

SOMAH Public Forum Notes

Date: Wednesday, May 25, 2022

Time: 1:00-3:00pm

Purpose:

The purpose of the SOMAH Public Forum is to share program progress and updates while creating an opportunity for program stakeholders and participants to ask questions, share concerns and provide feedback. In this forum, the SOMAH PA also shared proposed updates to streamline SOMAH's application process, and an opportunity to weigh in on SOMAH's annual incentives step-down.

The forum is suited for multifamily affordable housing property owners, solar contractors, community-based organizations (affordable housing, environmental justice, tenants' rights, etc.), investor-owned utilities, community choice aggregators and job training organizations interested in getting program updates and providing feedback to the SOMAH Program Administrator.

Welcome & Introductions

Marisa Villarreal, SOMAH Program Manager, kicked off the meeting by welcoming attendees and explaining the purpose of the forum. Marisa stated the SOMAH Program Administrator (PA) team stands in solidarity with the Black Lives Matter movement, highlighted Asian-American Pacific Islander (AAPI) heritage month, and recognized the contributions of SOMAH's AAPI staff, program participants, and community-based organization partners. Marisa ended off by reviewing the forum agenda, SOMAH's current list of staff, and meeting guidelines.

Session 1: SOMAH Program Update

Marisa Villarreal presented key program updates and statistics:

Utility Territory	# of Active Applications	Available Funding Remaining
Pacific Gas & Electric	255	~\$111,388,401
Southern California Edison	145	~\$145,547,249
San Diego Gas & Electric	53	~\$31,845,867
PacifiCorp	1	~\$5,596,771
Liberty Utilities	2	~\$1,470,907
Totals	456	\$295.84 million

The SOMAH PA is proud to report that 34% of SOMAH's active applications are located in Disadvantaged Communities (DACs), and ~87% of the solar credits from SOMAH projects will be allocated directly to tenants. Active applications are also estimated to serve more than 36,600 tenants with an average system size of 188 kW. There are currently 13 participating contractors in the program, with 13 additional subcontractors reported at this time. The pipeline also supports 838 training opportunities with more than 55,000 projected training hours. These job training opportunities equate to over \$1.1 M in projected wages leveraging over 60 job training organization relationships.

To date, 16 progress payments have been issued for PG&E, SCE, and SDG&E projects, with 27 additional projects under review and upcoming payments shortly. These 16 progress payments, total to just over \$3.6 million. 28 final incentive payments have been issued to PG&E, SDG&E, and SCE projects totalling almost \$9 million. SOMAH has fully completed 28 projects, and anticipates 200 more projects to be completed by the end of this year.

The SOMAH PA is happy to report that the SOMAH Program Handbook updates presented at the last public forum have been approved, and the updated handbook will be uploaded to the CalSOMAH website by early June. Handbook updates include establishing a program target or benchmark for the number of properties in DACs to make up 40% of all total SOMAH properties by 2026, and instituting a waiver for

application deposits for priority applications such as DACs, as a way to incentivize participation. Marisa also reported that the CalEPA will designate land owned by federally recognized Tribes as disadvantaged communities (DACs) for the first time. The SOMAH PA is currently collaborating with the SOMAH Advisory Council to explore pathways to address barriers to access for Tribes, as this is a priority for the Program.

Marisa ended off by providing an overview of SOMAH's resources, including its suite of technical assistance and support services such as job training support and tenant education, and the SOMAH eligible properties map that is available for interested applicants.

Session 1 Q&A:

Q: Michael Hicks: Will the Tribal communities qualify tribal members that live off site of federally acknowledged reservations?

A: In reviewing the Final Designation of Disadvantaged Communities Pursuant to Senate Bill 535 Report, from May 2022, pages 12 and 13 acknowledges there are some lands under the control of federally recognized tribes that may not be accurately reflected in the American Indian Areas Related National Geodatabase maintained by the US Census Bureau. In these cases, CalEPA will have a consultation process to identify lands that are under its control, but not accounted for in the database, so they can then qualify as DACs. More info can be found in the report here:

https://calepa.ca.gov/wp-content/uploads/sites/6/2022/05/Updated-Disadvantaged-Communities-Designation-DAC-May-2022-Eng.a.hp_-1.pdf . The SOMAH PA is working to increase participation from tribes, whether they are in the database or not. We'll follow up with greater detail as we gather more info.

Q: Scott Sarem, Sunrun: Are there any plans to broaden CalEnviroScreen qualifications to 70% instead of 75%? Properties that may qualify as a DAC may be across the street from another property that doesn't qualify. Is there a way to change that or any discussion on how to change it?

A: The SOMAH PA has grandfathered in CalEnviroScreen 3.0 properties into the SOMAH Program Handbook, by updating the Handbook to ensure that both the current and previous version of CalEnviroScreen are considered eligible. There are 21 indicators that roll up to a score for each census tract. It's hard to draw a firm line between properties that might have been eligible under version 3.0 but no longer are under version 4.0. That's the extent that we've gone to broaden up to more DACs. There is also an

income qualification to determine whether a property is DAC-eligible.

Q: John Wood, Sunfolio: Are there any plans to add public utility districts or master-metered properties to be eligible for SOMAH?

A: In regards to public utility districts, SOMAH is funded by investor-owned utilities (IOU) greenhouse gas funds and are overseen by the California Public Utilities Commission (CPUC). Funds are specifically allocated for projects under IOUs, so there won't be any changes there. As for master-metered properties, as written in the regulations, projects need to be individually metered to use Virtual Net Energy Metering (VNEM) to deliver credits to tenants. In order to change that, there needs to be a change in legislation. It is something the PA wants to explore, but will have to be on a longer timeline as we go through the Petition for Modification (PFM) process.

Session 2: Streamlining SOMAH's Application Process

Hannah Warner, SOMAH Program Manager, introduced the PA's efforts to streamline the Reservation Request (RR) Milestone portion of SOMAH's application process, based on two third-party evaluation recommendations. The first streamlining effort is an optional prescreen offering offered to all program audiences intended to provide upfront assistance to identify project eligibility earlier on. This prescreen would occur outside of the application process and hopefully minimize the admin burden and time commitment for projects that may ultimately be deemed ineligible. The second effort is an application workflow change that would break the single RR milestone into two, more manageable, phases to reduce the initial admin burden of starting and submitting the Reservation Request and provide a shorter timeline for the application to get to data request, and reduce the application burden for Property Owners and Applicants.

Luke Ballweber, SOMAH Program Manager, provided more details regarding the prescreen service. The prescreen serves as a partial eligibility screening, as it serves the narrow focus of providing feedback only related to the deed restriction or regulatory agreement requirements. When a requestee visits the SOMAH website and submits a webform generated prescreen request, SOMAH will review documents and return feedback via email. The prescreen is zero cost, optional, and exists independently of the PowerClerk application interface.

Luke then reviewed the streamlining of the Reservation Request milestone, the initial milestone for Track B applications. While the SOMAH PA has already shifted or deleted some pieces of the RR milestone where possible, it has not added anything to the milestone. The RR milestone will shift from one large phase to two more well-defined phases. In Phase 1, the number of required fields in PowerClerk will shrink by half to what they currently are, and only documents related to eligibility and preparing for the IOU usage data request will be required. This update will also remove the Cover Sheet from the list of RR milestone required documents. Phase 2 will focus on sizing the system based on shared usage data, entering system specifications, and submitting the remaining required documents.

Luke reported the PA is also pursuing the eventual full removal of the application deposit requirement which would allow for the reservation request approval to be issued right after the Phase 2 fields and documents are approved. SOMAH's newly approved handbook version allows the deposit to be waived for priority groups, which consist of DAC-eligible properties and properties on tribal lands per the CalEnviroScreen Disadvantaged Communities 4.0 updated map. Removing the application deposit entirely will take another handbook edit that is scheduled for filing later this year. Returning the already paid deposits prior to project completion and refunding past forfeited deposits will also need to wait for the next handbook filing.

Laura Wong, SOMAH Program Manager, conducted a poll to gauge attendees' tentative ability and timeline to pursue a SOMAH application if the application deposit were removed. Laura also invited audience to submit responses in the chat to the following questions:

1. Is limiting PowerClerk system spec entry to Phase 2 helpful or hurtful?
 - a. Would you like to retain the option to enter system specs - always visible?
 - b. Should system specs only be Phase 2/after data request?
2. Is there feedback on requiring for the VNEM allocation form until later in RR (Phase 2) or later in the app process? (SDG&E tenant meter number exception.)

Session 2 Q&A:

Comment: Andrew, SunRun: It would be nice to push the Virtual Net Energy Metering (VNEM) form requirement to a later stage in the application process. We would like to submit those allocations later in the process. It seems tenant addresses need to be a requirement. It makes sense for the Letter of Authorization items to remain in place but it would be helpful to design it to be more inclusive. We would like to get more data per meter instead of just annual usage. Collecting tenant meter data tends to be a challenge.

A: The SOMAH PA has found that submitting the Virtual Net Energy Metering (VNEM) Load Allocation Form might not be a necessity with submitting applications. In regards to getting info by the meter, we are not sure if that's something we can do right now, but it is worth bringing up, and would eventually need to be aggregated into annual amounts.

Comment: Andy, SunRun: Huge thanks to the SOMAH PA team for all your focus on streamlining and taking feedback from the public last time and putting it into Handbook Version 5.0. The best thing we can get out of this is getting usage data that much sooner, which is elemental to moving projects forward. It is nice to get comprehensive data upfront instead of spending time looking for it later. I urge you to, particularly for tenant usage data, lean in as far as possible on what you think we can get. The sooner we can get data, the better we can help customers, and the less time spent that can wear customers down.

Question: Scott, SunRun: Is there a way to revise LOA and expand to cover more issues? They give us little information because it's a privacy concern. It would be helpful to look at developing a more robust LOA. We'd be happy to contribute legal expertise if needed to explain why it would work.

Session 3: Incentive Step-Down Updates

Jae Berg, SOMAH Program Manager, shared the modifications that the SOMAH PA is planning to propose to the CPUC for the program's annual incentive step-down and its incentive levels. Jae began with an overview of the proposed modifications, then walked through the current incentive structure for the program, reasoning for why the

PA wants to modify the incentive structure, and justification for the proposal. She highlighted the goals for the Petition for Modification (PFM): (1) Eliminate the current annual incentive step-down methodology, (2) Restore incentives to the Year 1 incentive levels, and (3) Authorize the SOMAH PA to propose future modifications through a Tier 2 Advice Letter. Jae walked through a breakdown of application count and program funding for completed and paid projects, nearly completed applications still in process, and the available incentive funding at the time of the presentation (\$295,849,195). She mentioned that this level of available funding represents a missed opportunity to deliver energy credits and direct financial benefit to tenants across the state, and explained that the PA hopes to jumpstart the program and continue to receive new applications with the proposed changes to the incentives.

Jae shared a graph of monthly application submission over the life of the program and pointed out the four projects received in 2022 are all Track A, property owner driven, projects that indicate interest in the program but do not indicate that the incentive level is adequate. She then continued with background on the program's current incentive structure highlighting that the program has already stepped down incentives twice since the July 2019 program launch. Jae explained that AB 693 did not mention an incentive step-down, but referenced "aligned with the installation costs for solar energy systems in affordable housing markets and take account of federal investment tax credits and contributions from other sources to the extent feasible." She also shared that per the CPUC Decision 17-12-022, "Incentive levels will decrease by the annual percent decline in residential solar costs as reflected by NREL reports, or 5% annually, whichever is less."

Jae showed a table with a chart of the incentive rates since the beginning of the program and walked through the impacting factors like whether or not the project is leveraging the Investment Tax Credit (ITC) or Low-Income Housing Tax Credit (LIHTC). She also pointed out that, overall, incentives have decreased roughly 7.2% since Year 1. She provided SOMAH program cost data from the Third-Party Program Evaluation and highlighted external market analyses that indicate that multifamily solar PV costs are increasing. Additionally, the Evaluation noted that the initial projects in the SOMAH program represent the low-hanging fruit that are easier to complete or are part of a larger portfolio of properties. Jae explained that since we are currently in Year 3 of the program, we believe that projects now are going to be harder to find and/or will

require more complex installations, and as we get further into the program, projects will only continue to increase in difficulty. She summarized that if the incentives were to continue to decrease while project costs increase, and projects become more complex and/or harder to find, the PA believes we will not be able to meet our 300 MW goal.

Jae shared information on external market data from National Renewable Energy Laboratory, Solar Energy Industries Association, and U.S. Monthly Inflation and noted that the Third-Party Evaluation states the program can meet the 300 MW goal with Year 1 incentives, assuming the highest rates for tenant area and common area, and a tenant/common area split of 90% to tenants and 10% to common area. In summary, Jae pointed out that SOMAH is not a Market Transformation program and referenced that "Incentive step-downs are typically used for market transformation programs that strive to increase demand for a technology and consequently drive down costs for that technology and therefore the incentives required," per the Phase II Program Evaluation Report. She also identified that there is precedence for not having an incentive step-down given that the MASH program, SOMAH's predecessor program, did not have an incentive step-down even though the larger market rate program, the California Solar Initiative, that fell under the same program umbrella did have a step-down.

Jae closed out by summarizing the Incentives Petition for Modification (PFM) is expected to propose: (1) Eliminating the the current annual incentive step-down methodology, (2) restoring incentives to the Year 1 incentive levels, and (3) authorizing the SOMAH PA to propose future modifications through a Tier 2 Advice Letter. She also confirmed next steps to submit the PFM to CPUC in June or July and submit an extension request to pause the incentive step-down until the PFM has been determined.

Session 3 Q&A:

Q: Jakobi Ewart: Is the goal of SOMAH to become a market transformation program?

A: No, SOMAH is not positioned to be a market transformation program and it isn't meant to be. SOMAH's goal is to install 300 MW of solar on multifamily affordable housing by 2030.

Q: Scott Sarem, Sunrun: Would it make sense to increase the incentive levels to be in line with the cost increases? It seems like the Tier 2 designation will fix that issue.

A: The PA's current proposal is to revert incentive levels to Year 1/Step 1 with the goal of maintaining familiarity and keeping simplicity with the incentive rate. The PA believes that redesigning a new incentive rate might slow down the movement to make this update to incentives as quickly as possible through the PFM. If the PA obtains the flexibility to provide changes through a Tier 2 Advice Letter, it might be an option in the future, but it's unknown at this time.

Q: Mike Tomlin, SCE: Do you know what percentage of roofs are just not solar ready, instead of a desire to participate for the remaining money?

A: The Third Party Evaluation mentions roof and panel upgrades posing a challenge to allow roofs to be solar ready, but the evaluation didn't provide robust data on this specific metric. We do know there is a lot of capacity being installed on carports for SOMAH projects. There are approximately 3,400 potentially eligible properties in the "SOMAH universe" and only a small portion of those properties have submitted projects with applications so far.

Q: Andrew Carr, Sunrun: How will incentive level adjustments work for pre-existing (already submitted) applications?

A: Existing projects that have not passed the Proof of Project Milestone stage can request to be reverted to the Year 1/Step 1 rate if they can prove that there will be additional benefits to tenants with the higher incentive rate.

Q: John Wood, Sunfolio: What is the timing of the incentive increase?

A: The SOMAH PA plans to submit the PFM in late June or July. Once submitted, there will be a public comment period and time for the PA to reply to comments. Then it will go to the Energy Division for review and consideration. It is hard to say how long the process may take, it could be six months to a year, but there isn't a formal timeline.

Q: Michael Hicks: If SOMAH is to provide equity for affordable housing and DACs, and the average cost is \$4.21/watt, why not increase the incentive to be closer to the average submitted cost and not keep it at \$1/watt less than costs?

A: The SOMAH PA's goal is to get the incentives increased through a process that is as familiar as possible. For this proposal, the PA would like to use the Year 1 rate, where it has been proven that projects are viable, and then reevaluate from there, as needed.

Q: Flint Lui, CalSolar Inc: Will there be a possibility to increase common area incentive amounts?

A: The SOMAH PA has considered adjustments to the common area incentive rates, but the goal of the current proposal is to keep the current incentive structure, which supports the goal to make the quickest impact to the program with a higher incentive level without overcomplicating the incentive structure. For this iteration, the PA is focused on making the proposal as simple and straightforward as possible to address the current standstill of applications.

Q: Andrew Carr, Sunrun: When will the incentive level adjustments go live? Should I wait to apply for an Incentive Claim (IC) until after?

A: Projects that are currently in the application queue need to progress at their existing timeline and cannot be held for this incentive PFM determination. There are no extensions for Proof of Project Milestones, so projects will need to progress as needed based on the program and milestone deadlines. The program needs projects to move forward as intended and it is not worth it for the Applicant to have the project canceled due to a missed deadline and then need to reapply from the beginning.

Q: Andrew Carr, Sunrun: has there been consideration of making IC inspections eligible for virtual walkthrough inspections versus just onsite?

A: Yes, there has been some consideration and the PA is currently working through reviewing the logistics of virtual inspections in place of the final, onsite inspection. If it is found to be a feasible option, the PA would include this in the next Handbook filing which is planned for Q3.

Q: Lisa Castilone, GRID: Will the timeline extensions for projects in the pipeline with milestones be extended or granted due to shortage and equipment delays as it was in Year 1?

A: If there is a circumstance outside of the Host Customer or Contractor's control, Applicants are eligible to submit an extension request for up to 180 days for an

18-month reservation deadline to submit for Incentive Claim. Shortages and equipment delays would qualify as an eligible reason for such an extension request.

Q: Mike Tomlin, SCE: My neighbors, many who are low income and are early adopters of solar, continue to ask me about the status of NEM. It seems to change so much that in talking to potentially new customers in my neighborhood, there is concern that NEM rules change too much to feel comfortable to adopt not knowing if they could have lower or higher electric bills. Have you considered how concerns around NEM changes customer perception on participating?

A: NEM is very important to the financial proposition that the program provides to participating owners and bill credits for tenants. The SOMAH PA is watching the NEM3 proceeding closely and unpacking information as it is released. We will share any information as it is determined and applicable for SOMAH program participants.

Q: Stephen Hatcher, GRID: Are there any plans to change the requirement of the tenant name being on the individual meters?

A: Properties where the Property Owner pays the tenant's electric bill, even if individually metered, are not eligible for SOMAH at this time due to the requirement that the property must utilize net metering with the tenant benefit given via direct bill credits to the tenant. Without tenants paying the electric bill, there isn't a way to verify the tenant bill savings and direct benefit requirements. This is one of the property types that the PA would like to further review for eligibility consideration once the PFM has been submitted.

Comment: Sarah Lerhaupt, CPUC Energy Division: If contractors have a project that isn't eligible for SOMAH, but is still a low income housing development - as long as the property meets the MASH program criteria, not participating in MASH does not block use of the MASH Tariff. A master-metered or property where the Property Owner pays tenant bills can consider use of the MASH Tariff.

Q: Mike Tomlin, SCE: Have you considered a pilot to allow bidders to bid a certain incentive amount into a project to see if it has better uptake than a Step 1 incentive? Could be interesting in the future to test a pilot.

A: That is not something the PA has considered, but it is a very interesting idea that could be considered and explored in the future.

Looking Ahead & Next Steps

Marisa wrapped up with next steps highlighting the following dates for upcoming SOMAH events:

- **May 26:** May Applicant and Contractor Eligibility Training
- **June 16:** Tenant Education Training
- **July 12:** Solar Career Pathways Overview for Job Seekers
- **July 28:** July Applicant and Contractor Eligibility Training
- **Aug 11:** Tenant Education Training

Register at calsomah.org/events

For additional questions and feedback, please contact the SOMAH PA:

Email: contact@CalSOMAH.org

Web form: CalSOMAH.org/contact-us

General hotline: 858-244-1177 ext. 5

Tenant hotline: 800-843-9728