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06-NSHP-1

DATE OCT 12 2006

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October 12, 2006

California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

RE: New Solar Homes Partnership Docket Number 06-NSHP-1

On October 5, the California Energy Commission's (CEC) Renewable Committee conducted a workshop to discuss with and obtain feedback from stakeholders about aspects of the New Solar Homes Partnership (NSHP) portion of the California Solar Initiative (CSI).

The San Diego Regional Energy Office (SDREO) is pleased to supply the following post-workshop comments to questions posed by the CEC on administration of the program:

- Commitment to program administration
- What kind of structure or model do you envision (Self-Gen)?
- What mechanism, such as contractual, MOU, etc. is needed?
 - How will payments be made?
- Administration Costs
- What role is needed with the CPUC?
- What timeframe should we expect to make the transition from CEC to program administrators?
- How can oversight, marketing/outreach and program evaluation be coordinated?
- How can we make the program (database, admin differences, etc) seamless and transparent throughout the state?

Commitment to program administration

SDREO would like to reiterate our October 5th commitment to administer the NSHP for the San Diego region. We are the only Program Administrator whose entire business mission is aligned with the CEC and the NSHP. Our ongoing dedication to education, promotion and technical assistance on solar technologies is evident.

- We have been administrator of the Self-Generation Incentive Program (SGIP) since 2001, and have been designated as the regional administrator for the California Solar Initiative for all eligible commercial and existing residential participants.
- SDREO has created and presented the San Diego Solar Energy Week, an event that educates business owners, government leaders and the public about the benefits of solar, for two years. The 2006 Solar Energy Week drew over 4,000 participants. Events included our 7th annual Solar Homes Tour sponsored by Pardee Homes (a local San Diego builder), our Commercial Solar Tour, Family Solar Day and a Solar Energy Conference.
- In 1999 and 2000 SDREO worked with Shea Homes, then the second-largest builder in the San Diego Region and the 12th largest builder in the nation, to offer homebuyers the option of purchasing solar water heaters to compliment their new energy efficient homes. Shea Homes offered this option in two new residential communities: Canterbury (*Carlsbad*) and Hillsdale Ranch (*El Cajon*). This project paved the way for a much larger project that included solar water heating and photovoltaics.
- SDREO has experience in bringing solar to production homes. In 2000-2002, SDREO created a partnership between Shea Homes San Diego, Sun Systems and Astropower (now GE Solar) to offer homebuyers both solar PV and solar water heating as a standard feature on two new residential construction projects. At the time this was the first and remains the largest such solar development in the nation and one of the first to pursue the Zero Energy Home concept. This project, including both PV and solar water heaters, resulted in over 100 1.2 kW PV systems and 300 solar water heater systems and has spurred the development of collaborations between solar contractors and production home builders throughout California. SDREO conducted this work under contracts with the U.S. Department of Energy and the National Renewable Energy Laboratory.
- SDREO is an experienced administrator of new home solar systems. We designed and administer the *Rebuild a Greener San Diego Program*, providing incentives for solar and energy efficiency measures to San Diegans rebuilding homes lost in the 2003 Cedar Fires.

Over the past five years, the nonprofit SDREO has demonstrated our commitment to the widespread installation of solar systems on newly constructed homes.

What kind of structure or model do you envision?

SDREO has extensive experience in day-to-day implementation of distributed generation programs, as evidenced by our participation in the Self-Generation Incentive Program since its inception in 2001. The current SGIP is administered by four organizations, including SDREO and three Investor-Owned Utilities (IOUs). The SGIP Working Group has proven to be a constructive, collaborative and effective structure. A similar structure is envisioned for the CPUC CSI, along with a CSI Public Forum which will provide a public venue for all interested parties.

The geographically dispersed SGIP administrators meet monthly as the SGIP Working Group. With CPUC Energy Division and CEC ERP, the SGIP Working Group achieves consensus and on various program issues and ensures consistent statewide administration of the program. As ongoing communication is crucial, the SGIP Working Group also holds additional meetings and teleconferences as needed. Meetings are rotated between Los Angeles, San Diego and San Francisco. In addition to ensuring consistent administration statewide, the SGIP Working Group provides expertise to CPUC Energy Division staff as directed on program issues. Should the CEC elect to mirror the CSI administrative model, a similar Working Group and Public Forum structure could prove fruitful for the NSHP.

We envision the CEC's active involvement and oversight of the program administrators. There will likely be the need to pursue NSHP-related projects that are applicable statewide, for example development of design tools, targeted educational materials, case studies and the like. The CEC could manage such projects itself as it currently often does; or the NSHP Program Administrators could collaborate, with one taking the lead and the others providing support and backup together with the CEC. Each administrator would work directly with the CEC on topics of local relevance.

What mechanism, such as contractual, MOU, etc. is needed? How will payments be made?

There are at least two possible mechanisms for ensuring proper NSHP administration. The first is to execute simple contracts between the CEC and each administrator. This would be the appropriate approach if the administrators are to invoice the CEC directly for administrative services. SDREO has managed a number of contracts with the CEC, and understands its accounting practices and backup requirements.

Second, a different approach would likely be necessary if direct contracting were not possible. For example, if untapped funds from the CSI retrofit programs were to be used for NSHP administration, a Memorandum of Understanding or other agreement could be used to assign roles and responsibilities to the parties. Depending on the final arrangement for funding NSHP administration, the CPUC may need to participate as well.

NSHP will likely require fewer, larger payments than the CSI-retrofit program, so the effort required for payment processing may be substantially less for NSHP than for CSI retrofit programs. From SDREO's perspective, since this is a CEC program, it is reasonable that the CEC would pay incentives directly. In fact, we suspect that builders will be reassured by the prospect of being paid the incentive directly from the State.

Administration Costs

The CEC requested feedback on potential cost for NSHP administration in light of the fact that the Emerging Renewables Program (ERP) is administered without funding from the pool dedicated to direct incentives. Cost for administration/marketing/education of the upcoming CSI is capped at 10%. The non-profit SDREO has always operated at or below budget, and intends to continue with our prudent spending practices for marketing and administration. SDREO believes that the administrative costs to manage the NSHP in our region would be incremental, as we are currently planning for the administration of CSI retrofit programs.

None of the current SGIP PAs has surpassed the 10% administration/marketing/M&V cap. While CSI presents unique challenges and it is not yet possible to predict exact administrative costs, there is a possibility that some administrative and outreach funds for the retrofit portion of CSI will remain untapped. One option would be to allow the existing PAs to use these funds for administration of the NSHP. A benefit of this approach would be that the existing program management, outreach and locally tailored branding could be leveraged at relatively little additional cost. We note that in San Diego the program size is small enough that using a new administrator would duplicate current fixed program costs and would make this approach less efficient. The CPUC would need to agree to use of CSI-retrofit administrative funds for NSHP, whether in an ongoing fashion or as a one-time allocation.

What role is needed with the CPUC?

The California Solar Initiative is currently planned to be co-regulated by the CPUC and the CEC. Meetings hosted by both entities have shown the level of commitment by both the CPUC and the CEC to collaborate on efforts and to implement transparent practices and policies. If the current CSI administrators implement the CEC NSHP as well, it would be critical for the CPUC to be involved in order to maintain consistency between programs to the maximum extent possible.

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

If SDREO is chosen to administer the NSHP for the San Diego region, we are prepared to begin the program concurrently with the CSI start date, January 1, 2007.

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

SDREO believes there may be a number of synergies, should the CEC elect to mirror the CPUC structure use the CSI program administrators for the NSHP. The programs could be co-branded under an over-arching statewide solar incentive program, providing the opportunity to improve cost-effectiveness and develop statewide marketing literature, education/outreach materials, online database tools and performance calculations that could be shared between programs.

As stated in our comments at the October 5 CEC meeting, SDREO has responded to the CEC Public Awareness Campaign Request for Proposal (RFP) to oversee the marketing and outreach for the NSHP. Our proposal offered five partners committed to the development of substantive, locally-adaptable educational materials in various media formats, targeted to each member of the new home supply chain. In addition, our non-profit team would perform more traditional market research and develop other activities aimed at increasing demand for new solar homes among potential home buyers.

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

SDREO believes that launching a coordinated effort to co-brand a statewide California Solar Initiative program would provide the most transparency. The CEC and CPUC appear to be taking these initial steps with the development of a *GoSolar!* website. Branding an over-arching statewide program for both the CPUC CSI and CEC NSHP would provide a cost-

effective means to market the programs, provide education/outreach and publicly disseminate non-confidential program data.

A co-branded statewide program would allow for all program administrators of the CSI and NSHP to develop marketing materials with a consistent look and feel for similar targeted marketing segments such a residential, new construction, developers, architects, installers, etc. Standard educational materials and course formats for workshops could be developed such that the same trainings could be held throughout the state, regardless of service territory.

Coordination of data throughout the state is also important to the success of the CSI. In CPUC proceeding R.06-03-004, solar installers have commented about potential difficulty in obtaining incentive level data if different administrators are at different incentive steps. A co-branded statewide program would allow for all administrators to share common online application tools, expected performance calculators and project database.

SDREO recently issued an RFP on behalf of the CSI Administrators for the creation of an online application tool and project database for the CSI. The RFP requested that the design of the database emphasize stability, ease-of-use, modularity and flexibility between CSI program administrators, SGIP Solar project databases, and the CEC ERP and NSHP databases (to the extent possible for collaboration with the CEC). Additionally, bidders were encouraged to consider a tool that is both intuitive for the various user sets and capable of rigorous analysis of program data.

Conclusion

SDREO appreciates this opportunity to contribute post-workshop comments on administration of the New Solar Homes Partnership to the CEC. Please contact our office should you have any questions or comments on our ideas.

Sincerely,

Andrew McAllister
Director of Operations