

Memorandum

To: Drew Bohan
Executive Director

Date: September 6, 2019

Telephone: (916) 654-4516

From: **Michael Sokol**
Deputy Director, Efficiency Division
California Energy Commission
1516 Ninth Street
Sacramento CA 95814-5512

Subject: **POSSIBLE APPROVAL THAT THE CALIFORNIA ENERGY COMMISSION
EXEMPT TRINITY PUBLIC UTILITY DISTRICT FROM THE SOLAR
PHOTOVOLTAIC REQUIREMENTS FOR NEWLY CONSTRUCTED LOW-RISE
RESIDENTIAL BUILDINGS IN THE 2019 ENERGY CODE**

Summary of Item

The Trinity Public Utility District (Trinity PUD) has submitted a complete application package for a solar photovoltaic (PV) system requirement determination, requesting to be exempt from the solar PV requirements for newly constructed low-rise residential buildings in the *2019 Energy Code*¹. Staff has reviewed the application and found it to be complete, and has made a recommendation as required by Title 24, Part 1 §10-110. Staff is now bringing the application before the Commission for consideration and possible approval.

Background

The *2019 Energy Code* includes new solar PV requirements for all newly constructed low-rise residential buildings in §150.1(c)14. These requirements, along with the rest of the 2019 California Building Standards Code, go into effect on January 1, 2020.

California Code of Regulations, Title 24, Part 1, Chapter 10, §10-109(k), specifies that the California Energy Commission (CEC), upon written application or its own motion, may determine that the residential solar PV requirements in §150.1(c)14 shall not apply to particular buildings. The CEC may do so based on a finding that the implementation of public agency rules regarding utility system costs and revenue requirements, compensation for customer-owned generation, or interconnection fees, causes CEC's cost-effectiveness conclusions to not hold for particular buildings. This ensures that the requirements adopted into the Energy Code only apply where they are cost-effective, consistent with § 25402 of the California Public Resources Code.

¹ California Code of Regulations, Title 24, Part 1, Chapter 10, and Part 6.

To make such a finding, an application must include information regarding the differences between public agency rules and CEC's cost-effectiveness determinations, including any additional information requested by the CEC to enable full review of the application. Applications from public agencies must be submitted to the CEC only after public review within the jurisdiction of the public entity or service area of the utility.

After the receipt and review of an application, the Executive Director must make a recommendation on the application to the Commission, after determining that the application is complete, making the complete application package available to interested parties, and providing a 15-day to 60-day public comment period (2019 *Energy Code*, § 10-110(a), (b) and (e)).

Summary of Application Review

On April 2, 2019, Trinity PUD submitted an application proposing that its residential energy rates of \$0.055 to \$0.078 per kilowatt-hour are lower than those assumed by the CEC when determining cost-effectiveness of solar PV systems, and that the 2019 residential solar PV requirements are not cost-effective when these rates are used.

Trinity PUD's application includes the following:

- A cover letter that summarizes the proposal;
- Trinity PUD's Residential Energy Rate Schedule; and
- Meeting Minutes of the public hearing on March 14, 2019.

The application also noted that Trinity PUD conducted a public hearing on March 14, 2019, and approved the decision to seek a determination under §10-109(k) of the California Code of Regulations, Title 24, Part 1, Chapter 10.

Staff made the application available for comment to interested parties by posting the application on CEC's website. The application was docketed under number 19-BSTD-05 for a 60-day public comment period, which concluded on August 5, 2019.

During that time, staff also reviewed the application and determined that it contained sufficient information to perform cost-effectiveness analysis. Considering the life cycle cost-effectiveness methodologies that were used, and applying the Trinity PUD energy rates, staff determined that the new solar PV requirement will not be cost-effective for the Trinity PUD service area.

Project Manager

Cheng Moua, Building Standards Office

Staff Position

Staff recommends that the CEC approve the exemption of Trinity PUD from the 2019 *Energy Code* solar PV requirements for all newly constructed low-rise residential buildings in §150.1(c)14, as permitted by §10-109(k). Staff finds that the Trinity PUD

energy rates are too low, resulting in the compensation for customer-owned generation to fall short of being cost-effective.

Oral Presentation Outline

Staff will be available at the October 14, 2019, business meeting to provide a brief summary and to answer questions.

Business Meeting Participants

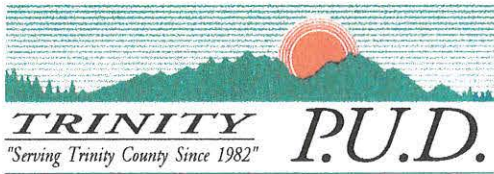
Cheng Moua, Building Standards Office

Executive Director Action Requested

Recommendation by the Executive Director that the CEC determine that the solar PV requirements in the *2019 Energy Code*, §150.1(c)14, shall not apply to the Trinity PUD service area.

Commission Action Requested

Determination by the Commission that the solar PV requirements in the *2019 Energy Code*, §150.1(c)14, shall not apply to the Trinity PUD service area.



March 15, 2019

Maziar Shirakh, P.E.
Senior Engineer, Building Energy Efficiency Standards
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512
Maziar.Shirakh@energy.ca.gov

Re: Trinity Public Utility District's Request for a Residential Photovoltaic Determination

Dear Mr. Shirakh,

On behalf of the Trinity Public Utility District (TPUD), I am writing to seek a determination from the California Energy Commission (CEC) under Section 10-109(k) of the 2019 Energy Code. Section 10-109(k) allows the Commission to determine that the photovoltaic requirements of Section 150.1(c)14 should not apply, if the Commission finds that the Commission's cost-effectiveness conclusions are not accurate. TPUD seeks a determination that Section 150.1(c)14 is not cost-effective and should not apply for all residential housing in the TPUD service area.

While the CEC's ambitious goal to wean California from fossil-fuel based energy generation is admirable, this requirement is not cost-effective in the TPUD service area. The TPUD service territory is unique and energy policy in California reflects its unique situation. Specifically, TPUD distributes and sells 100% carbon-free hydropower that is fully compliant with California's Renewables Portfolio Standard. We also serve the poorest county in the state of California, and our remote location makes building in Trinity County more expensive than elsewhere, exacerbating our desperate housing shortage.

TPUD's low rates simply make rooftop solar uneconomic in TPUD's service area. The CEC, in adopting the rooftop solar mandate appears to have relied, in part, on cost-effectiveness conclusions developed by its consultant, E3. Upon review of the E3 report, TPUD believes that some of the assumptions within this report are not correct as applied to TPUD. Trinity PUD's residential rate schedule is attached showing our residential energy charge, which ranges from \$.05545 per kWh to \$.07822 per kWh depending on the geographic area of our system. By 2023, even this higher rate will be reduced, making rates within all of TPUD's service area roughly \$.055 per kWh. With this clarification, we believe the CEC would have reached different conclusions about the cost-effectiveness of the Section 150.1(c)14 mandate within TPUD's service area.

Maziar Shirakhk, P.E.

March 15, 2019

Page 2

On behalf of Trinity Public Utilities District, I respectfully request that the California Energy Commission make the determination under Section 10-109(k) of the 2019 Energy Code that the photovoltaic requirements of Section 150.1(c)14 do not apply within Trinity Public Utilities District's service area.

Sincerely,



Paul Hauser
General Manager

Enclosure

cc (email only):

Rebecca Westmore
Mike McGuire
Jim Woods
Drew Bohan

**Trinity Public Utilities District
MINUTES OF THE SPECIAL BOARD MEETING
March 14, 2019**

Location: Trinity Public Utilities District Community Room
Weaverville, California
Board Present: Thomas Ludden, Richard Morris, Kelli Gant, Mike Rourke,
Clarence Rose
Board Absent: None
Others Present: Paul Hauser, Jim Underwood, Julie Catanese, Andy Lethbridge,
Karen Palmer, Sarah Sheetz, John Brower, Evan Barrow, Lisa
Barrow, Joseph Taylor, Jim Aven, Amy Gittelsohn, Andrew
Franklin, Jaime Green and Doug Morrison.

1. President Rose called the meeting to order at 1:30 p.m.

2. Public Input

There were no comments from the Public.

3. Public Hearing

A Public Hearing was conducted regarding the Trinity Public Utilities District's intention to submit an application to the California Energy Commission seeking a determination that the photovoltaic requirements of Section 150.1(c)14 of the 2019 Energy Code shall not apply on the basis of cost effectiveness.

Mr. Hauser reviewed the Report with the Board. The District has been working to avail ourselves of the exemption due to the low electric rates in the District.

President Rose opened the Public Hearing at 1:37 p.m.

John Brower commented that depending upon geographical location, some residents may desire to seek solar installations.

President Rose clarified that individuals will still have the ability to install solar if desired, however, beginning in 2020, without this exemption, all residents in California will be required to install rooftop solar on new construction.

Director Gant further clarified that Trinity Public Utilities District is already 100% carbon free. Requiring rooftop solar is expensive, and Trinity County is the second poorest county in the state.

Joseph Taylor of Taylor Construction stated he supports the request for an exemption.

Evan Barrow of Hayfork supported the request for an exemption.

There being no further comments, President Rose Closed the Public Hearing at 1:46 p.m.

After a brief discussion, Director Ludden made a motion authorize the General Manager to submit an application to the California Energy Commission seeking a determination that the photovoltaic requirements of Section 150.1(c)14 of the 2019 Energy Code shall not apply on the basis of cost effectiveness. Director Rourke seconded the motion.

The motion passed with the following voice vote:

Ayes:	Thomas Ludden, Richard Morris, Kelli Gant, Mike Rourke, Clarence Rose
Noes:	None
Absent:	None
Abstain:	None

12. Adjournment

President Rose adjourned the meeting at 1:47 p.m.

Clarence Rose, President

ATTEST: _____
Michael D. Rourke, Clerk

PRIMARY RESIDENTIAL SERVICE A

APPLICABILITY

This schedule is applicable to single-phase and polyphase residential service in single-family dwellings and in flats and apartments separately metered by the District; to single-phase and polyphase service in common areas in a multifamily complex; to a second single-phase service to a single-family residential premise for service to domestic water pumping and unattached outbuildings and barns; to residential single-phase and polyphase service supplied to a mobile home park or residential RV Park through one meter on a single premise and submetered to all individual tenants. Residential service shall not be applicable to or available for new three-phase service after December 1, 1995, resale for profit, standby or auxiliary service, service to any single motor exceeding a nameplate rating of ten (10) horsepower, or any equipment which will cause excessive voltage fluctuations.

Any Residential service that uses more than 9,999 kWh in any given month will be reclassified to Rate Schedule 3, General Service/Commercial Service A. Once reclassified, and after twelve (12) consecutive months with usage below 10,000 kWh, the owner may petition the District's General Manager for reclassification back to Rate Schedule 1. Residential services that service a common area in a multifamily complex, or a service supplying power to a mobile home park or residential RV Park through one meter will be exempt from reclassification to Rate Schedule 3.

MONTHLY RATE

	GEOGRAPHIC ZONE A	GEOGRAPHIC ZONE B
System Access Charge	\$24.00	\$24.00
Energy Charge - kWh	\$.05545	\$.07822

GEOGRAPHIC ZONES

Customers within the geographic boundaries of the District that existed on June 30, 1993, and in the geographic boundaries of the Hayfork Valley P.U.D. that existed on June 30, 1993 are classified customers within the Geographic Zone A, all other customers are classified as within the Geographic Zone B, and shall be reclassified Geographic Zone A no later than April 1, 2023. The geographic boundaries shall be determined by records kept by the County Clerk.

DROUGHT RELIEF SURCHARGE

To the charges computed under the above rate, including any adjustments, shall be added applicable Drought Relief surcharges pursuant to Rate Schedule No. 18, Drought Relief Surcharge.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are, or may in the future be, assessed on the basis of gross revenues of the District and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder. As of the date this rate was approved, two such assessments existed: (1) the specified per kWh tax established by the California Energy Commission; and, (2) a 2.85% of revenue "Public Benefit" surcharge on total revenue from power sold.

GUARANTEED PAYMENTS

When a customer agrees pursuant to the District Line Extension Policy, to guarantee certain payments, such payments may supersede the rates established herein.

TERMS AND CONDITIONS

1. The District shall not be liable for any damages, direct, consequential, or any other, if this rate is terminated or the provisions thereof changed by action of the Board of the District or any regulatory agency, state or federal, or by action of any court.
2. The rates stated herein are subject to such changes as may be authorized by the Board of Directors of the District from time to time.

AVAILABILITY

Throughout the entire District's service area where the facilities of the District are available of adequate capacity and reasonably accessible to the customer service panel.

Date Effective: April 12, 2018
Date Approved: April 12, 2018
Resolution No.: 18-03

Clarence W. Rose, President

STATE OF CALIFORNIA

STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

RESOLUTION APPROVING THE DETERMINATION THAT THE SOLAR
PHOTOVOLTAIC REQUIREMENT IN THE 2019 ENERGY STANDARDS §150.1(c)14
SHALL NOT APPLY TO TRINITY PUBLIC UTILITY DISTRICT

RESOLUTION: California Energy Commission (CEC) approval of the determination that the solar photovoltaic requirement in the *2019 Energy Standards* §150.1(c)14 shall not apply to Trinity Public Utility District (Trinity PUD), provided in California Code of Regulations, Title 24, Part 6, and associated administrative regulations in Part 1, Chapter 10.

WHEREAS, California Code of Regulations, Title 24, Part 1, Chapter 10, §10-109(k) and §10-110, establishes a process for the CEC to determine that the photovoltaic requirement in §150.1(c)14 shall not apply to particular buildings; and

WHEREAS, on March 14, 2019, the Trinity PUD conducted a public hearing and approved the decision to seek a photovoltaic system requirement determination; and

WHEREAS, the Trinity PUD submitted an application to the CEC for the photovoltaic system requirement determination pursuant to California Code of Regulations, Title 24, §10-09(k) on April 2, 2019; and

WHEREAS, the Trinity PUD, in their application to the CEC, indicated that their low energy rates causes the solar photovoltaic system requirement to not be cost-effective for their service area; and

WHEREAS, CEC staff has analyzed whether Trinity PUD energy rates causes the CEC's cost-effectiveness conclusions to not hold, and determined that the solar photovoltaic requirement is indeed not cost-effective using Trinity PUD energy rates, pursuant to Public Resources Code 25402(b)(3);

THEREFORE BE IT RESOLVED, the CEC finds that the Trinity PUD application meets §10-09(k) and determines that the solar photovoltaic requirements in the *2019 Energy Standards* §150.1(c)14 shall not apply to residential buildings within Trinity PUD; and

THEREFORE BE IT FURTHER RESOLVED, that on October 14, 2019, the CEC grants the approval of the application from Trinity PUD; and

THEREFORE BE IT FURTHER RESOLVED, that the CEC directs the Executive Director to take all actions necessary to implement this Resolution

CERTIFICATION

The undersigned Secretariat to the CEC does hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted at a meeting of the CEC held on October 14, 2019.

AYE: [List of Commissioners]

NAY: [List of Commissioners]

ABSENT: [List of Commissioners]

ABSTAIN: [List of Commissioners]

Cody Goldthrite
Secretariat