

SOMAH Public Forum Notes

Date: June 23, 2020

Time: 1 - 3:20 p.m.

Session 1: Welcome & Introductions

Kajsa Hendrickson, SOMAH marketing, education and outreach (ME&O) manager, gave an overview of the purpose of the forum, as well as the agenda, and introduced members of the SOMAH Program Administrator (SOMAH PA) team. Kajsa began by stating that SOMAH stands in solidarity with Black Lives Matter and with all who are fighting for a just and equitable future, and she additionally acknowledged the virtual format due to the COVID-19 pandemic.

Session 2: SOMAH Program Status and COVID-19 Response

Sarah Hill, SOMAH program manager, gave a brief overview of the SOMAH program and presented a year in review for the first funding year of the program. Application statistics are listed in the following table below.

Utility Territory	# of Active Applications	# of Waitlist Applications
Pacific Gas and Electric	160	0
Southern California Edison	107	0
San Diego Gas & Electric	32	15
Liberty	1	0
PacifiCorp	1	0
Totals	301	15

Kajsa Hendrickson then acknowledged the ever-changing nature of the COVID-19 situation and its continued impact on the SOMAH program. She explained the initiatives the SOMAH PA has taken to address COVID-19, including the launch of a SOMAH COVID Task Force and the deployment of surveys and interviews to understand stakeholder impact, as well as resources for job training and worksite safety, energy efficiency and tenant education program requirements. More information and resources on COVID-19 response can be found online at CalSOMAH.org/COVID19.

First Listening Session/Q&A

Q: How many applicants have asked for technical assistance? How many Track A applications are active? How much administrative money has been spent on Track A technical assistance so far?

A: There are two active Track A projects, one has received upfront TA approval, and the other is in the application review and eligibility phase. Standard TA requests continue to come in on a rolling basis. A breakdown of standard TA requests, Track A projects and a cost breakdown of administrative expenses will be reported in the SOMAH Semiannual Progress Report (SAPR), which will be posted on [California DG Statistics](#) on July 31, 2020.

Q: What do you mean by contractor diversity? Are we looking to ensure that minority- and women-owned businesses participate in SOMAH?

A: The SOMAH PA's definition of contractor diversity refers to both contractors that are women or minority owned, as well as contractors of all sizes and operating across different regions of the state. While there are more than 100 eligible SOMAH contractors that have completed the required training, only 10 have submitted applications. The SOMAH PA is actively looking into barriers for participation to ensure the program has greater participation from a larger group of contractors, including minority- and women-owned businesses.

Q: How has the community-based approach worked so far? How many applications are a result of the community-based approach?

A: Currently, the SOMAH PA is in contract with four community-based organizations (CBOs) to provide data verification on projects that are not in SOMAH's eligible property database, support job training efforts, increase community knowledge around the SOMAH program and educate potential SOMAH tenants. The role of CBOs is not exclusively focused on property owner engagement, but rather engagement of the entire community that can benefit from the SOMAH program.

Q: If the program is considered to be successful, why are there proposed changes?

A: While the SOMAH program has received a high volume of applications, the SOMAH PA is determined to ensure that the program is accessible to a diverse group of contractors and property owners. This is the motivation behind the application pipeline management, or lottery system, proposed in the upcoming Handbook Advice Letter so that the SOMAH PA may have the opportunity to prioritize specific groups of applications. Ongoing program evaluation and optimization is already integrated into the SOMAH program, and being responsive and adaptive to participant challenges and barriers is critical to the program's success, especially right now during the COVID-19 pandemic.

Q: What's the relationship between reduced tenant energy bills and lower utility allowances (UAs)? Will SOMAH allow for reductions in UAs?

A: The SOMAH program was designed to give tenants the full bill savings from having solar installed on the property. It is not within the program rules to adjust the utility allowance to pay down a portion of the total cost of the system by adjusting the UA or the rent. The SOMAH PA will be looking carefully into the incentive step-down and tracking the impacts to make sure the tenant economic benefits are preserved. Currently there is no UA adjustment that is allowed through the SOMAH program. The SOMAH PA will be tracking incentive step-down and the tenants benefits from those systems to compare them against first year projects.

Q: What does TA entail?

A: The technical assistance (TA) requests to date that have been received by the SOMAH PA depend on the needs of the project. The TA team has addressed questions related to solar feasibility, financial assistance and help connecting to appropriate energy efficiency programs, as well as general inquiries relating to bids and the SOMAH bidding portal.

Q:¹ How has construction been impacted?

A: It depends. Some SOMAH projects are halted and some are ongoing. Some of the construction projects have been impacted by COVID-19, including delays related to energy audits that require going into tenant units, which have been put on pause during the pandemic.

Q: How many internships have been generated so far and are the contractors having any problems finding student interns?

A: From the applications the SOMAH PA has received to date (315 active and waitlisted applications), the SOMAH PA projects that these projects will create 621 unique job training opportunities. Some contractors responded to an initial impact survey that anticipated barriers locating trainees, no feedback about such barriers have been reported to the SOMAH PA. All job training organizations (JTOs) are still in contact with their students and recent graduates. If you're experiencing difficulties related to the job training requirement, please contact the SOMAH PA at workforce@CalSOMAH.org.

Q: Will a lottery only be active if there are limited funds?

A: That is correct. When new funding from the investor-owned utilities (IOUs) is made available for new applications, the online platform PowerClerk will remain open for two weeks. If those apps equate to 120% of annual budget or more for a given IOU territory, a lottery will be triggered. If those applications fall under that 120% threshold, the lottery

¹ This was a question from the SOMAH PA to program participants/webinar attendees.

will not be triggered and the first-come, first-served model will stand.

Q: If you institute a lottery, would everyone have an equal chance of being selected, or would the SOMAH PA take an active role in determining who is selected based on diversity goals?

A: In the upcoming program handbook update, the SOMAH PA is proposing a pipeline management system that will have different guidelines based on project "priority." Projects will be grouped into Priority 1 or Priority 2 categories, where Priority 1 will be accepted on a first-come, first-serve basis and Priority 2 projects will sorted by a lottery process. Then, after the lottery has been run for the Priority 2 applications, Priority 1 and Priority 2 applications will be sorted every other application, which will create the program pipeline. In addition, the application database, PowerClerk, will be open for new Priority 1 projects for a longer period of time than Priority 2 projects. The SOMAH PA is asking for the authority to work with program stakeholders to determine what those priorities are going to be, which will be informed by the program goals along with findings from the third-party program evaluation.

Q: How do we report issues with job training?

A: If you have issues with the job training requirements, or any barriers you're experiencing due to COVID-19, please email the program team at workforce@CalSOMAH.org. Be sure to include the SOMAH project application number if the inquiry is for a specific project.

Q: Will there be an effort to increase the number of projects identified as environmentally distressed?

A: The SOMAH PA is actively looking at projects that are in eligible CalEnviroScreen 3.0 disadvantaged communities (DACs) and prioritizing ME&O efforts in DACs. DACs are also being considered as one of the lottery priorities.

Q: Do you expect the tenant benefit from solar to be reduced with the 5% reduction in incentives?

A: Decision 17-12-022 requires the SOMAH PA to step down incentives on an annual basis. The SOMAH PA declines to forecast potential outcomes at this time and will report on tenant benefit trends that are identified through the required SAPR reporting process.

Q: Are the ME&O materials available on the CalSOMAH website so that participants can forward them and reinforce the messaging and sync with our own marketing efforts?

A: The SOMAH PA has an array of ME&O toolkits. Please email contact@CalSOMAH.org specifying which audience type you're aiming to support SOMAH with, and the SOMAH

PA can send a toolkit with all of the needed collateral to reinforce the SOMAH messaging.

Q: When are applications expected to open in SDG&E territory?

A: The SOMAH PA is working on processing applications in SDG&E territory and actively removing them from the waitlist. There are currently still 15 applications on SDG&E's waitlist. Once the current waitlist has been reduced and more funding is available, the SOMAH PA will consider reopening the SDG&E territory application pipeline.

Q: Have any applicants been blocked from participation because others have taken up all the resources?

A: The SOMAH program currently has available funding in all territories except for SDG&E service territory. At the launch of the program, a few contractors seized a significant percentage of the available funding quickly. With the implementation of the lottery system, the SOMAH PA will be able to remedy the issue of new funding being claimed immediately after it is made available and will additionally be able to prioritize certain projects to ensure participation from a diverse group of contractors and properties.

Q: Are we tracking completed internships for the program?

A: Yes. With every project, the applicant must submit a job training affidavit at the incentive claim step stipulating how much the trainee was paid, what types of tasks they worked on and how many hours they worked. This data will be shared in the Semiannual Progress Report.

Q: With Sunrun, we embarked on quite a few installations, and our delays have ranged from permit delays just to get the projects going [to] dealing with city building departments [that] has been inconsistent, making it difficult to plan around when and how quickly our permits are issued. We still get a lot of delays with respect to meeting on-site with all three big IOUs [and] as to how to agree on a method of interconnection, so single-line diagrams can be approved. We still have trouble getting the installation inspected by the city and by the IOUs. We have a handful of delays on the customer level, if the owners have had strict entry rules in place, they don't want us to disturb the property or be close to the tenants so we don't potentially expose the tenants to COVID-19. One of our subcontractors tested positive from COVID, and so we are dealing with fallout around that. It is also difficult to go into individual units and do an energy efficiency study. Even if it's not a COVID-19 related barrier, another significant barrier and delay we're experiencing is getting load information directly from the IOU, and getting accurate meter data to fill in VNEM application allocations appropriately is critical to moving the project along.

A: Thank you for keeping the SOMAH PA informed and giving feedback about what

your company is experiencing. We are actively working with the IOUs and the applicants to streamline the data request process and move projects along in a timely manner.

Session 3: Upcoming Program Updates & Incentive Change

Jae Berg, SOMAH program manager, gave a brief overview of upcoming handbook updates and explained that the SOMAH PA will submit a Handbook Advice Letter within the next two weeks, requesting both major and minor edits. Jae also touched on the SOMAH PA's consideration of a progress payment proposal, which will be discussed at a separate webinar once the model is complete enough for a Q&A opportunity. For now, progress payment feedback should be emailed to contact@CalSOMAH.org.

Next, Chris Walker, SOMAH program manager, walked through the SOMAH PA's process for arriving at the annual incentive step-down, which for the funding year from July 1, 2020, through June 30, 2021, will be a 5% step-down. According to 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." The full incentive step-down calculation and analysis process is available on the [CalSOMAH website](#). The updated incentives levels are listed in the following table below.

Tax Credits		\$ per AC Watt Incentive			
ITC	LIHTC	Tenant		Common	
		2019-2020	2020-2021	2019-2020	2020-2021
No	No	\$3.20	\$3.04	\$1.10	\$1.04
Yes	No	\$2.25	\$2.14	\$0.80	\$0.76
No	Yes	\$2.25	\$2.14	\$0.80	\$0.76
Yes	Yes	\$1.60	\$1.52	\$0.60	\$0.57

Second Listening Session/Q & A

Q: When is SDG&E funding anticipated to come through?

A: The first six months of 2020 funding was received in February of this year, and the SOMAH PA expects to receive the second six months of funding before the end of 2020. The SOMAH PA is following up with SDG&E about the exact timing of the release of those funds and will add that information to our public forum notes when available.

Q: Does the step-down analysis take into account the cost of solar in affordable housing or the status of the ITC in accordance with PUC Code 2870(f)(4)?

A: The incentive step-down analysis is based on direction in Decision 17-12-022, and the decision clearly states that the SOMAH PA should reference the residential market segment in comparing year-over-year cost changes. As we know, that doesn't necessarily align with the typical average project size for SOMAH projects. Given these broad-based trends in the cost of solar, the incentive step-down is calculated by year-over-year change rather than specific benchmarked costs. Currently, it is binary whether a project takes the ITC or not in the SOMAH program, and incentive levels will change depending on whether or not the ITC or LIHTC, or both, are leveraged.

Q: With SDG&E being closed for the last six months and not allowing new applications to be submitted, when the program does open up to new applications, do you expect these new applications that already have signed contracts to adhere to the new lower incentive levels? If so, why and where in the handbook did it give the SOMAH PA the authority to close a utility program to new apps?

A: The SOMAH PA understands the frustration around the SDG&E service territory being closed to new applications. The SOMAH PA has been given the authority by the Energy Division to manage the incentive budget and to achieve program goals. It is the responsibility of the SOMAH PA to make sure the goal to install 300 MW by 2030 is met; therefore, the SDG&E funding with high participation was closed to ensure the incentive budget is preserved for future years to meet that 300 MW goal.

Q: Has the PA considered the impact on the 300 MW goal as a result of the 5% step-down?

A: Per Decision 17-12-022, the SOMAH PA is required to step down the incentive annually. The SOMAH PA is committed to accurately reflecting the data from NREL reports in our incentive levels and will report any trends we identify through the SAPR series. Unless the SOMAH PA is directed by the CPUC to take measures that differ from the decision, the SOMAH PA must comply with the direction in the decision and stepdown incentives on an annual basis.

Q: Is there an opportunity to comment on the incentive step-down before it is final?

A: The annual incentive step-down is final, and there will not be an opportunity to modify the incentive step-down for the coming funding year unless the CPUC directs the SOMAH PA to modify the incentive step-down.

Session 4: Wrap up/Closing/Next Steps

Kajsa Hendrickson provided an overview of next steps, noting that the Public Forum slide deck would be emailed to registered participants on CalSOMAH.org. Public Forum

notes would follow in a week's time. Finally, there was one last listening session for questions and feedback.

Additional Comments/Q&A

Q: There's been a lot of talk about the potential lottery and the provision to maybe have Track A projects prioritized, so we'd like to share our company's experience. Our company is a large organization and has a large number of SOMAH applications. It is also true that outside of SDG&E territory, money is available so no one is being held back from submitting any projects in those territories. The size and reach of our company and our experience has contributed to the diversity of the SOMAH projects, the Liberty and PacifiCorp projects are ours and [we] will have more coming in. We have every kind of affordable housing sponsor as a customer, being able to reach small local community groups and large property owner entities. We are able to handle the breadth geographically across the state, for profit and nonprofit entities and different sizes of properties. I think it's important that people think really broadly about what the diversity goals are, given our reach and that we hire a lot of subcontractors for installations, which all fall under our development umbrella. I hope this informs the lottery process decisions.

A: Thank you for sharing.

Q: Can you elaborate any more on the progress payment process and decision, when that might happen and what the terms might look like?

A: The SOMAH PA is still exploring the potential designs for a progress payment model, and any model will need to be proposed to the CPUC for formal regulatory approval. Once we have a completed and approved model, we will be holding a webinar to outline the process, announce when the progress payments will be implemented and provide an opportunity for stakeholders to ask questions.

Q: If a woman- or minority-owned business is doing a significant amount of projects, would they be prohibited from participating in SOMAH if they went over the threshold of participation?

A: There are no contractor or developer caps in the SOMAH program at this time; accordingly, the SOMAH PA is not limiting participation from one specific contractor or developer. With the lottery system, the SOMAH PA will determine priority groups of projects, which will not be focused on a specific contractor or type of contractor, but rather, will prioritize types of properties for increased participation in SOMAH. For example, if Priority 1 is projects located in DACs, all of those projects would receive that greater advantage, which would be open to all contractors. The lottery system is not meant to benefit specific contractors over other contractors, but rather, to allow more access to submit applications in the first place.

Q: Will SOMAH cover upgrades or replacement of carports and electrical infrastructure and metering?

A: The SOMAH incentives are flat incentives determined by the size of the system, co-leveraged funding such as the ITC and/or LIHTC, the tenant/common split of the system and the design factor of the system. Some of those items mentioned are considered eligible costs. If you have site-specific questions relating to your incentives and eligible costs, please refer to [Section 3.2.1](#) of the SOMAH Program Handbook or reach out to contact@CalSOMAH.org.

Q: Will the Program Administrator wait for a ruling on the CALSSA/Sunrun PFM before the incentive change takes effect?

A: The SOMAH PA is directed by the CPUC's Energy Division via Decision 17-12-022 to implement the incentive step-down at the one-year mark for the program, which is July 1, 2020. The SOMAH PA is required to comply with the direction in the decision unless and until the PFM is granted; therefore, it is not within the authority of the SOMAH PA to hold implementation of the incentive step-down until the PFM is addressed.

Q: When will priority groups for the lottery be announced?

A: The lottery system is an upcoming change that has not been approved yet. This is one of the changes the SOMAH PA has included in the next Handbook Advice Letter, which the SOMAH PA plans to submit in two weeks' time for Energy Division and stakeholder review. When designing the lottery process, the SOMAH PA wanted to solicit stakeholder feedback to inform decisions on the two priority groups. The SOMAH PA will continue to announce new funding and provide notice that the program will open for a new application at least 30 days before the date that funding is opened, so that all stakeholders can prepare to submit their applications before the funding is made available.

Q: To be clear, the PA did not take into account the cost of solar in multifamily affordable housing or the status of the ITC, correct?

A: The incentive step-down analysis is based on direction in CPUC Decision 17-12-022, and the decision clearly states that the SOMAH PA should reference the residential market segment in comparing year-over-year cost changes. The ITC and LIHTC are both included in the SOMAH incentive tables, and the SOMAH PA defers to the direction of the CPUC before taking additional action with regard to the incentive levels other than what is already directed in the decision.

Q: Is it possible that if SOMAH compliance was made easier there would be more participants?²

² The SOMAH PA is answering this question via these notes.

A: All of SOMAH's requirements are grounded in the legislation and CPUC Decision 17-12-022 that created the program, and all program requirements are designed to meet broad public policy goals, such as encouraging energy efficiency, expanding opportunity in California's solar workforce and ensuring program funds reach their intended beneficiaries, while encouraging market development and protecting consumers in this new market segment. The SOMAH PA actively assesses barriers to participation and welcomes stakeholder feedback aimed at improving user experience.

For additional questions and feedback, please contact us.

Email: contact@CalSOMAH.org

Web form: CalSOMAH.org/contact-us

General hotline: 858-244-1177 ext. 5

Tenant hotline: 800-843-9728