



October 31, 2013



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

Re: Docket No. 06-NSHP-1

Dear Ms. Nguyen:

SolarCity appreciates the opportunity to submit these comments in response to the October 18, 2013 proposed revisions to the New Solar Homes Partnership (NSHP) Guidebook. Overall, we believe these revisions constitute the most fundamental shift in the history of the NSHP towards program streamlining, alignment with home building cycle, and the reduction of the program's "soft costs." More importantly, we believe the proposed revisions will significantly increase the chances of meeting the NSHP's 400 MW goal by 2016. For this, we commend Commissioner McAllister and you and your staff.

SolarCity supports the large majority of the proposed revisions and will provide comments requesting clarification on certain revisions and proposing additional revisions we believe the California Energy Commission should adopt. Importantly, given the robust discussion about streamlining HERS requirements during the August NSHP workshop, we were disappointed that the proposed revisions only briefly touched on this topic. Without substantial revisions to HERS requirements, we fear the impact of some of the proposed revisions may be diminished.

Revisions SolarCity Supports

In short, SolarCity strongly supports the following revisions and other too voluminous to mention.

- The reservation decrease schedule;
- Code-compliant incentive level;
- Ten percent true-up allowance;
- Affordable housing ownership provision;
- Transparent incentive decline process;
- Ability to submit a tentative subdivision map; and
- 90-day window after reservation expiration.

Request for Clarification

- Project-Level Funding Adjustments

We strongly support the proposal to award incentives by project rather than by site. With reservation periods extending as long as 36 months, changing circumstances (e.g., rebounding housing market and increasingly efficient panels) sometimes motivate builders or homebuyers to decide to install larger solar system or revise development plans. Moreover, this flexibility embedded within this proposal will allow the CEC and Program Administrators (PAs) to better monitor available NSHP funds. We request clarification, however, whether incremental increases in solar system size can be reserved at the original reservation rate or the rate in effect at the time of a requested increase in reservation.

- Small vs. Large Development

SolarCity requests clarification of the rules governing the proposed “small development” project type, constituting a project with less than six sites. This addition will allow smaller builders to more easily participate in NSHP and decrease the uncertainty for all builders associated with existing application review processes. With the exception of a shorter reservation period, we request that the Guidebook clarify whether “small developments” would be treated equally or eligible for the same privileges as large developments.

- Leases and PPAs

SolarCity greatly appreciates streamlining of requirements for solar projects financed by leases or PPAs, which constitute the large majority of distributed solar projects being installed in the state today. We interpret the proposed revisions as eliminating the requirement that a lease or PPA be submitted at the reservation stage and instead only requiring the submission of an installation contract. We also understand that a lease or PPA, among other things, need only be submitted at the incentive claim stage.

With respect required elements of an installation contract, we offer one clarification and one suggestion:

1. Signatory requirements –if the applicant or applicant’s representative and installer are the same entity, we suggest the Guidebook clarify that this entity can sign for both.
2. NSHP incentive declaration—the current Guidebook does not require disclosure of the NSHP incentive in an installation contract. For purposes of maximum transparency, we suggest this be required in the installation contract.

SolarCity’s Suggested Revisions to the Guidebook

1. Greater Webtool Flexibility

SolarCity suggests minor revisions to the NSHP webtool to provide greater flexibility during the reservation process. Currently, applicants are prohibited from updating rebate amounts in the webtool after reservation confirmation. Such restrictions burden PAs with performing a function that is best administered by applicants.

2. Removal of Installation Site Addresses

The flexibility that a “Solar as an Option” reservation offered with respect to determining installation sites was useful for many builders initially unsure about solar. In light of the proposed elimination of the SAO project type, SolarCity suggests deleting the requirement that Large Development reservations specify definitively the physical addresses of installation sites. We believe that this knowledge is difficult in practice to anticipate, and fear applicants will deliberately over-reserve sites to regain that now-lost flexibility. SolarCity continues to support submission of a complete address list for every project. However, this slight revision would provide a uniform process across the various project types previously called Solar as Standard, Solar Not as Standard, and Solar as an Option.

3. Energy Efficiency & Solar HERS Verification Process

At the August workshop, many stakeholder testified that the HERS verification process has become the most time consuming portion of incentive claim process. As such, we believe there is an urgent need to streamline this process in order to minimize administrative and participate burden and to further reduce NSHP’s soft costs. We respectfully recommend the Commission either revise HERS verification policies or overhaul the HERS registries, which we believe are outdated and could take advantage of innovations in information technology. We propose the following for your consideration:

- **Parallel processes over serial processes:** Currently, the multiple steps of the HERS verification process take place serially, with often redundant validations linked end to end. We suggest parallel processes, which only require modifying user permissions in the registry.
- **Increased user permissions:** Allowing installers greater uploading privileges would relieve PAs of significant administrative burdens, as well as reduce overall HERS process timelines. All HERS activity is tracked and login-protected; thus, we do not feel that the security and integrity of HERS verification would suffer as a result.
- **Allow installers to self-upload CF-1R-PVs:** A simple, concrete example of the above suggestion is to allow PV installers to upload CF-1R-PV’s to the HERS registry directly, rather than relying on a PA to act as an intermediary. Transmitting CF-1R-PVs via e-mail is time consuming due to e-mail size restrictions. Once received, we estimate that the PAs take *one to six weeks to upload them*. We see no justification for this delay or for the variance in upload times across PAs.
- **Utilize the registry as a shared workspace:** Allow all HERS stakeholders to post revisable, “unofficial” data to the registry where they can be compared with and edited by others. All activity on the HERS registry is login-mediated and tracked, so we see no threat to data integrity. HERS raters can then make “official” only the data they wish to certify.
- **Allow installers to publish, and adhere to, a project-wide list of permissible equipment:** Rather than relay on site-specific equipment profiles, an installer should quickly be able to make changes to equipment supply. Under current processes, a last-minute change *must wait weeks* and re-play the entire process to be HERS verified.
- **Allow installers to publish master PV plan sets:** Rather than rely on site-specific system profiles, the Guidebook should allow use of PV system designs by installers in lieu of a CF-1R-PV.

- **Verification via remote monitoring:** SolarCity guarantees every system's performance and employs a robust system diagnostics/monitoring team to continually verify inverter output. In most cases, we hold our systems to higher standards than a HERS rater. Allowing HERS raters the ability to verify inverter performance by accessing this data is one way of using the industry's innovations to help streamline HERS requirements.

Thank you for considering these comments. Should you have any questions, feel free to contact me 650-963-0452.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dan Chia', is positioned above the printed name and title.

Dan Chia
Director, Policy & Electricity Markets