



November 15, 2021

VIA EMAIL: martha.guzmanaceves@cpuc.ca.gov

Commissioner Martha Guzman Aceves
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Net Energy Metering Proposals; Rulemaking 20-08-020

Dear Commissioner Aceves:

On behalf of the California Building Industry Association (CBIA), I am writing to you in connection with Rulemaking 20-08-020 in which the Commission is considering various proposals relating to Net Energy Metering (NEM.). CBIA, a party to R. 20-08-020, is a statewide trade association representing over 3,100 member companies involved in residential and light commercial construction. CBIA member companies are responsible for over 85% of the single-family and multi-family housing units built in California each year.

CBIA worked closely with the staff and leadership of the California Energy Commission for over seven years in the development of the nation's first statewide solar mandate for new residential construction. In May 2018, CBIA supported the CEC's adoption of this mandate that became effective on January 1, 2020.

There are three ways to comply with this renewable energy mandate:

- Rooftop “for-sale” option: this is where the builder has a compliant solar photovoltaic energy system installed on the roof that is sold to the homebuyer along with the rest of the home. The homeowner owns the system and receives 100% of the benefits of that system. The price of the rooftop solar system is added to the overall cost of the home.
- Rooftop “lease” option: this is where the builder arranges for a third-party solar company to install a compliant solar photovoltaic energy system on the roof. The third-party solar company owns that system and is responsible for the maintenance and operation of the system for a set period, usually twenty years. The leased option has several specific benefits to both the homeowner and the builder. ***The homeowner pays little (if any) of the cost of the rooftop leased system.*** And, from a logistical standpoint, the builder has turned over the installation of the rooftop system to the third-party solar company that handles purchase, labor, and ongoing maintenance issues associated with the system.
- Community Solar option: This is where the builder arranges for delivery to the home of a minimum compliant amount of renewable energy from an off-site solar farm. To be eligible for use in complying with the CEC's energy standards, the community solar farm must first meet specific administrative

1215 K Street, Suite 1200
Sacramento, CA 95814
(916) 443-7933
fax (916) 443-1960
www.cbiam.org

2021 OFFICERS

Chair
JOHN NORMAN
Brookfield Residential

Vice Chair
MICHAEL BALSAMO
Rancho Mission Viejo

Treasurer
CHRIS AUSTIN
DPFG

President/CEO
DAN DUNMOYER

MEMBER ASSOCIATIONS

Building Industry Association of the Bay Area

Building Industry Association of Fresno/Madera Counties

Building Industry Association of the Greater Valley

Building Industry Association of San Diego County

Building Industry Association of Southern California

Building Industry Association of Tulare & Kings Counties

Home Builders Association of the Central Coast

Home Builders Association of Kern County

North State Building Industry Association

requirements (CCR Title 24, Part 1, Section 10-115) and be formally certified by the Energy Commission.

Retroactive application of fees and/or rates on existing systems: Regarding the current NEM proceeding, CBIA understands one or more submittals are suggesting CPUC approval of the application of new monthly fees and/or rates that negatively impact agreements already made between homeowners and utility companies. In our view, this would create a poor precedent. Contracts made in good faith should not be disrupted. Although solar is mandatory in California for all new homes is built on the legal structure that the addition of solar be “cost effective”, and that any move to add fees or costs would result in making the addition of solar not “cost effective” jeopardizing the legality of the mandate. This too requires that any changes in fee structures to be incremental, predictable, and feasible.

- **Existing contracts should not be disrupted – any changes in fee structures need to be incremental, predictable and feasible.**

For Sale and Leased Rooftop Systems: CBIA hopes the CPUC recognizes the imposition of monthly fees on a homeowner who has a rooftop PV system would severely impact the financial viability of that compliance option. Namely, it would impose a **new** annual cost to the homebuyer in the form of a fixed charge. Further, the homeowner cannot mitigate any of these additional costs by pairing their PV system with battery storage, because the fees are fixed regardless. The CPUC should carefully balance any new monthly fee for these systems with the need for the utilities to maintain and upgrade the grid and promote a low-cost compliance option with the CEC’s rooftop solar mandate.

- **Any imposition of monthly fees to the homeowner will impact the “for sale” and “leased” compliance option equally.**

The industry needs certainty and dependability in rate structures: Most importantly, there is the need for consistency, certainty, and reliability in California’s regulations and rates. The State of California is rapidly moving towards the decarbonization of new buildings and transitioning the transportation sector to zero carbon. The new home of the (near) future will be consuming roughly three times the electricity that the typical mixed-fuel home (with no electric vehicles) uses today. Suppose the issue of net energy metering remains a political battleground during this period of transition. In that case, it will place a cloud of uncertainty on the economic assumptions used by agencies and the marketplace and potentially place a chill on the solar market by potential buyers. Put differently; we urge the PUC to adopt rules that will “calm things down” and move us to a place where we have reasonable, understandable, and dependable rules from which sound economic decisions can be made.

- **The Building Industry recommends a steady glide path with small increments on any additional fees to customers.**
- **The Building Industry needs long-term stability and dependability in regulations and rates.**

Thank you in advance for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Dunmoyer". The signature is fluid and cursive, with a large initial "D" and "D".

Dan Dunmoyer
President & CEO
California Building Industry Association (CBIA)

cc. President Marybel Batjer – marybel.batjer@cpuc.ca.gov
Commissioner Cliff Rechtschaffen – cliff.rechtschaffen@cpuc.ca.gov
Commissioner Genevieve Shiroma – genevieve.shiroma@cpuc.ca.gov
Commissioner Darcie L. Houck – darcie.houck@cpuc.ca.gov
Service Lits – Rulemaking 20-08-020