

Meeting Notes

Solar on Multifamily Affordable Housing (SOMAH)

Advisory Council Meeting Q1 2022

March 11th, 2022
Remote Meeting

Attendees

SOMAH Program Administrator Team

Chris Walker | SOMAH Program Manager

Marisa Villarreal | SOMAH Program Manager

Jae Berg | SOMAH Program Manager

Rachael Diaz | SOMAH Program Coordinator

Vallerie Gonzales | SOMAH Program Manager

Laura Wong | SOMAH Program Coordinator

Luke Ballweber | SOMAH Program Coordinator

Armando Ortiz | Energy Project Manager, Self-Help Enterprises (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

Kenneth Wells | O&M Solar Services

Nicole Lim | California Indian Museum & Cultural Center

Meeting Agenda

1. Welcome & Introductions
2. Session 1: Program Overview & Third Party Evaluation Report-out
3. Session 2: Increasing Participation of Priority Communities
 - a. Discussion 1: Tribal Participation
 - b. Discussion 2: Removing Barriers for Smaller, Diverse Contractors
4. Wrap Up & Next Steps

Meeting Notes

Welcome & Introductions

Marisa Villarreal, SOMAH Program Manager

Marisa facilitated a round of introductions, reviewed the meeting goals and agenda, and recapped key takeaways from a previous visioning session and highlights from the previous quarter's joint AC and Job Training Organization Task Force meeting.

Session 1: Program Overview & Third Party Evaluation Report-out

Chris Walker, SOMAH Program Director

Chris presented on key program stats and updates:

- 473 active applications with ~34% of projects located in a DAC
- Average property size: 81 units
- Average system size: 174 kW
- 77-91% tenant savings on utility bills
- 13 participating contractors, 10 subcontractors reported
- Pipeline supports 881 job training opportunities
- 16 completed projects, 3.2W of electricity serving over 1,603 units across CA

Chris shared proposed updates to the SOMAH Program Handbook, including application deposit waivers for priority applications, establishing a participation benchmark for DACs of 40% by 2026, and the transition from CalEnviroScreen 3.0 to 4.0 – ensuring eligibility for both the current and previous version of CalEnviroScreen.

Chris also reviewed the key recommendations from [SOMAH's third-party evaluation](#) report and SOMAH PA's plans to address the key recommendations:

- Remove barriers to participation for contractors and properties
- Increase support for contractors
- Expand support for property owners
- Increase SOMAH program awareness
- Investigate SOMAH's incentive structure in relation to program participation

Discussion

- **AC Member:** What is the general timeline for projects?
- **SOMAH PA:** Timelines vary by project, but we allow up to 18 months. Requesting a reservation is the first and longest step of the process, which can take up to 3 months in addition to the 18-month reservation period.
- **AC Member:** Has the SOMAH PA tracked the timeline from outreach through the end of the application process?
- **SOMAH PA:** That varies greatly from project to project. The SOMAH PA can look into average timelines.
- **AC Member:** It appears most of the completed projects are in SoCal/SCE territory, even though PG&E covers more area. Is that the case, and if so, is there a reason why?
- **SOMAH PA:** We've heard from contractors in the PG&E territory that there are delays with the interconnection process taking longer than usual. Utilities are needing more time to operationalize SOMAH's new Virtual Net Energy Metering (VNEM) tariffs.
- **AC Member:** Where are you experiencing administrative burdens?
- **SOMAH PA:** The SOMAH PA is exploring that in detail, for every step in the application process. We're being mindful of what's absolutely necessary to meet overall program goals and requirements and to ensure we're requesting the least amount of work from property owners.
- **AC Member:** How do the agreements and suggestions from the AC get implemented into the SOMAH program?
- **SOMAH PA:** We take an iterative approach and generally look at a broad set of ways to address something. For proposed program changes, the SOMAH PA looks to the AC for feedback on our approach and how to implement some of those larger program changes.
- **AC Member:** In instances where property owners are paying utilities, would that work with a master-metered property? Wouldn't that offset each other?
- **SOMAH PA:** We are figuring out what is feasible. A cornerstone of SOMAH is reducing energy costs for tenants, and it's not clear how that happens for properties that are master-metered.
- **AC Member:** Could that look like rent reduction? That could get reflected for tenants as additional income and make them ineligible for their housing solution.
- **SOMAH PA:** Although properties where the property owner pays the utility bill aren't currently eligible for SOMAH, they are the types of properties we would like to see more participation from in the program. We need a process to verify that tenants are receiving the financial benefits. The statute that created the SOMAH program states that tenants need to receive credits from VNEM, so it may require a change in the legislation. We're doing a deep dive into these properties and what level of change in the program we'd need to go through. This is where the Advisory Council could provide us with some guidance, as

some of you are experts on these types of properties.

- **AC Member:** What is the purpose of an incentive step down?
- **SOMAH PA:** It has been the trend in the solar industry for prices to fall year to year. The CPUC Decision that created SOMAH states that incentives will be reduced each year, as determined by either the National Renewable Energy Laboratory (NREL) report, or 5% - whichever is less. There's no foresight around what would happen if costs actually went up or if participation went up as a result of the incentive going down. We need to take a look at that. It's currently not at our discretion to remove the annual incentive step down from the program. It would require a Petition for Modification (PFM) and approval from the CPUC. This step-down structure doesn't exist in other programs.
- **AC Member:** How does the administrative burden for SOMAH differ from other incentive programs?
- **SOMAH PA:** When comparing the Multifamily Affordable Solar Housing (MASH) program to the SOMAH program, administrative burdens for SOMAH are much higher, but SOMAH has many more requirements and community benefits than MASH did. We're taking lessons learned from our first years of administering SOMAH and seeing what we can do to reduce the burden as much as possible.
- **AC Member:** What happens when the program encounters tenants who may have fallen behind on their utility bills? Are there ways to cover the past due amount to help them and encourage participation in SOMAH?
- **SOMAH PA:** SOMAH incentive dollars only cover approvable installation costs. There is money in housingiskey.org for utility assistance to support tenants. We hope this program can help them stay up-to-date and reduce costs.
- **SOMAH PA:** There has been an instance of a master-metered property trying to enroll in the program, but was unable to successfully use VNEM (i.e., we were unable to submeter for individual credits). Additionally, we are seeing that tenants need more resources to understand the impact and benefits of solar at their property, which includes addressing misconceptions that tenants can use more electricity because it is coming from solar.
- **AC Member:** Can SOMAH help connect tenants to utility assistance?
- **SOMAH PA:** Our community-based organization partners are looking to support this as well. We want to help SOMAH participants, including tenants, be aware of other programs and services to help them get the assistance they need and the benefits of other programs/services.

Session 2: Increasing Participation of Priority Communities Framing

Discussion 1: Tribal Participation

Nicole Lim, California Indian Museum & Cultural Center

Rachael Diaz, SOMAH Program Manager

Chris Walker, SOMAH Program Director

SOMAH AC member, Nicole Lim, presented on the history of treaty ratification in California and the importance of tribal consultation and relationship and trust-building. Rachael gave an overview of SOMAH's tribal outreach to date, current challenges, and next steps.

Current tribal participation in SOMAH is low:

- 3 active applications
- 2 canceled (1 duplicate)
- Eligibility requirements present hurdles for tribal participation: Minimum unit requirements, income requirements, and CalEnviroScreen, which is a tool that's not inclusive of tribes because of the way data is shared and reported.

The program mandates "deed-restricted affordable housing," or housing that uses tax credits programs, but the SOMAH PA has only seen two tribes connected to tribal housing authorities in its current database. The PA's next steps are to determine the appropriate marketing strategy for tribes that may be eligible for SOMAH and identify legislative and regulatory changes that may need to be made to increase inclusion for tribal housing.

Discussion

- **AC Member:** Is there any legal work being done to absolve these trusts between tribes and the US government, where tribal lands are leased and held in trust by the federal government?
- **AC Member:** It is complex. Though there are benefits of being in a trust agreement, not all tribes are aligned on how to engage politically. There is a lot of movement on trying to get land back.
- **AC Member:** Casinos are a form of economic development. What other forms are there?
- **AC Member:** It depends on the geography. There are oil tribes in Oklahoma and fishing tribes in other locations. Casinos are popular for economic development in California because tribes have very little land.
- **AC Member:** It would be valuable to have technical assistance and workshops

specifically geared towards tribes.

- **SOMAH PA:** Our technical assistance (TA) offerings and support services are something that we're looking to expand, and can tailor to be more valuable and helpful to tribes.
- **AC Member:** Who is the best contact to speak to in the Governor's Office about tribal participation in a program like SOMAH?
- **AC Member:** Many agencies have their own tribal liaison, but the Governor's Office tribal advisor is Christina Snyder.
- **AC Member:** If tribal communities and properties are not eligible, we should figure out why and build infrastructure to help them become eligible.
- **AC Member:** As mentioned, the SOMAH PA is looking to expand TA services. Could the SOMAH PA set aside funds specifically for tribal communities to access TA? We don't want tribal communities to fight and compete for funding. Most projects are in urban areas, but not rural communities.
- **SOMAH PA:** Our TA and support services are no-cost services, but we can determine ways to make these services more useful and accessible to tribes, including providing additional application capacity.
- **AC Member:** We should also include tribal communities in the policy and regulatory decision-making process.

Discussion 2: Removing Barriers for Smaller, Diverse Contractors

Marisa Villarreal, SOMAH Program Manager

Vallerie Gonzales, SOMAH Project Manager

Kenneth Wells, O&M Solar Services

Allan Rago, Quality Conservation Services

Marisa presented on how contractor diversity supports the program's economic development and equity goals and on the importance of geographic coverage. Vall presented key findings from contractor focus groups and surveys:

- Participants included diverse (minority-owned, woman-owned, small contractor) contractors
- Barriers to participation:
 - Concerns about program requirements
 - Lack of clarity about SOMAH program components
 - Small business challenges (reliance on referrals, competition, lack of time to cultivate SOMAH-eligible projects, multi-family not their core business)
 - Business return on investment
 - Confusion about incentives
 - Timelines for tax credit submissions led to lack of interest from POs

- Contractor suggestions:
 - Possible and in progress
 - Provide collateral that can be shared with prospective clients
 - Match contractors with developers who have SOMAH-eligible properties
 - Provide access to a database of prospective customers
 - Difficult or not currently possible
 - Provide insight on better ways to find clients
 - Send email blasts or have a portal for new prospective jobs to bid on
 - Remove job trainee requirements
- PA Strategy for 2022:
 - Improve eligibility trainings to make key info more clear
 - Improve marketing materials
 - Check in with eligible contractors to gauge interest in hiring subcontractors
 - Contractor nurture campaign

AC members Ken Wells and Allan Rago both provided perspectives as contractors, by speaking to the challenges of subcontracting and barriers to participation, offering mentorship models as a way to incentivize subcontractor participation, and increase contractor diversity.

Discussion

- **AC Member:** Can we incentivize collaborative projects so small contractors that are minority-owned and/or representing DACs can compete with bigger ones and not amongst themselves, if that is the case?
- **SOMAH PA:** We do have joint contractors in some areas. Solar is a very different field to be in and multifamily solar is even more challenging to enter into. Cost is another challenge for smaller contractors. Mentorship is a great idea.
- **AC Member:** How do we get electrical contractors to become solar contractors and participate in SOMAH?
- **AC Member:** There are contractors who specialize in Energy Savings Assistance (ESA) programs, and small contractors currently working in communities who either don't have electrical or solar licenses, or have done multifamily work, but don't know how to bring it to the next level. Mentorship from contractors with more experience would be helpful. Even though they are competitors at the end of the day, there are contractors who want to help others and we could provide a training budget through the program to build capacity for them to provide that mentorship.
- **AC Member:** I found a contractor with a Tesla project that found a contractor to mentor. Tribal businesses would appreciate this mentorship approach.

- **AC Member:** It's important to show them the value proposition and provide support on calculating benefits if they were to create a project.
- **SOMAH PA:** One of our strategies is to redo our website this year with different tools, including an incentive/cost calculator.
- **AC Member:** SOMAH should be bold and push for infrastructure development and capacity building.
- **AC Member:** A bidding tool could make it challenging for smaller contractors to be competitive.
- **AC Member:** As a property owner, something I've found looking for contractors is that it's really the paperwork from the interconnection process that can be difficult.
- **AC Member:** Does SOMAH have a list of trusted contractors we can share with program applicants? There's fear in the community around fraud and predatory solar.
- **SOMAH PA:** For everyone that goes through eligibility training, we check their license as part of a vetting process. Folx can see a list of contractors at <https://calsomah.manage-your-power.com/somah/>
- **AC Member:** You may have already connected with them, but there is an American Indian Chamber of Commerce of California in Los Angeles. They have another program within them that's on contracting and procurement - Procurement Technical Assistance Center.
- **SOMAH PA:** We haven't reached out to them yet, but we will soon. We have tried to reach out to diverse contractor associations, but have not heard back. We anticipate that is due to COVID-19 delays. We like the idea of hosting webinars or co-marketing with chambers of commerce.

Wrap-up & Next Steps

Marisa Villarreal, SOMAH Program Manager

Marisa concluded the meeting with a review of what was discussed, and the date of the next AC meeting date was selected.