

Meeting Notes

Solar on Multifamily Affordable Housing (SOMAH) Advisory Council Meeting Q3 2022

September 15, 2022

Attendees

SOMAH Program Administrators

Chris Walker | SOMAH Program Director
Marisa Villarreal | SOMAH Program Manager
Hannah Warner | SOMAH Program Manager
Staci Hoell | SOMAH Program Manager
Peter Pierre | SOMAH Program Manager
Sana Sheikholeslami | SOMAH Program Coordinator
Luis Amar | SOMAH Program Coordinator
Zara Jamshed | SOMAH Program Coordinator
Stacey Lee | SOMAH Program Coordinator
Victoria Leslie | SOMAH Program Coordinator
Luke Ballweber | SOMAH Program Coordinator
Brittany Chenier | SOMAH Program Manager
Armando Ortiz | Self-Help Enterprises (SOMAH PA Partner)
Tyler Valdes | California Environmental Justice Alliance (SOMAH PA Partner)

SOMAH Advisory Council Members

Agustin Cabrera | RePower LA
Allan Rago | Quality Conservation Services
Alma Marquez | Independent Consultant
Andrea Barnier | Self-Help Enterprises
Andres Ramirez | People for Mobility Justice
Carlos Aguilar | Coalition for Economic Survival
Elizabeth C Elliot | Northern Circle Indian Housing Authority
Jakobi Ewart | The Niles Foundation
JB Tengco | BlueGreen Alliance
Nicole Lim | California Indian Museum & Cultural Center

Meeting Agenda

1. Meeting Welcome
2. Meeting Ground Rules
3. Round-robin Updates from AC Members
4. Session 1: SOMAH Program Update
5. Session 2: Design Factor Impacts on Incentive Amounts
6. Next Steps and Next Meeting

Meeting Notes

Welcome & Introductions

Marisa Villarreal, SOMAH Program Manager

Marisa led a round of introductions, reviewed the meeting agenda, and shared the meeting goals. Marisa then facilitated a round-robin of updates from AC members regarding their latest projects and potential connections between their work and the SOMAH program.

Session 1: SOMAH Program Update

Marisa Villarreal, SOMAH Program Manager

Peter Pierre, SOMAH Program Coordinator

Staci Hoell, SOMAH Program Manager

Chris Walker, SOMAH Program Director

Members of the PA shared the latest program updates and highlights, including key program stats, upcoming programmatic changes, and regulatory updates impacting the SOMAH program.

Notes

Marisa Villarreal recapped the topics from the AC's Q2 meeting and progress since that meeting regarding:

- The PA's proposed changes to SOMAH's incentive step-down structure and Petition for Modification (PFM), which was filed to the CPUC on August 9.
- The PA's strategies to increase tribal access and participation in the SOMAH program.
- Tenant Education updates and future strategies.

Marisa presented the latest application, funding, and project stats for the SOMAH program and highlighted the new bank of success stories and resources that can be found on the SOMAH website at: <https://calsomah.org/education-resources>

Upcoming milestones for the SOMAH program include: (1) the PA updating the program Handbook and submitting a new version for consideration and approval by the end of the month, and (2) an updated Marketing, Education & Outreach Plan outlining the PA's goals, objectives and strategies for 2023.

Peter reviewed the PA's future initiatives for Tenant Education (TE):

- Proposed Handbook changes:
 - Contractor TE requirement - Share SOMAH-approved education materials 60 days or more before install
 - Host Customer / Property Owner (PO) TE requirement - Share SOMAH-approved educational materials 60 days or more after install
 - Online TE training hosted by Host Customer/PO (Track A) or Contractors (Track B) required in addition to contractor training
- Initiatives for additional TE support:
 - SOMAH Welcome Letter for all tenants provided by the PA
 - PA-hosted On-site manager training for host customer/PO
 - Tenant Education Wellness Checks

Discussion

- **AC Member:** Including tenant educational materials both in the pre- and post- phase of the project is a great idea, and a welcome letter to tenants after installation has occurred is a nice touch.
- **AC Member:** One of the challenges the communities we target face is accessibility of language. Are the materials available in multiple languages?

We should also be conscious of how we use jargon that people may not understand.

- **SOMAH PA:** Before we provide educational materials and conduct workshops for SOMAH properties, we meet with project leads to discuss the property's demographics and languages spoken. California (CA) is very diverse, so this is something that we will continually implement in our TE process.
- **SOMAH PA:** SOMAH educational materials are currently translated into seven different languages based on the demographics that SOMAH and our CBO (community-based organization) partners serve. Some members of the PA recently conducted a Continued TE workshop for seniors and noticed how many materials we have and the amount of text on those materials. For future updates, the PA is thinking about how to make things more accessible for the elderly population.
- **AC Member:** Visuals and infographics would definitely be helpful.
- **SOMAH PA:** The PA also conducted a focus group on the existing TE materials we have. The PA got great feedback and are now working to incorporate that feedback.
- **AC Member:** Has there been an evaluation of past and current outreach efforts to understand what's working and what's missing?
- **SOMAH PA:** Yes, the PA's focus groups, tenant survey responses and onsite visits have all been informing the PA's proposed changes and current TE initiatives. We've learned that our efforts need to be engaging, not passive.
- **AC Member:** Excellent changes.
- **AC Member:** As a PO, I agree with these changes and appreciate the change in timing in regards to sending materials out both before and after the project. Figuring out the most effective and appropriate ways to engage tenants while balancing staff time and capacity will continue to be the big challenge.

Staci and Chris presented on policies the PA is monitoring to determine how they may impact the SOMAH program:

AB 2143

- Would consider residential and commercial solar projects > than 15 kW as public works projects and would require contractors to pay all crew members a prevailing wage.
- Still unclear which prevailing wage trader/labor category will apply to solar installers.
- Would go into effect January 2024
 - Would significantly increase labor costs on many SOMAH projects with buildings that are 3+ stories.
 - Will need to amend the SOMAH Handbook to update wage standards.

- May receive a flood of applications in 2023 and slow applications in 2024.
- Next Steps
 - Research impact of increased wages for average installation crew and educate contractors on the updates.

Discussion

- **AC Member:** Have you considered the impact on the customer, being the one who would have to make sure contractors are paying trainees and crew appropriately? Articulating that to the customer and having them sign off on it seems to be the biggest challenge here.
- **SOMAH PA:** The PA would take on the role of educating all program participants to ensure that. Customers are definitely the most important piece of this. The language in the bill about contractors potentially losing NEM status if in violation was a surprise.
- **SOMAH PA:** Between, if and when this passes with the governor's signature, and implementation, there will be a CPUC proceeding to determine what implementation would look like. The SOMAH Handbook already has elements that prescribe things that are required under the program that should inform what contracts look like. This would be another element to add into contracts between contractors and POs. The PA would get more direction from CPUC around what implementation would need to look like for SOMAH.
- **AC Member:** From a PO perspective, it is not just an increase in labor cost. Once you add prevailing wage, you would need to have a prevailing wage consultant on the job, as the PO oftentimes would not have the capacity to handle this. Consulting fees would be an additional cost to the PO, in addition to the cost of monitoring compliance. Something to consider is whether those costs could be recovered through SOMAH incentives.
- **AC Member:** I am in support of the policy's calling for higher wages for workers. If there is a recurring issue with this bill, especially as it moves through the legislature, you could try calling the staff of the lead legislative member to see what the discussion is regarding shifting the obligation to POs.

Self-Generation Incentive Program (SGIP)

- SOMAH participants have expressed interest in pairing their solar systems with a battery storage system to be resilient in the case of power outages.
- SGIP (Equity and Equity Resiliency budgets) is the primary incentive program for storage statewide.
- At the time of third-party evaluation, 70% of SOMAH applications planned to pair solar with storage, but lots of applications have been in limbo since.
- Investor-Owned Utilities' (IOU) SOMAH tariffs precluded "behind the meter" storage, which would require an amendment to SOMAH's Virtual Net Energy

Metering (VNEM) Tariff.

- CPUC directed IOUs to submit Advice Letters to the CPUC to remedy.

Inflation Reduction Act (IRA)

- The largest climate action funding in U.S. history.
- Provisions for solar include an expansion of the Investment Tax Credit (ITC).
- ITC will go back up to 30% savings through 2030 for eligible SOMAH projects with systems under 1 MW.
- Direct pay for the ITC available for nonprofit entities, state or local governments, rural electric cooperatives or tribal governments.
- Entities without a tax liability to get cash for value of ITC, which can go towards host customer-owned systems.

Net Energy Metering 3.0

- No actual update yet
- New proposed decision expected by September 29
- Policy folks expect SOMAH to continue to be exempt (via NEM 2.0 extension), as was the case in the first proposed decision, but uncertain.

Discussion

- **AC Member:** There's a big push on the PO side about community resiliency centers and whether multi-family housing (MFH) properties could be used for that, which is where backup battery storage systems would come in handy. This would help not only tenants of the property, but community members who would need a place to go. I predict the PA will be hearing lots more in the future about trying to make SGIP work with SOMAH.
- **AC Member:** If the NEM policy were to switch from 2.0 to 3.0, what would the potential drawbacks be? Are there different standards that would affect the SOMAH program?
- **SOMAH PA:** As of now, the PA doesn't expect NEM 3.0 to affect SOMAH. However, that is based on policy content that was released last December. New updates will be released in a couple of weeks. A key reason why there will be a NEM 3.0 to begin with is that a study found that low-income customers were disproportionately paying for grid services versus folks who had gotten solar and were richer and whiter. SOMAH being an equity program meant that we shouldn't be underlining the value proposition of solar for low-income people.
- **AC Member:** Some of the more common ideas for resiliency centers were community hubs such as libraries, schools, and recreation centers. In terms of the role MFH could play in this, I am not sure, but it is definitely in discussion.

Session 2: Design Factor Impacts on Incentive Amounts

Luis Amar, SOMAH Program Coordinator

Zara Jamshed, SOMAH Program Coordinator

Luis and Zara from SOMAH's Technical Assistance (TA) team presented on SOMAH's design factor and its geographic inequities and challenges. They then requested feedback from the AC on how to address those inequities.

Notes

- The Design Factor (DF) is a percentage value intended to incentivize “good design” (0-100%)
 - Used to calculate the SOMAH incentive and will only reduce eligible incentives (for all projects regardless of Investment Tax Credit (ITC) or Low-Income Housing Tax Credit (LIHTC) usage)
- It is comprised of a combination of 3 variables
 - Geographic correction x Design correction x Installation correction
- Geographic inequities
 - The further north a property is, the lower the DF
 - The further south, the higher the DF (climate conditions of Southern CA are sunnier, drier and hotter)
 - Inadvertently penalizes properties in Northern CA
 - Similar projects in both geographies are eligible for vastly different SOMAH incentive amounts
 - Highly concerning, as there are more rural and tribal communities in the north that would be underserved by the program
 - There is also less contractor participation in Northern CA, so those projects may generally be more expensive to begin with
 - All systems between 180-270° in orientation are treated equally under the DF
 - Southwest systems are favored more than in the southeast
 - Penalizes lack of “ideal tilt” of rooftop (slope of the roof plane), which can't be changed
 - Penalizes properties based on orientation of the roof planes, which also can't be changed
 - Technology has changed and northeast/northwest roof planes still perform well with new modules, but designers are not incentivized to use them because of impact on eligible incentive dollars

- The PA received a complaint from a SOMAH contractor:
 - When adequate roof space is available, but is not financially advantageous to use because of the penalty for a lower DF
 - Becomes a tradeoff between designing with solar carports (more expensive) or maximizing all available roof space (lower eligible incentive)
 - Then becomes harder to meet the total electricity demand (for both common and tenant areas) of a property, which lowers tenant bill credits
- The DF is one value calculated in the Expected Performance-Based BuyDown (EPBB) - an online calculator first designed for the CA Solar Initiative
 - Formerly used in MASH (Multi-Family Affordable Solar Housing program), and now used by SOMAH
 - First designed in 2009, last updated in 2014
 - Estimates the energy produced by a solar PV (photovoltaic) system with a calculating software that uses outdated weather data
 - If a system has arrays at multiple orientations, each orientation would need its own DF, then a weighted average must be done for an overall DF (increases program complexity)
 - Does not include zip codes from Liberty or Pacificorps territories
 - Energy production estimates from the EPBB are significantly more conservative than the industry-standard design software
- Alternative Approaches to Consider
 - Create a system for the DF that flags the PA when it dips below a specific value to investigate why, rather than tying DF to incentive calculations
 - Decrease/eliminate the effect DF has on incentive calculations
 - Set a minimum DF below which projects are not eligible for funding until revised or redesigned
 - Projects wanting to use north-facing roof planes could be required to submit designs to the TA team
 - If ratio of energy production to kW installed is below a certain threshold, either make ineligible for funding or require more steps to validate

Discussion

- **AC Member:** I think the requirement of having the TA team receive and approve designs beforehand would be sufficient. There might be an ultimatum with folks going into the program thinking they'll get tax credits. Yes, you'll get tax credits, but you have to do the job right.
- **AC Member:** Where are the installation standards currently listed? Is the software the PA is required to use written in that manual? Could the PA ask

the calculator implementers to use a more industry-standard software without having to go through a Petition for Modification (PFM)?

- **SOMAH PA:** Helioscope is a for-profit company. While the SOMAH PA could receive a nonprofit discount, the software would still be quite expensive, which makes requiring people to use Helioscope not an option. The EPBB is explicitly mentioned in the creation of the SOMAH program and is vaguely listed in the Decision. The EPBB is listed in the Handbook, which would require a regulatory change different from a PFM.
- **SOMAH PA:** EPBB is mentioned in the Decision, but it's unclear as to whether it's mentioned to say we must use EPBB or not. That is up for interpretation. The PA might need a PFM, or an advice letter. This is something the PA will think through in the long-term.
- **AC Member:** For the PFM that was recently submitted, is the comment period closed or is there a way to tag this onto the existing petition?
- **SOMAH PA:** There may be approaches to addressing DF implications on incentive amounts, but before the IRA was passed, it wasn't clear whether the PA could afford to both increase incentive amounts and address DF while still meeting SOMAH's goal of installing 300MW by 2030 under our current budget. Though the increased ITC coming from the federal government under the IRA would allow the PA to explore this further.
- **SOMAH PA:** The current PFM seems to be a closed process at this point.
- **AC Member:** Can solar panels be mounted on structures that can be adjusted to maximize tilt?
- **SOMAH PA:** If it's a tilted roof plane, the tilt of the roof will be the tilt of the panel. If it's a flat roof, the tilt is decided by the designer.
- **AC Member:** When can we expect a new update for the EPBB calculator?
- **SOMAH PA:** If the calculator hasn't been updated since 2014, the PA does not believe there will be any other updates in the future.
- **AC Member:** Are there other programs that use the EPBB calculator?
- **SOMAH PA:** GRID Alternatives' DAC-SASH (Disadvantaged Communities – Single-Family Solar Homes) Program, as well as SOMAH's predecessor, MASH.
- **AC Member:** What will it take to update the tool?
- **SOMAH PA:** There are some things that are easier to adjust than others. The most complex part of addressing it is what is currently built into PowerClerk, SOMAH's application processing database, and the way the EPBB is currently coded into that system. There have been efforts to modify it in the past, such as requesting the zip codes for Liberty and Pacificcorps territories to be added prior to the program's launch. It would take time and money, and the PA doesn't know what the specifics would look like, but definitely something the PA can investigate.
- **AC Member:** It seems like this is something the PA would need to look into, which you already are. If the PA decides to use different software and change

the DF, it would be important to look out for the POs. In the process of trying to build a larger system that could capture more energy, also consider the cost of the system and ensure the system is well designed and built.

- **SOMAH PA:** Something the PA is considering is decoupling from the incentive directly. Designers can still submit a DF for our review, and any DF values below a certain threshold would require more attention from the TA team. As an equity-focused program, the PA wants to ensure incentives are accessible across the state and not just in the southern regions. This would be a long-term effort
- **AC Member:** For Track A projects, does the PA use Helioscope to help POs understand what the best system design could look like, which the POs could then use when they're going out to bid for contractors?
- **SOMAH PA:** Yes, and the PA even generates multiple scenarios for a single property to give more options.
- **AC Member:** Has the PA raised this issue with the CPUC?
- **SOMAH PA:** The PA has mentioned this to our Energy Division contacts in passing, but we're not in the stage of proposing an actual path forward. There still needs to be some consensus within the PA. A next step would be to engage the CPUC further on this, but there is more to think through before we introduce that conversation. The PA can report back on new developments in our next meeting.

Next Steps

- Longer-term effort
- PA awaiting resolution of incentives PFM
- PA needs to ensure that any additional proposed changes allow us to reach 300 MW within the existing program budget.
- PA to further consider alternative approaches and come to a consensus on a proposed approach going forward, if any.
- PA to socialize any proposed approach with the AC, CBOs, and other stakeholders ahead of a formal program change (via a Handbook update and/or a PFM).

Wrap-up & Next Steps

Marisa Villarreal, SOMAH Program Manager

- Proposed date for the Q4 SOMAH AC and Job-Training Organization Task Force (JTO TF) crossover meeting is Friday, December 9.