

Comments on CEC-Staff Draft Guidebook of October 5, 2006 The Rahun Institute

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Founded in 1998, the Rahun Institute is a non-profit 501c3 educational organization dedicated to the promotion of renewable energy and resource efficiency. The Institute engages in a wide range of activities centered on greater use of renewable energy at a personal level. Current projects include: **The California Solar Center** – a web-based source of solar energy information relevant to California; **Solar e-Clips** – a monthly e-newsletter covering current stories and legislative updates; organizing **Solar Forums** throughout California; coordinating the **California PV Utility Manager** working group; and **Solar Schoolhouse** – a hands-on, project-based solar for schools program.

Working with utilities, non-profits, manufacturers, and installers, we've learned about the differing priorities and views of each group as the solar industry has grown in California. At this transition point in the growth of the California solar market, it is important to recognize these differing priorities, in developing the California Solar Initiative for 2007-2016.

We submit our comments in the hope that they will contribute to the establishment of a solid, simple, efficient and wildly successful New Solar Home Partnership program. A program that is easy to administrate, easy to use, provides sufficient incentives to meet our common goal of ~ 400 MW of solar installed, and a program with new tools that will provide better feedback data to system owners.

Observations and recommendations...

1. Combined Energy Efficiency with Renewable Energy – It has taken years to get to this point, where PV is recognized as a viable and reliable tool in the effort to reduce energy consumption of new homes. Seeing Bill Pennington, from the CEC's Building Efficiency Division, at the workshop on October 5th was a signal that we're finally there.

2. EE requirements – The definitions of Tier I and Tier II are good, but remain somewhat abstract. It would be helpful to show a few examples of homes built thus far that meet the EE requirements of T1 and T2. eg. Building America program or other. This will take some of the mystery out of what is needed to participate in this incentive program.
3. Coordination with Utility EE Programs – It was good to see that PG&E has been working to define what incentives would be available to homes built to T1 and T2 levels. The CEC should also review the programs of the other IOU efficient new home programs to see what sort of incentives would be available. There is also an opportunity to shape those programs to conform more to the NSHP structure. This information should be readily available from the utilities.
4. Do Not reduce EE requirements – There was one comment from industry suggesting that EE not be required to participate. It is probably true that it will, **initially**, be harder to sell PV to developers because of the new EE requirements. No pain no gain, as they say. The Marketing and Education campaign should help alleviate these initial difficulties via a solid educational outreach to builders and developers. We cannot achieve greatness if no risks are taken. Stick with the EE requirements.
5. Solar Hot Water – There were comments regarding the eligibility of solar hot water in this program. Solar Hot Water (SHW) has been defined as an ‘energy efficiency measure’ by the CPUC in April 2005.¹ The CPUC also directed the IOUs to consider SHW in their efficiency programs for 06-08 timeframe. While few details have emerged in the form of incentives for SHW, the option to offer incentives for SHW via the Energy Efficiency Program funding remains open.
6. As an EEM, SHW can be considered as one option for helping to achieve T1 or T2 levels beyond Title-24 compliance.
7. Since Title-24 continues to be upgraded every 3 years, I would image that the definition of T1 and T2 would change when new, more stringent versions of Title-24 are adopted in the future. Is this the intent? Or is it envisioned that Tier1 and 2 would stay the same as defined now? Ie. In terms of % improvement over existing standard levels.
8. The NSHP Program is emerging as a solid state-wide program. To truly enable state-wide participation, it should be structured such that municipal electric utilities (munis) can easily participate. Munis have resisted participation in the Emerging Renewables program in the past, because the terms have been to

¹ CPUC document 45783 4-21-05 “...In response to comments on the draft decision, we also clarify that solar water heaters should be eligible energy efficiency measures in 2006 and beyond, under certain conditions. This is appropriate because the effect of solar water heating is indistinguishable from other efficiency measures that reduce natural gas or electricity consumptions at the end user site (such as water heater wraps, pipe insulation, etc.)”

- contribute budget into the pool yet not be guaranteed that the funds would be spent in their territory. This arrangement was not acceptable. An alternative approach would be if there was a 3rd party administrating the program, whereas the muni could contract with the 3rd party to administer and implement the NSHP program in their territory. With the passage of SB1, requiring munis to increase their solar programs, there is great interest in the New Solar Homes component. Making it easy to participate would help achieve this. As facilitator of the California Photovoltaic Utility Managers Working Group (CPVU), we will be meeting and discussing these opportunities next week on October 18th at the Solar Power Conference in San Jose.
9. Key to facilitating a state-wide program is adoption of a **common database tool**, and 3rd party administration. There are actually several scenarios possible once a common database tool is adopted. The CEC (State) could still issue rebate checks to program participants in IOU territories, while the munis would issue their own checks. Both entities would interface through a common database, with portals for the CEC and individual munis. With this structure, an IOU could also administer portions of the program in their own territory. It is recommend that the CEC follow the results of the RFP for a common database tool for the CSI Program that is currently open and due on October 20th². Many efficiencies are possible if the CEC adopts the same database tool as for the CSI. Realtime status reporting (vs. months delayed), market price data, etc. is possible. These tools also have the capability of incorporating the newly developed CECPV tool, and developing Performance Index assessment tools for PV system owners, integrating satellite weather data, and so forth. Clean Power Research's Power Clerk (and related tools) is one such example.
10. Synergies of Utility Administration. Electric utilities have historically exhibited day&night (aka, dr jekyll/mr hyde, wishywashy) behavior when it comes to embracing and promoting customer-owned solar electricity. The concept of distributed generation can be threatening to the status-quo utility business. Pushed by net metering laws and regulatory direction, California utilities have gone from feet dragging to working collaboratively to implement the state solar laws. Very few have gone beyond what is required in the law. The net metering caps is one example where the utilities had the option of allowing net metering beyond the caps, but chose not to establish proactive policy on their own, instead deferring to the legislature. Negative steps include recent redefining of Time-of-Use Rate Schedule for residential customers in a large Northern Californian utility. The previous TOU rate rewarded customers for orienting their systems westerly for maximum utility peak reduction contribution (a stated goal of the new CSI Program). The new TOU rate schedule completely strips this incentive to install westerly systems providing a negative or neutral incentive to the PV system owner. There are a great many **potential** efficiencies of utility administration of the NSHP program, given they already admin EE programs and have new service departments that provides line extensions to new home

² RFP database tool for CSI – issued by SDREO. Due on October 20th.

developments. There is also no evidence suggesting that the utilities already promote the Self-Generation Program (in existence since 2001) via their new Customer department. Thus, it is with a cautionary step forward that the CEC considers handing over the complete reins to the NSHP program to utilities for administration purposes. If a common database tool is adopted, then this arena can be explored, but not before. There is no urgency to have the utilities administrate this program starting 1/1/07. It would be better to stay within the CEC to maintain control of the program, as it is rolled out in 2007. Many of these concerns go away if a common database is adopted for use throughout the state.

11. Cost to Administrate/Implement the Incentive Program – there were questions at the second half of the workshop on the 8th suggesting that Utilities or other potential administrators could absorb the costs of administrating the NSHP within their existing programs. None of the utilities were warm to this idea, and rightfully so. A successful program will require compensation to administrate this program. A 3rd party database tool operator/administrator would require funds to operate this program. The CEC will need to identify funds for this function.

Thanks for considering our observations, questions, and recommendation.

Please call or email if I can be of further assistance in shaping the New Solar Home Partnership Program. We are at a truly exciting and pivotal point where this program is set to launch. It's key to get all the pieces to the puzzle on the table and in place to achieve our goals.

Looking forward,

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