purchase Agreement with a developer for a solar project;
- The project is selected through a competitive solicitation;
- There is no direct relationship between the customer and the project developer;
- Subscribing customers receive 100 percent renewable energy; and
- Subscribing customers receive a defined bill credit.

Community sponsorship by a community based organization or local government is required to be eligible to bid for the Community Solar Green Tariff program.

Subscription Timing: The APD proposed “As part of the interconnection application, the developer must submit a list of all benefitting accounts and their pre-allocated portion of the total system generation.” Most parties in support of APD argue for flexibility in verifying subscribers. GRID notes that best practice is to allow customer acquisition post-interconnection for community solar. Vote Solar also suggests implementing a timeline for tracking subscriptions that occurs post-interconnection.

We agree that there should be more flexibility regarding subscriber commitments than provided for in the APD. As described below, a Community Solar Green Tariff project must bid into an RFO and receive approval from the utility. We will not require subscriber commitments as a condition of project bid or approval. Instead, the following conditions will apply:

- Once a bid with a local sponsor is approved, subscribers can sign up directly with the IOU by mail or online and/or the IOU would provide the form and online links to the

- sponsor and developer, who could conduct community outreach.
- Low-income subscribers would be enrolled on a first-come, first-served basis.
 - Non-low-income submissions would be placed on a wait list, to ensure space remains for low-income subscribers. Once 50% low-income subscribership is achieved, non-low-income residents can come off of the waiting list or sign up.

Permission to Operate: Before a Community Solar Green Tariff project can operate, it must receive what is known as Permission to Operate (PTO) from the utility consistent with the GTSR program. In order to ensure sufficient participation from low-income residents, we will require that 25% of project capacity must be subscribed by eligible low-income residents prior to PTO.

In general, low-income residents can subscribe at any time. Up to 6 months after PTO, other non-income qualified residents in a top 25% DAC within the 5-mile geographic area become eligible. These residents could be recruited beforehand and placed on a waitlist until 50% of the capacity of the project is subscribed by low-income residents.

In comments on the revised APD, PG&E requests that the Commission also include direction as to how the 50% low-income requirement should be enforced over time. PG&E notes that a project might comply with this requirement at the time of interconnection but fail to meet that requirement later -- due to turnover among low income customers -- and become a community solar installation that serves very few low-income customers. PG&E suggests several approaches are possible. One would be to require the project sponsor to track and report to the CPUC new enrollments on a regular basis. A second

approach to ensure overall low income customer enrollments remain at the desired level would be to restrict enrollment of new non-low-income customers if the low income enrollment drops below 50%. A third potential approach could be to require throughout the life of the project that the bill credits for the community sponsor will only be available to the sponsor so long as the subscription rate of low-income customers remains at 50% or higher.

It is possible that enrollment may drop below 50% low-income customers from time to time. If this occurs, we will not require that non-low-income customers go back on a wait list; this would unnecessarily complicate the program. However, we will require that utilities (not the sponsor) be responsible for tracking enrollment. As utilities track enrollment, they should promptly inform the Energy Division Director in writing if low-income enrollment drops below 35%.

RFO Mechanism: Per D. 15-01-051, each renewable installation participating in GTSR must generate between 500 watts and 20 MW of electricity. Generation projects participating in the Green Tariff program are chosen through a competitive Request for Offers (RFO) process, and enter into a Power Purchase Agreement with the utility serving the area in which the project operates. Under the DAC-Green Tariff option, the costs for generation used by a customer are passed through by the utility to that customer. As a result, customers maintain their utility service and billing, and have no direct contractual relationship with the developer or operator of the generation project.

The Community Solar Green Tariff program RFO process will operate in conjunction with the DAC-Green Tariff program. The RFO should solicit projects for the Community Solar Green Tariff program adhering to the criteria

in this section, such as size, location and requirement for a sponsor. These criteria would be separate from the DAC-Green Tariff pool, but in the same solicitation. Each program will have a separate capacity allocations and bid requirements. That is, bids for Community Solar Green Tariff projects will not compete with bids for DAC-Green Tariff projects in any regard. IOUs must ensure that RFOs clearly delineate capacity allocations and bid requirements between the two programs. Further, there should be at least two RFOs for these programs each year by each utility in order to ensure that incipient projects can enter into the process within a reasonable amount of time.

Within the Community Solar Green Tariff pool of projects, the IOU should prioritize projects located in top 5% DACs or San Joaquin Valley pilot communities, but not exclude top 25% DACs. RFO scoring should grant additional priority for projects that leverage other government funding such as a state Community Services Department grant, or that provide evidence of support or endorsements from programs such as Transformative Climate Communities or other local climate initiatives.

SCE in comments on the revised APD recommends the Commission give the utilities the option to be directly involved in the project conceptualization stage by exercising an option to utilize a RFI process. Through that process, the utility will work with the community or CBOs to gauge community interest; identify preferences regarding project siting and sizing; develop a preliminary plan for outreach and recruiting; and other key items a community must consider when deciding to move forward with a project. This utility-directed process would occur prior to the RFP process described in the Revised APD.

SCE's suggestion is reasonable and we will allow (but not require) SCE to use this process. Any other utility may also use this process as well.

Unsubscribed Energy

In comments on the revised APD, TURN recommends that the above-market costs of any unsubscribed energy from Community Solar Green Tariff projects be financed with GHG allowance proceeds and/or the Public Purpose Program funds collected via nonbypassable charges. SCE supports this recommendation.

While customers (including the sponsor) cannot subscribe to more than the total output of the solar facility, it is foreseeable that customers may not fully subscribe to the output. Any cost for output which is assigned to customers and which is above-market will be covered by GHG allowance proceeds (or public purpose program funds, if GHG allowance proceeds are exhausted). Because the facility is contracted to the utility to provide all of its output, it is reasonable that any above-market costs associated with unsubscribed output should also be covered by the same funding sources.

ME&O budget: Utilities will establish ME&O program and select a third-party (or utilize existing CBO partners) to execute outreach. Utilities should establish a statewide website with information on the program. Outreach could indirectly assist community sponsors with recruitment for projects, e.g., by conducting CBO informational sessions and providing materials for distribution by CBOs. The ME&O budget will be set in the consumer protection phase of this proceeding and utilities will file an annual ME&O plan through an Advice Letter.

In comments on the revised APD, CEJA and Vote Solar that project sponsors are able to secure a share of ME&O funds so they are able to accomplish the outreach and recruitment envisioned. We agree; utilities should include this component in their proposed ME&O budgets.

Independent Program Evaluation: The Community Solar Green Tariff program should be assessed regularly, including after the first year. Energy Division will develop a program evaluation plan. After the first year's evaluation, we will consider whether there is a need to adopt a program administrator, as suggested by several parties.

Cost Containment: The Community Solar Green Tariff program has an implicit cost cap due to the total MW cap we establish herein. Beyond this we believe there should be an auction clearing price cap so that any potential market power would be mitigated. In other words, there should also consider a cost cap for RFO bids, so there is a threshold at which IOU not required to execute a PPA. We will establish a cost cap similar to that in the Enhanced Community Renewables Environmental Justice program, which has a cap of 200% of the historical RAM clearing price. However, several parties in comments stated that this cost cap was too restrictive.

We adopt the recommendation similar to that proposed by SDG&E: To limit non-participating ratepayer exposure, utilities should limit contract awards to Community Solar Green Tariff program projects whose bid price is at or below the higher of 200 percent of the maximum executed contract price in either the Renewable Auction Mechanism's as-available peaking category or the Green Tariff program.

Funding Source: As discussed with the DAC-Green Tariff program, it is appropriate that all customers pay for the Community Solar Green Tariff program. We will require that the Community Solar Green Tariff program first be funded through available GHG allowance proceeds. If such funds are exhausted, the Community Solar Green Tariff program should be funded through public purpose program funds.

Workforce Requirements: Justice Parties, in comments on the APD, recommends maximizing local benefits from projects, promoting economic development in DACs, and providing economic benefits to diverse and underserved residents in DACs by adopting job training/workforce development requirements, consistent with those outlined for DAC-SASH.

D.17-12-022 (the SOMAH Decision) at 25-27 called for job training efforts to be developed by the new Program Administrator in conjunction with the SOMAH program.

“Section 2870(f)(6) requires the Commission to establish local hiring requirements to promote economic development in disadvantaged communities. In compliance with this mandate, we adopt job training requirements similar to those currently in place for MASH contractors.

...

“We find that it is reasonable to follow the existing job-training model used in MASH, with some additions. Though we do not adopt specific requirements for the amount of job training to be provided through SOMAH projects, we strongly encourage the chosen PA to develop job training guidelines that emphasize the quality of training for each job training participant, rather than maximizing the number of participants trained.

...

We do not at this time adopt specific local hiring requirements, but we direct the PA to develop strategies to encourage local hiring by participating contractors. The chosen PA shall work with Energy Division staff to make a specific proposal on implementation requirements and verification procedures in the PA's Tier 3 implementation Advice Letter.

In addition, we require the PA to collect and track data on both job training and local hiring provided by solar installers working on projects receiving SOMAH incentives. This tracking must include data on the number of training participants and hours, as well as the amount of local labor, provided by each solar installation contractor working on SOMAH projects. If possible, we encourage the PA to also track data related to the continuing employment of job training participants after their training experience. Such data may assist the Commission in developing more effective job training and local hiring requirements after the 2020 SOMAH Program review, to increase the economic benefits experienced in communities served by the SOMAH Program."

The Community Solar Green Tariff program differs from the SOMAH program in many ways, such as not involving rooftop solar. However, we have the same interest here as with the SOMAH program to provide local economic benefits, including job training and workforce development benefits. At this time, the program administrator of the Community Solar Green Tariff program will be the utilities. As part of their RFO process, utilities should prioritize job training and workforce development factors. Further, sponsors should ensure that their efforts include job training and workforce development efforts to benefit the local communities which would benefit from the projects.

In comments on the revised APD, Grid and Brightline recommend that workforce development requirements must be included for any project to bid.

We agree and direct the utilities to require workforce development for all projects, including local hiring and targeted hiring, to ensure that job opportunities for low-income communities materialize.

Community Choice Aggregators

CCA Parties point out that both bundled and unbundled customers will pay for costs associated with the Community Solar Green Tariff program, but that the revised APD only explicitly refers to utility customers. CCA parties request that the revised APD be expanded (a) to include express articulation of the competitive neutrality requirements and (b) to describe the general framework for post-decision processes to implement and apply these requirements. CCA parties opine that if there are reasons why the Commission is unwilling in this context to articulate and apply the competitive neutrality requirement, the Commission must only assign DAC program costs to bundled customers.

We agree with CCA parties that the Community Solar Green Tariff program should be available to both bundled and unbundled customers. This is both because both groups of customers pay for the program, and (more to the point) because the potential benefits of the program should not be limited based upon the retail energy choice of customers.

To facilitate this, CCAs may work with Energy Division and the IOU that provides distribution service to its customers to develop and implement their own Community Solar Green Tariffs consistent with the requirements of this decision. CCA Community Solar Green Tariffs programs receiving funds consistent with this decision shall be implemented by a Tier 3 advice letter. In order to access GHG allowance revenues or public purpose funds to support a Community Solar Green Tariff program, the CCA tariff must abide by all

Community Choice Green Tariff rules and requirements adopted in this decision. We also clarify that, for the purposes of the Community Choice Green Tariff program, a CCA should be considered a local governmental entity and thus can be a sponsor (notwithstanding that a CCA may not be an IOU customer and thus would not be eligible for the 25% incentive).

Advice Letters: PG&E, SCE, and SDG&E shall file Tier 2 Advice letters within 45 days of the adoption of this decision to create two-way Community Solar Green Tariff balancing accounts. The companies will track all costs related to the implementation and operation of the Community Solar Green Tariff program in these balancing accounts. These balancing accounts will be reviewed in each company's future EERRA proceedings. In addition, each company will file an application for review of the Community Solar Green Tariff Program not later than January 1, 2021. That proceeding will include a review of both the program's costs and benefits, and may result in revisions to the tariff, if appropriate.

Reporting

Utilities will also work with Energy Division staff to develop reporting requirements for the Community Solar Green Tariff program, which may include the posting of data on <http://californiadgstats.ca.gov>. Energy Division may modify such requirements and formats when necessary to ensure effective oversight of the CGreen Tariff program, and to gather data on the program's operation and outcomes as necessary to inform periodic program reviews.

7 Proposals for Future Consideration

We decline to adopt SCE's suggested pilot on paired solar and energy storage. In D.17-12-005, we adopted rules that will allow the use of energy storage with VNEM installations, whether or not they are located in DACs.

Given this, we do not see the need for separate pilot to test out this type of program focused on DACs. We encourage parties to develop and propose other innovative approaches for increasing access to renewable generation in DACs.

8 Comments on Proposed Decision and Revised Alternate Proposed Decision

The proposed decision of the ALJs and an alternate proposed decision (APD) of Commissioner Guzman Aceves were mailed parties in accordance with Section 311 of the Public Utilities Code on February 22, 2018, and comments were allowed on both in accordance with Rule 14.3 of the Commission's Rules of Practice and Procedure. Fifteen parties or groups of parties⁴⁶ filed timely opening comments on the PD and/or the APD, and fourteen parties⁴⁷ or groups of parties filed timely reply comments.

All parties were supportive of the DAC-SASH program structure, though some proposed minor modifications to certain program design elements, including the funding source, balancing account mechanisms, implementation timelines, and income eligibility criteria. In response to these comments, the PD has been revised to reflect that DAC-SASH will be funded first through GHG allowance revenues, with funding drawn from rates only if allowance revenues are insufficient to meet program costs. Small modifications and clarification

⁴⁶ The following parties or groups of parties filed opening comments on the PD and/or APD on or before March 12, 2018: Brightline, California Solar and Storage Association (CALSSA), California Housing Partnership Corporation (CHPC), Greenlining, GRID Alternatives (GRID), Interstate Renewable Energy Council (IREC), Justice Parties (California Environmental Justice Alliance, Sustainable Economics Law Center, and Sierra Club), ORA, Peninsula Clean Energy (PCE), PG&E, SCE, SDG&E, SEIA and Coalition for Community Solar Access (jointly), TURN, and Vote Solar

⁴⁷ The following parties filed reply comments on the PD and APD on or before March 19, 2018: Coalition for Community Solar Access (CCSA), CSE, Greenlining, GRID, IREC, Justice Parties, ORA, PCE, PG&E, SCE, SDG&E, SEIA, TURN, Vote Solar

have also been made to clarify details related to balancing account mechanisms and implementation timelines.

In addition, several parties commented on the appropriateness of adding a provision exempting DAC-SASH participants from TOU rates. Specifically, Vote Solar, GRID Alternatives, Greenlining, and the Justice Parties (jointly) supported adding such an exemption, with PG&E, SDG&E, and ORA opposed. Because the DAC-SASH program is modeled on the SASH program, and will cover most if not all solar installation costs while guaranteeing participants savings bill savings, we find that such an exemption is not necessary, and the Revised APD has not been modified to add a TOU exemption provision.

Similarly, most commenting parties supported the adoption of some form of DAC-Green Tariff program, as a way of increasing access to renewable energy by DAC residents who are unable to install customer-sited generation due. Various parties suggested modifications to the program as proposed in the PD, including a change to the program's funding source, expansion of eligibility to non-low-income customers, and changes to the megawatt cap for the program. The revised APD has been modified to reflect that the program should be funded through GHG allowance revenues, but no changes have been made to the program's eligibility criteria or megawatt cap. In addition, several parties suggested that the prohibition on CCA participation in DAC-GT could have anti-competitive effects, and at least one party requested modification of the PD to allow participation by CCAs and their customers. To address this potential inequity between investor-owned utilities and CCAs and consistent with the change to the program's funding source, the revised APD has been revised to allow CCAs to create DAC-Green Tariff programs funded by GHG allowance revenues. Also, parties requested clarification of or changes to the DAC-Green

Tariff discount. In response, the decision modifies the discussion of the DAC-Green Tariff rate and discount structure to simplify and clarify how it would be applied.

The revised alternate proposed decision of Commissioner Guzman Aceves in this matter was mailed to the parties on May 22, 2018 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 June 11, 2018. Reply comments were filed on June 18, 2018. Changes to the revised APD regarding the Community Solar Green Tariff program are discussed in Section 6.5 of this Order.

9 Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Jessica T. Hecht, Valerie U. Kao, and Mary McKenzie are the assigned ALJs and Presiding Officers in this proceeding.

Findings of Fact

1. Section 2827.1(b) directs the Commission to develop a standard contract or tariff applicable to customer-generators with renewable electrical generation, as a successor to then-existing Net Energy Metering tariffs.
2. Section 2827.1(b)(1) requires the Commission to develop specific alternatives designed to increase in adoption of renewable generation in DACs.
3. The original NEM tariff and its successor adopted in D.16-01-044 were not designed to address the specific barriers to adoption of renewable distributed generation experienced in DACs.
4. The incentives provided in the NEM tariffs, including compensation at the full retail rate for exported energy and exemption from all charges imposed on

other residential customers, have not been sufficient to ensure adoption of renewable distributed generation in DACs.

5. The CalEPA in partnership with the OEHHA, created the CalEnviroScreen tool to identify DACs; the current version of CalEnviroScreen is CalEnviroScreen 3.0.

6. CalEPA and the CARB have used CalEnviroScreen to fulfill the legislative requirement of identifying DACs for purposes of distribution of certain funds from the Greenhouse Gas Reduction Fund.

7. Financial barriers, including the lack of capital for an initial down-payment or lack of access to credit pose a significant barrier to solar adoption for low-income households in DACs.

8. The SOMAH program, adopted in D.17-12-022, provides an avenue for certain low-income customers to access clean solar electric generation, with a special provision to increase solar installation in DACs.

9. SASH provides a proven and successful model for expanding access to solar among low-income customers and for providing additional, non-energy benefits, such as job training.

10. Use of a single, statewide program administrator will improve consistency in program implementation and simplify communication about the program with potential participants.

11. A competitive bidding process utilizing an RFP is an appropriate mechanism for use in the selection of the DAC-SASH program administrator.

12. The Commission should choose a statewide PA for DAC-SASH through a competitive bidding process led by Energy Division.

13. Creation of a memorandum account will assist in tracking of DAC-SASH implementation costs.

14. Creation of a DAC-SASH balancing account will facilitate the collection and tracking of DAC-SASH budgets.

15. Renters in single-family homes currently have few options to participate in a solar program outside of one of the existing GTSR programs.

16. A DAC-Green Tariff will allow low-income customers access to a clean energy tariff program similar to one that exists for other customers.

17. A Green Tariff that provides a 20 percent discount off of participating customers' bills will make renewable energy more affordable for low-income customers.

18. Creation of a DAC-Green Tariff balancing account will facilitate tracking the costs of the DAC-Green Tariff.

19. The DAC-Green Tariff and the Community Solar Green Tariff are not NEM programs, and there is no mandatory TOU requirement for the existing Green Tariff program.

20. The current NEM program was adopted by the Commission in D.16-01-044 and is available to customers of PG&E, SCE and SDG&E.

21. The MASH program piloted the VNEM tariffs; the original intent of VNEM was to help low-income multifamily residents receive direct benefits of a building's solar system under VNEM. The Commission expanded VNEM to all multi-tenant, multi-meter properties in 2011.

22. VNEM has generally been available only to those customers living in multifamily housing properties where the property owner has chosen to invest in a photovoltaic system.

23. Low-income owners of single-family homes are generally not able to afford to install rooftop solar, and low-income renters are generally not able to persuade their landlords to install rooftop solar.

24. The more potential customers and the more flexibility for project developers, the more likely it is that viable Community Solar projects will come into being.

25. Allowing the Community Solar Green Tariff program to serve both low-income and non-low-income customers, as well as of non-residential sponsors, improves potential project viability.

26. Limiting Community Solar Green Tariff project locations to the same DAC as its customers would overly constrain project viability.

27. D.17-05-014 adopted a methodology to identify disadvantaged communities in the San Joaquin Valley in compliance with the requirements of Section 783.5. The pilot program communities to be identified in that docket are also disadvantaged communities, but may not correspond exactly with the definition otherwise used for Community Solar Green Tariff eligibility.

28. There are benefits to disadvantaged communities in California if a Community Solar Green Tariff solar generating system is located in the territory of one of the three large electric IOUs, and located either within the same disadvantaged community as the customers it serves or within a top 25% CalEnviroScreen 3.0-designated disadvantaged community located no more than 5 miles away from the disadvantaged communities it serves.

29. There are benefits to disadvantaged communities in California if all customers of a Community Solar Green Tariff project are located in a top 25% CalEnviroScreen 3.0-designated disadvantaged community or reside in one of the San Joaquin Valley pilot program communities identified in R.15-03-010.

30. There are benefits to disadvantaged communities in California if a significant percentage of each Community Solar Green Tariff project's capacity is allocated to low-income customers.

31. There are likely to be more Community Solar Green Tariff projects if a significant percentage of each Community Solar Green Tariff project's capacity is allocated to non-low-income residential customers and sponsors.

32. Limiting the size of the Community Solar Green Tariff program to 18/18/5 MW for PG&E/SCE/SDG&E, respectively, will allow a significant number of projects to develop while guarding against unanticipated consequences.

33. It is likely that a greater number of Community Solar Green Tariff projects will materialize if fewer restrictions are placed on project ownership.

34. It is possible (although unlikely) that only a few Community Solar Green Tariff projects would take up all of the capacity of the program so that DACs who wish to participate are left out.

35. To obtain the benefits of the Community Solar Green Tariff program, low-income customer participants – as well as other participants (including sponsors) who are needed to promote project viability – need to experience overall electricity cost reductions.

36. Workforce development and job training requirements were adopted in D.17-12-022 (the SOMAH decision) as part of a solar energy program to benefit low-income residents.

37. Public purpose program funds and GHG allowances proceeds are funded both by bundled and unbundled customers.

Conclusions of Law

1. Public Utilities Code Section 2827.1(b)(1) requires the Commission to ensure that customer-sited renewable distributed generation continues to grow sustainably and include specific alternatives designed for growth among residential customers in DACs.

2. H&S Code Section 39711 required the CalEPA to create a process for identifying DACs for purposes of investment of funds from the GHG Reduction Fund.

3. It is reasonable to define a “disadvantaged community” for the purpose of the options adopted in this decision as a community that is identified, by using CalEnviroScreen 3.0, as among the top 25 percent of communities statewide, with the exception of the Community Solar program. In addition, 22 census tracts in the highest 5 percent of CalEnviroScreen’s Pollution Burden, but that do not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data, are also designated as DACs.

4. It is reasonable to target programs in DACs towards low-income customers.

5. It is reasonable to provide a variety of options for low-income households similar to the set of options already available to other customers.

6. The requirement in Section 2827.1(b) to ensure that the total costs of the NEM successor tariff are approximately equivalent to total benefits should not be applied in the development of alternatives for DACs.

7. It is reasonable to retain the structure and most program rules of the SASH program in a comparable program aimed at low-income single-family homeowners in DACs.

8. It is reasonable to require PG&E, SCE, and SDG&E to create memorandum accounts to track the start-up costs for the DAC-SASH program within 60 days of the effective date of this decision.

9. It is reasonable to adopt an annual DAC-SASH budget of \$10 million per year beginning on January 1, 2019, and continuing through the end of 2030.

10. It is reasonable that the \$10 million per year DAC-SASH budget starting should be collected first through available GHG allowance proceeds. If such funds are exhausted, it is reasonable that the DAC-SASH program should be funded through public purpose program funds.

11. It is reasonable to require PG&E, SCE, and SDG&E to track the annual DAC-SASH budget of \$10 million per year in balancing accounts starting in 2019.

12. It is reasonable to return DAC-SASH funding not allocated to specific projects or program expenses by the program end date of December 31, 2030, to ratepayers at the conclusion of the program.

13. It is reasonable to adopt Green Tariffs (DAC-Green Tariff and Community Solar Green Tariff) that provides a 20 percent discount from a participant's otherwise applicable rate.

14. It is reasonable to require DAC-Green Tariff renewable generation projects to be located in any DAC within the same IOU service territory as participating customers.

15. It is reasonable to review the DAC-Green Tariff balancing accounts in participating utilities' ERRA proceedings.

16. It is reasonable that the DAC-Green Tariff and Community Solar Green Tariff program funds should be collected first through available GHG allowance proceeds, and if such funds are exhausted, for the DAC-Green Tariff and Community Solar Green Tariff programs to be funded through public purpose program funds

17. It is consistent with the intent of AB 327 and P.U. Code 2827.1(b)(1) to develop a Community Solar Green Tariff program as one of several "specific alternatives designed for [renewable energy] growth among residential customers in disadvantaged communities."

18. It is consistent with the intent of AB 327 that the benefits of a Community Solar Green Tariff program should substantially accrue to low-income households in disadvantaged communities.

19. It is in the public interest to develop a Community Solar Green Tariff program in order to meet the intent of the Legislature in AB 327.

20. It is necessary and in the public interest that the scope of the Community Solar Green Tariff program be large enough to ensure project viability.

21. It is necessary and appropriate for a Community Solar Green Tariff program to balance policy objectives of enhancing opportunities for primarily low-income customers in disadvantaged communities and enhancing project viability.

22. It is consistent with the intent of AB 327 to provide for renewable energy growth among residential customers in disadvantaged communities if a Community Solar Green Tariff program requires the solar generating system to be located in the territory of one of the three large electric IOUs, and either located either within the same disadvantaged communities as the customers it serves or within a top 25% CalEnviroScreen-designated disadvantaged community located no more than 5 miles away from the disadvantaged communities it serves.

23. It is consistent with the intent of AB 327 to provide for renewable energy growth among residential customers in disadvantaged communities if a Community Solar Green Tariff program requires all of a project's customers to be located in a top 25% CalEnviroScreen-designated disadvantaged community and/or reside in a San Joaquin Valley pilot program communities identified in R.15-03-010.

24. It is consistent with the intent of AB 327 to provide for renewable energy growth among residential customers in disadvantaged communities if there are minimum requirements on the allocation of a Community Solar Green Tariff project's capacity allocated to low-income customers, defined as CARE or FERA-eligible customers,

25. It is reasonable to set limits on the allocation of a Community Solar Green Tariff projects' capacity to non-low-income residential customers and only to non-residential customers who are sponsors.

26. The pilot program communities identified in D.17-05-014 should also be considered disadvantaged communities for the purposes of Community Solar Green Tariff eligibility.

27. It is reasonable to set an upper limit, but no lower limit, on the size of each Community Solar Green Tariff project.

28. It is reasonable to allow a sponsor organization representing the community to find customers in the qualified DAC to sign up for the Community Solar Green Tariff program, and to provide a financial incentive for them to do so.

29. It is reasonable, and consistent with D.17-12-022, to require Community Solar Green Tariff program administrators to include workforce development and job training requirements for all bidders as part of their RFO bid criteria, and for sponsors to make efforts to promote these objectives.

30. It is necessary for both bundled and unbundled customers to be eligible for the Community Solar Green Tariff program.

ORDER**IT IS ORDERED** that:

1. The Disadvantaged Communities – Single-family Solar Homes program, as described in Sections 5.4 and 5.5 of this decision and summarized in Appendix A, is adopted, and shall operate from January 1, 2019, through December 31, 2030, in the service territories of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company.

2. A single, statewide Program Administrator (PA) for the Disadvantaged Communities – Single-family Solar Homes program shall be chosen through a Request for Proposal (RFP) process, as outlined in Section 5.5.1. of this decision. Specifically, the Commission’s Energy Division will select the PA through an RFP process managed by Southern California Edison Company (SCE) on behalf of the Commission. The RFP process shall be led by staff from the Commission’s Energy Division, and Energy Division will make the final decision on the winning bidder. The RFP process will be concluded and SCE will enter into a contract with the chosen PA by October 31, 2018. The Energy Division Director may modify the October 31, 2018, deadline by letter for good cause.

3. Once selected, the Program Administrator shall hold one or more workshops with interested parties to receive input on appropriate methods for implementing the Disadvantaged Communities – Single-family Solar Homes consistent with the policy guidance provided in this decision.

4. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company may enter into an appropriate non-disclosure agreement with the chosen Program Administrator if necessary to facilitate the sharing of customer usage data and other personally identifiable

information needed for the operation and administration of the Disadvantaged Communities – Single-family Solar Homes program.

5. The Program Administrator (PA) for the Disadvantaged Communities – Single-family Solar Homes (DAC-SASH) program shall propose a plan for implementing and operating the DAC-SASH Program in compliance with this decision. By December 31, 2018, the PA shall submit a DAC-SASH Program Handbook for Commission consideration as a Tier 3 Advice Letter, subject to approval in a formal resolution. The Energy Division Director may modify the December 31, 2018, deadline by letter for good cause. The program implementation proposal shall include sections on at least the following subjects:

- a. Application procedures;
- b. Requirements for documentation of building and project eligibility;
- c. A program budget that includes line items for incentives and administrative activities, including but not limited to marketing, education, and outreach;
- d. Specific job training requirements consistent with those discussed in Appendix A;
- e. Specific energy efficiency requirements consistent with those adopted in Appendix A; and
- f. Data collection and reporting requirements, including report formats.

6. The Program Administrator shall work with Energy Division to develop reporting requirements and formats, including but not limited to, reporting of data on projects approved and completed, incentives reserved and paid for installations, job training, local hiring, and coordination with clean energy programs. Energy Division may modify those requirements as needed to inform evaluation, measurement, and verification activities.

7. Every three years beginning in 2021, Energy Division shall select an independent evaluator through a Request for Proposal (RFP) process similar to that used to select the Program Administrator (PA). The consultant hired through this process will evaluate the effectiveness and efficiency of both the PA and the Disadvantaged Communities – Single-family Solar Homes program overall. Specifically, the Commission’s Energy Division will select the PA through an RFP process managed by San Diego Gas & Electric Company on behalf of the Commission. The RFP process shall be led by staff from the Commission’s Energy Division, and Energy Division staff will make the final decision on the winning bidder.

8. The Disadvantaged Communities – Single-family Solar Homes (DAC-SASH) program shall have an annual budget of \$10 million per year beginning on January 1, 2019, and continuing through the end of 2030. Each participating utility will contribute its proportionate share of this budget based on its relative percentage of retail electric revenue. Within 60 days of the effective date of this decision, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall each file a Tier 2 advice letter establishing a balancing account to collect its proportionate share of the \$10 million per year DAC-SASH budget starting in 2019, and will collect those costs first through available GHG allowance proceeds. If such funds are exhausted, the DAC-SASH program will be funded through public purpose program funds through the conclusion of the program in 2030. DAC-SASH program funds will be reviewed in the annual Energy Resource Recovery Account proceedings. The utilities shall propose a mechanism to recover the costs through distribution rates. Money 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.

9. Up to \$500,000 per year from the Disadvantaged Communities – Single-family Solar Homes program budget may be used to reimburse Energy Division for activities related to implementation and oversight of the DAC-SASH program. Activities funded by this budget will include, but may not be limited to, any Energy Division activities related to the competitive bidding processes required in this decision and all evaluation, measurement, and verification activities.

10. Within 60 days of the effective date of this decision, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall file Tier 1 Advice Letters to create memorandum accounts to track the start-up costs for the DAC-SASH program. The Commission will review these start-up costs in the companies' next Energy Resource Recovery Account proceedings.

11. The Disadvantaged Communities – Green Tariff program, as described in Section 6.4 of this decision, is adopted.

12. The Community Solar Green Tariff program, as described in Section 6.5.3 of this decision, is adopted.

13. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall file Tier 2 Advice Letters within 60 days of the adoption of this decision to create a DAC-Green Tariff and a Community Solar Green Tariff rate.

14. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall fund the DAC-Green Tariff and Community Solar Green Tariff programs first through available GHG allowance

proceeds. If such funds are exhausted, the programs should be funded through public purpose program funds.

15. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall file Tier 2 Advice letters within 45 days of the adoption of this decision to create two-way DAC-Green Tariff and Community Solar Green Tariff balancing accounts. The companies shall track all costs related to the implementation and operation of the programs in these balancing accounts. These balancing accounts will be reviewed in each company's future Energy Resource Recovery Account proceedings.

16. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall each file an application for review of the DAC-Green Tariff Program and the Community Solar Green Tariff Program not later than January 1, 2021. That proceeding will include a review of both the programs' costs and benefits, and may result in revisions to the tariff, if appropriate.

17. CCAs may work with Energy Division and the IOU that provides distribution service to its customers to develop and implement their own DAC-Green Tariffs or Community Solar Green Tariff consistent with the requirements of this decision. In order to access GHG allowance revenues or public purpose program funds to support a DAC-Green Tariff program or Community Solar Green Tariff, the CCA tariff must abide by all DAC-Green Tariff or Community Solar Green Tariff rules and requirements adopted in this decision. CCA DAC-Green Tariffs and Community Solar Green Tariff programs receiving funds consistent with this decision shall be implemented by Tier 3 advice letter. To access GHG allowance revenues or public purpose program funds, the CCA

must establish a mechanism for tracking discounts provided through its DAC-Green Tariff and Community Solar Green Tariff program.

18. Every three years beginning in 2021, Energy Division shall select an independent evaluator through a Request for Proposal (RFP) process. The consultant hired through this process will evaluate the DAC-Green Tariff and Community Solar Green Tariff programs. Specifically, the Commission's Energy Division will select the PA through an RFP process managed by San Diego Gas & Electric Company on behalf of the Commission. The RFP process shall be led by staff from the Commission's Energy Division, and Energy Division staff will make the final decision on the winning bidder.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A

Disadvantaged Communities - Single-family Solar Homes Program

APPENDIX A

Disadvantaged Communities - Single-family Solar Homes Program

The Disadvantaged Communities – Single-family Solar Homes (DAC-SASH) program offers solar incentives to resident-owners of single-family homes in eligible disadvantaged communities. A disadvantaged community (DAC), for the purpose of the DAC-SASH Program, is a community that appears in the top 25% of census tracts statewide when using the CalEnviroScreen 3.0 tool.¹ In addition, 22 census tracts in the highest 5 percent of CalEnviroScreen’s Pollution Burden, but that do not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data, are also designated as DACs. The program will pay incentives towards a solar energy system that is defined as a solar energy device that has the primary purpose of providing for the collection and distribution of solar energy for the generation of electricity, that produces at least one kilowatt of electricity. Only eligible households may receive program incentives and are encouraged to apply.

The goal of the DAC-SASH program is to provide opportunities for existing low-income customers within disadvantaged communities to overcome barriers accessing on-site, solar photovoltaic (PV) systems to decrease electricity usage and bills without increasing monthly household expenses. Public Utilities Code § 2871(b)(1) requires the Commission to “Ensure that the standard contract or tariff made available to eligible customer-generators ensures that customer-sited renewable distributed generation continues to grow sustainably and include specific alternatives designed for growth among residential customers in disadvantaged communities.”²

Major Responsibilities of the Program Administrator

The Program shall be administered by one entity for all applicants within the service territories of PG&E, SCE, and SDG&E.

¹ The Office of Environmental Health Hazard Assessment, on behalf of the California Environmental Protection Agency, CalEPA, develops and updates the CalEnviroScreen tool to evaluate effects of pollution on vulnerable communities statewide, pursuant to Public Resource Code § 71090. The CalEnviroScreen 3.0 is the most current version of the tool.

² All statutory references are to the Public Utilities Code unless otherwise noted.

The Program Administrator (PA) will be a single entity capable of providing statewide outreach, marketing and implementation activities for the program. The PA shall propose a plan for implementing and operating the DAC-SASH program in compliance with this decision. The PA shall file a Tier 3 Advice Letter, subject to approval in a formal resolution, for a DAC-SASH Program Handbook. In addition, the PA must detail a program budget and data collection and reporting requirements, marketing and outreach plans and a program implementation plan.

Once the DAC-SASH Program Handbook is adopted, program adjustments may be proposed by the PA via a Tier 2 Advice Letter. Pursuant to party responses and Energy Division review of the advice letter, staff will determine if suggested program changes(s) require a resolution or modifications of a Commission order, and if so, the changes(s) could be considered by the full Commission, following notice to parties and an opportunity to comment.

Selection of the Program Administrator

The PA will be selected through a competitive solicitation, Request for Proposals (RFP). RFP responses will be evaluated to determine whether potential the PA is adequately staffed with personnel who have the following qualifications and experience:

- Experience installing and/or designing solar PV systems
- Experience serving low-income populations
- Experience developing marketing strategies directed at low-income communities and accessible communications for persons with disabilities
- Experience creating finance packages appropriate for energy efficiency measures and/or solar energy systems
- Knowledge of the needs of low-income, single-family homeowners
- Language ability for major language requirements of eligible low-income populations
- Knowledge of CARE and FERA programs
- Experience and knowledge of energy-efficiency measures and energy audits at the residential level
- Ability to create partnerships with private sector financing entities

- Experience delivering programs through collaboration with multiple stakeholders (i.e., no preexisting constraints on partnering latitude)
- Knowledge of or experience with job training and/or workforce development programs, especially for low-income communities
- Data gathering and analysis skills

The successful bidder for PA must demonstrate the ability to perform the following functions:

- Establish relationships with low-income, single family homeowners
- Establish relationships with community-based organizations that serve low-income homeowners to conduct outreach
- Partner and work with solar installers to install PV on target homes, and partner with appropriate entities to develop “green job” training or other workforce development programs
- Hire multilingual staff to meet language requirements of low-income populations
- Hire staff that can develop communications accessible to persons with disabilities
- Educate low-income customers on solar technology and energy efficiency measures
- Create a marketing plan to attract eligible populations of all qualifying income levels
- Build organizational capacity to meet the demands of a statewide program
- Implement the strategy through a program implementation plan, through either a phase-in or statewide approach, to achieve program milestones
- Collaborate and partner with city and county housing agencies to create in-place, flexible financing packages
- Explore other funding options with corporations and government agencies

- Work with PG&E, SCE, and SDG&E to direct incentive payments to eligible recipients
- Work with the Commission's Energy Division staff and an independent evaluator to monitor and report on the program's progress
- Coordinate with the administrators of the CARE, FERA and ESAP programs on behalf of program participants, wherever necessary
- Provide customer support, including responding to complaints, problems, and maintenance needs

RFP responses will be evaluated based on the qualifications and abilities listed above as well as respondents marketing and outreach plans and program implementation plans. Program implementation plans should address financing approaches and methods for integrating solar investment with low-income housing rehabilitation. We encourage plans to include a workforce development plan that provides solar installer job training for low-income communities.

Program Reporting/Data Collection

The PA shall submit semi-annual reports to the Director of the Energy Division on progress of the DAC-SASH program. The semi-annual reports should include the following items, but Energy Division may modify the list as appropriate:

- Number of applications received
- Number of applications accepted
- Size of installations and expected annual output
- Total system cost in \$/kW before subsidy
- Progress of installations
- Geographic areas served
- Incentive dollars paid by each utility
- Installer used (if applicable)
- Applicant enrollment with ESAP
- Administrative and marketing expenditures

The PA shall submit to an annual audit of program expenditures. The purpose of the audit is to ensure program funds are paid to legitimate and verified installations of solar energy systems on qualifying homes and that administrative funds are spent in a reasonable and appropriate manner. Energy Division should ensure this audit requirement is part of the PA's contract.

Program Incentive and Financing Structure

Incentives shall be paid only after the PA verifies that system installation is complete, and the solar energy system is operable, located in a program eligible disadvantaged community and application requirements have been met. The PA will ensure development of program materials and procedures, including; application forms in various formats and languages, where needed, and provide technical assistance with the application processes.

To qualify for incentives under this program a participant may apply once for a single-family property that is owner-occupied, meet the income eligibility requirements for the CARE or FERA programs, be located in an eligible disadvantaged community as defined within this decision, and enroll into the utilities' Energy Savings Assistance Program (ESAP)..

Households can apply for a subsidy for systems that produce at least 1 kilowatt (kW) and not more than 5 kilowatt (kW) (CEC-AC). The DAC-SASH program offers one non-declining incentive level of \$3/W, CEC-AC.

The applicant must submit a federal income tax return from the year prior to the application to support estimated tax liability and CARE eligibility.

The PA should seek low-cost loans through local government housing agencies or other private sources to cover the gap between the partial subsidy and total system cost.

Program Budget and Program timeline

The program funds will be collected on an annual basis, beginning on January 1, 2019, and continuing through the end of 2030. Annual collections will be \$10 million per year.

The program will be funded by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) according to the following percentages:

Utility	PG&E	SCE	SDG&E	Total
Percentage	43.7%	46%	10.3%	100%

The PA shall ensure that funding is allocated as follows across program functions:

Administration	10%
Marketing and Outreach	4%
Evaluation	1%
Incentives	85%

Program funds not allocated to specific projects, based on reviewed and approved project applications, by the program end date of December 31, 2030, the program end date, shall be returned to ratepayers.

Program Performance Requirements

To qualify for incentives, a system must meet a minimum performance requirement which is 85% of the Design Factor (DF) based on a modified Estimated Performance Based Buydown (EPBB) calculation. For purposes of the DAC-SASH, the Design Factor shall be calculated without geographic correction. If the Design Factor is less than 85%, the system does not qualify for program incentives.

All other SASH program requirements not changed or modified for performance requirements shall apply here for DAC-SASH.

Customer Protection Standards for Third Party Owned (TPO) systems

The following Minimum Customer Protection Standards for Third Party Owned (TPO) systems shall apply:

1. Ensure program 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.

Energy Efficiency Requirements

The PA must conduct energy efficiency training with each participating household. DAC-SASH applicants must enroll into the utilities' low-income energy efficiency program, referred to as the Energy Savings Assistance Program (ESAP). The ESAP program is administered by the IOUs. If the applicant is eligible for ESAP, this will satisfy the requirement for the program energy efficiency requirement.

The PA will review the audit along with the application to determine the maximum system size that can receive an incentive through the low-income incentive program. The maximum system size that can receive low-income solar

incentives should be based on customer usage, adjusted based on an estimate of energy savings resulting from either:

- installation of all feasible ESAP measures (for those applicants who qualify), or
- if applicants do not qualify for ESAP, the PA shall review all other feasible measures if they were ESAP eligible.

The PA shall ensure incentives are not paid until either an ESAP assessment is completed or is on the waiting list for the ESAP program, or an energy efficiency training and education session is completed.

Program Evaluation, Measurement and Verification

Every three years beginning in 2021, Energy Division shall select an independent evaluator through an RFP process similar to that used to select the Program Administrator. The evaluation should include, but is not limited to, the following factors:

- Number of households served
- Cost of program per household (both incentive costs and total costs including program administration)
- Overall cost of program and cost of program components (i.e., administration, marketing, and incentives)
- The average amount (and percentage) energy bill is reduced per household (both in dollars and kWh)
- Whether participating households have performed an Energy Efficiency Audit, enrolled in ESAP and an evaluation of the energy efficiency measures implemented
- Other, non-solar energy saving measures households have implemented along with their solar installation
- Whether or not the program increased household debt-load
- Customer satisfaction
- Turnover of homeowners in houses served and ongoing residence status of the home

- Languages used in outreach and languages spoken by participating households
- Location of households served
- Geographic coverage within eligible disadvantaged communities
- Participation levels of households served within eligible disadvantaged communities versus similar market sectors outside
- Percent of total CARE/FERA customers in top 25% DACs served by program
- Percent of total ESAP customers served by the program
- Effectiveness of energy efficiency measures as related to PV systems
- Effectiveness of marketing and outreach efforts
- System performance and maintenance adequacy
- Implementation of minimum consumer protection standards for systems served by approved third-party operator's
- Effectiveness of job training activities
- Number of local job trainees
- Number of local job hires linked to the program

The program evaluation will rely upon Commission evaluation protocols as adopted for utility energy efficiency programs. In particular, the evaluation should draw upon:

- Impact Evaluation Protocols
- Process Evaluation Protocols

Job Training/Workforce Development Requirements

The DAC-SASH program will incorporate job training programs intended to promote green-collar jobs in low-income communities and to develop a trained workforce that will foster a sustainable solar industry in California. Each project

installation is required to hire at least one eligible job trainee to work on the installation³

In order to align with the industry standards, the below categories are relevant job task analysis categories:

Directly work on solar installation

- Installing Electrical Components
- Installing Mechanical Components
- Completing System Installation
- Conducting Maintenance and Troubleshooting Activities

Project Design/Project Engineering

- Designing Systems

Project management/coordination

- Managing the Project

Marketing and Outreach

The PA should develop a targeted marketing and outreach program for eligible DAC households which meets the following specifications:

- The PA should collaborate with local public and non-profit community based organizations or to find and attract eligible households.
- The PA should coordinate with utility CARE and FERA programs to identify qualifying low-income homeowners in eligible disadvantaged communities.

³ Eligible job trainees come from PV installation and design training programs including those offered by a California Community College or other PV-training programs offered to the public by local government workforce development programs, community nonprofits, private enterprises or the electrical workers union with 40+ hours of instruction and/or hands-on PV installation and design training.

- The PA must create outreach materials and a plan to educate low-income customers on solar technology, on topics including but not limited to:
 - Proper inspection and long-term maintenance of the PV system in order to ensure energy bill benefits.
 - Various measures, including behavioral changes, energy efficiency, and solar, that recipients can use to manage their energy usage and bills.
 - Information regarding where state assistance for energy efficiency measures can be obtained.
 - How to apply for federal tax credits.
- The marketing and outreach plan must align with the language needs of low-income communities, and meet the Dymally-Alatorre Bilingual Services Act of California (1973) that guides the provision of information to Low English Proficiency populations. The plan must also address the accessibility needs of persons with disabilities.

(END OF APPENDIX A)