

**Comments of Southern California Edison Company Concerning the
California Energy Commission Renewables Committee's October 5,
2006 Workshop and Guidebook on the Design of the New Solar Homes
Partnership**

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**I.
INTRODUCTION**

SCE appreciates the opportunity to comment on the CEC's New Solar Homes Partnership (NSHP) program that will provide financial incentives to help create a self sustaining market for energy efficient, new solar homes. SCE is strongly supportive of the NSHP program and looks forward to working with the CEC and interested stakeholders to bring the NSHP to successful fruition as soon as January 1, 2007.

These comments are divided into two parts. Section II addresses questions posed by the CEC concerning program administration issues at the Renewables Committee Workshop on the Design of the New Solar Homes Partnership on October 5, 2006 in Sacramento. These questions are addressed and organized in the same order as presented by the CEC at the October 5 workshop. Section III provides SCE's general comments on the Draft New Solar Homes Partnership Guidebook.

**II.
ADMINISTRATIVE ISSUES RAISED AT THE NSHP WORKSHOP**

A. Commitment & Structure

1. SCE is Committed to Administering the NSHP Program

SCE reiterates its strong commitment to administering the NSHP program on behalf of the CEC. SCE has the desire, skill and experience needed to effectively administer this program. SCE has a long history of successfully administering programs that involve large numbers of applications, data collection, verification, and incentive payments. SCE currently administers energy efficiency, demand response and CARE programs in addition to the Self Generation Incentive Program (SGIP). The NSHP program compliments the other programs SCE offers, and allows SCE to leverage its existing infrastructure to successfully and efficiently implement the NSHP, and coordinate that program with energy efficiency requirements, marketing and outreach, system inspection and approval for interconnection to the utility grid, and Net Energy Metering (NEM) billing.

Additionally, SCE is now preparing to administer the CPUC's CSI program for existing residential and non-residential facilities, and for new non-residential

construction. SCE is currently scaling up and reorganizing to handle the anticipated increased volume and complexity of CSI applications, and SCE will thus also be able to effectively handle increased applications due to the NSHP. SCE is also reviewing its end-to-end processes with an eye towards improving the process for approving interconnections, enrolling customers in Net Energy Metering, and administering incentive applications and payments. SCE is ready and willing to take on the role of administering the NSHP, and respectfully requests that the CEC designate SCE as the NSHP program administrator in SCE's service territory.

2. What kind of structure or model do you envision?

SCE envisions a partnership between SCE and the CEC as our primary client/director. SCE further envisions a structure that includes coordination between SCE and the other program administrators and collaboration with a program forum that includes representatives from the building community, residential new construction stakeholders, and the solar industry.

3. What mechanism, such as contractual, MOU, etc. is needed?

A possible mechanism for retaining SCE as the program administrator would be similar to the current contractual arrangement between SCE and the CEC for administration of certain portions of the 2001 SBx1-5 energy efficiency programs designed by the CEC, or the current PIER contracts between SCE and the CEC. SCE would administer the program in accordance with agreed contract scope, schedule, cost, terms and conditions, and the final version of the program guidebook.

B. Costs, Timing & Roles

1. What administrative costs do you expect?

Administrative costs would be managed through the effective use of existing business processes that have been developed over decades of administering a variety of large customer programs. Further, there will likely be an economy of scale in adding the administration of NSHP to SCE's administration of the CPUC CSI program. For example, the SCE staff that will process CSI applications would also process NSHP applications using the same program management and tracking database and procedures. Coordination with energy efficiency programs would be streamlined in that the staff working on energy efficiency programs, the CSI, and the NSHP would all be in the same office location. Although exact cost estimates would have to be developed based upon a detailed scope, SCE expects that costs would not exceed 10 percent of the total program budget, consistent with the allocation of administrative funds under the CSI. SCE requests that the CEC clarify that program administration costs will be allocated from a dedicated component of the existing NSHP budget.

2. What role is needed with the CPUC?

Coordination between the CPUC, the CEC, and the program administrators of the NSHP will enhance the success of both the NSHP and the CSI. SCE thus envisions a

partnership approach that would include participation from, and coordination with, the CPUC.

3. What timeframe should we expect to make the transition from CEC to the utility?

SCE will work diligently with the CEC to administer the program by the January 1, 2007 program start date.

C. Coordination

1. How can oversight, marketing/outreach and program evaluation be coordinated?

Program oversight would be coordinated in much the same way as oversight activities are coordinated now in the SGIP and energy efficiency programs. For example, oversight of the SGIP is accomplished through a working group comprised of the program administrators, the CPUC, and the CEC.

With respect to marketing and outreach, SCE recommends that the CEC employ a model similar to the “Flex Your Power” marketing and outreach campaign. This model has proven effective throughout the State in delivering a common program message. A similar structure could be utilized for the NSHP, wherein SCE provides territory-specific marketing and outreach in conjunction with an overall State-sponsored message.

2. How can we make the program (database, admin differences, etc.) seamless and transparent throughout the state?

SCE would make statewide consistency a priority in its administration of the program. The program can be made seamless and transparent throughout the State by close coordination between the CEC, the CPUC, and other program administrators, and through well planned and executed program processes. It may be also be possible to create a statewide web-based information and application system for the NSHP, similar to the one planned for the CSI, which could further facilitate a seamless application process.

D. Additional Question Posed by The CEC at the Workshop

1. How would SCE integrate new solar homes with SCE’s line extension and service planning?

First, from a process perspective, SCE is assessing the processes by which builders apply for service, Net Energy Metering and solar PV system interconnection for housing developments. SCE anticipates that a streamlined process will be developed to coordinate each of these aspects of solar new home developments, including assisting with energy efficiency design and analysis, and application and payment of both solar and energy efficiency incentives.

Second, from a technical perspective, SCE is a Zero Energy New Homes partner, and is working with the CEC under a PIER contract to install and monitor solar PV systems in a new home development in Southern California. SCE anticipates that the results of this study will provide service planners with a better understanding of the effects of residential solar PV systems on the distribution system to determine optimum system design parameters.

III.

COMMENTS ON THE NSHP DRAFT GUIDEBOOK

A. Program Eligibility Requirements

1. Types of Residential New Construction Covered

Mixed-use developments are currently not fully addressed in either the CEC or the CPUC CSI programs. This is an area that will require further coordination between the two programs. The CEC Handbook should clarify that PV incentives for residential units in mixed-use developments would be covered by the New Solar Homes Partnership (NSHP) program to the extent that the PV systems are serving the residential portion of the development.

2. System Performance Metering

SCE recommends that the CEC coordinate PV system output metering requirements for the NSHP with requirements currently being developed for the CPUC's CSI program.

3. Estimated Performance Using Commission PV Calculator and Field Verification Requirements

The NSHP and CEC CSI programs are currently proposing to use significantly different methodologies by which to estimate, inspect, and verify PV system performance and to determine an incentive payment amount. Ideally, one method would be used for both programs. Program planners for both programs should attempt to coordinate and agree upon one methodology that would work for both programs. This would ensure consistent incentive payments for PV systems in residential new construction and residential retrofit situations, and would simplify program participation for the market, as well as program administration and evaluation.

4. Residential Building Energy Efficiency

In general, SCE supports the concept of requiring buildings to be highly energy efficient in order to qualify for solar incentives. The proposed Tier I level of 15% above Title 24 requirements is consistent with SCE's current energy efficiency incentive program for new homes. SCE will continue to work with CEC staff to develop further

specifications for this requirement. The proposed Tier II level of 35% above Title 24 requirements is an ambitious objective, and SCE will continue to work with the other utilities, the CEC, and the CPUC to determine packages of energy efficiency measures and possible incentive levels that would meet Tier II standards. Use of energy efficiency funds for this purpose will be contingent on meeting SCE's energy efficiency portfolio requirements and the CPUC's cost-effectiveness criteria.

B. Incentive Structure & Declining Incentive Schedule

SCE recommends that the CEC consider coordinating the schedule and process for reducing the incentive level with the CPUC CSI program. It is important that market participants that may participate in both programs have one clearly defined process for determining current incentive levels and when a reduction in an incentive level is expected.

C. Treatment of Other Incentives

SCE recommends that treatment of incentives received through other programs or sources be coordinated and consistent with the rules developed for the CSI program.

D. Reservation Process

The CEC reservation process is essentially consistent with the non-residential application/reservation process being developed for the CSI program. However, the NSHP provides a longer reservation period of up to 36 months, which may make it difficult to eliminate "phantom projects" in a timely manner. SCE thus suggests requiring proof of advancement earlier than at the 18 month milestone. SCE also recommends requiring certain progress milestones every 12 months or more frequently to ensure less incentive money is tied up in inactive applications.

IV.

CONCLUSION

SCE appreciates the opportunity to comment on the questions raised on the CEC's NSHP workshop that was held on October 5, 2006, and the Draft New Solar Homes Partnership Guidebook. SCE looks forward to working with the CEC and interested stakeholders in finalizing the NSHP program design and exploring opportunities for program administration.