



California Building Industry Association

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California Energy Commission

DOCKETED

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In the matter of:)
)
EPIC Second Investment Plan:)
Applied Research & Development)
And Market Facilitation)
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California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, Ca. 95814-5512

Comments submitted on behalf of:

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The following comments are intended to supplement those submitted by the California Building Industry Association on February 12, 2014.

Introduction:

The California Building Industry Association (CBIA) is a statewide trade association representing over 3,500 member-companies involved in residential and light-commercial construction. CBIA member-companies are responsible for over 90% of the new homes built in California each year. CBIA welcomes the opportunity to provide these comments to the California Energy Commission.

Applied Research & Development:

In addition to the comments filed on February 12, 2014, CBIA would respectfully request the CEC consider the following issue for funding during the development of the EPIC Second Investment Plan:

Energy Efficiency in the Existing Housing Stock:

The CEC's residential energy efficiency standards focus almost entirely on new construction. While the standards do contain limited measures intended for application in existing dwellings under certain circumstances (additions, alterations and repairs). However, it is becoming very apparent that the field-application and enforcement of the requirements for existing dwellings is not going well.

Considering that 70% of California's 13.5 million existing homes and apartments were constructed before the first set of mandatory energy efficiency standards took effect, there is a strong case to be made for research and development which focuses on opportunities for cost effective energy efficiency improvements in existing housing.

CBIA has would like to survey existing retrofit programs, determine what energy improvements are being made, determine what motivates the customer to these improvements, and correlate the HERS II software to actual use and the energy impact of energy efficiency improvements.

Market Facilitation:

New Solar Home Partnership Program

CBIA is urging the CEC to consider, once again, including an appropriate level of funding for the NSHP program as part of the 2015-2017 EPIC Second Investment Plan.

Background:

For rooftop solar in the production-housing market in California, industry has incorporated this technology through one of two methods:

- Power Purchase Agreements (PPAs) where a third-party owns the panels, works with the builder on design and installation, and then enters into a contractual relationship with

the homeowner to provide power for a set period of time (usually 20 years) at a rate lower than that charged by the regional electric utility (usually 20% lower).

- Homeowner owns the system with the installation cost being included in the mortgage.

Product procurement by production-style builders is usually part of a large volume purchase arrangement taking advantage of economy of scale.

Regardless of which approach is used, there is no question that the availability of incentive funding from the CEC's New Solar Home Partnership program has played a key role in the remarkable surge of rooftop solar in the new residential market.

The incentive funding provided by the NSHP program is used by many large and medium-sized builders and has provided key leverage in making a variety of business models work. And while it is only part of the overall financing package, it has and continues to play a key role in getting solar on roofs as the industry emerges from the worst downturn in 60 years.

Case in point: Several of California's largest production home builders have been installing solar as a **standard feature** on all of the homes in many of their projects, especially those in Southern California.

At the present time, it looks as though the funding for the NSHP will be available through 2014 and into the first and possibly second quarter of 2015.....assuming that incoming reservations stay at the same rate they are today. However, the residential market is finally improving, and in 2013 we "jumped up" to a level of production that was 40% of normal. As the housing market continues to improve, it stands to reason that the market penetration of rooftop solar will improve as well (as opposed to remaining at the levels we saw in 2012 and 2013).

So, there is a very clear potential for a funding shortfall in NSHP program during the final year of program authorization (7/15 – 6/16). Even though the price of solar is coming down, it is still an expensive component and the availability of the NSHP incentive funding is certainly a key fixture in maintaining that momentum.

That is why we are urging the CEC to consider, once again, including an appropriate level of funding for the NSHP program as part of the 2015-2017 EPIC Second Investment Plan.