
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Steven Bradford, Chair
2023 - 2024 Regular**

Bill No:	SB 355	Hearing Date:	4/24/2023
Author:	Eggman		
Version:	3/16/2023 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Multifamily Affordable Housing Solar Roofs Program

DIGEST: This bill makes changes to the Solar on Multifamily Affordable Housing (SOMAH) Program, including expanding the eligibility for the program to expand participation.

ANALYSIS:

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations. (California Constitution Article XII)
- 2) Establishes the Multifamily Affordable Housing Solar Roofs Program, also known as SOMAH.
 - a) Requires the CPUC, beginning with the 2016–17 fiscal year and ending with the 2019–20 fiscal year, to authorize the annual allocation of certain amounts of moneys for the program. Requires the CPUC to continue authorizing the allocation of those moneys through June 30, 2026, if the CPUC determines that revenues are available and that there is adequate interest and participation in the program.
 - b) Requires the CPUC, as part of the program, to award monetary incentives for qualifying solar energy systems, as defined, that are installed on multifamily residential buildings of at least five rental housing units that are operated to provide deed-restricted low-income residential housing, as defined, and that meet one or more specified requirements, including that at least 80 percent of the households have incomes at or below 60 percent of the area median income, through December 31, 2030.

- c) Requires that low-income tenants who participate in the program receive credits on utility bills from the program.
 - d) Requires the CPUC to ensure that electrical corporation tariff structures affecting the low-income tenants participating in the program continue to provide a direct economic benefit from the qualifying solar energy system. (Public Utilities Code §2870)
- 3) Requires the CPUC to allocate up to 15 percent of revenues received by an electrical corporation as a result of the direct allocation of GHG allowances to electrical distribution utilities to be used for clean energy and energy efficiency projects and otherwise requires revenues to be credited directly to residential, small business, and emission-intensive trade-exposed customers. (Public Utilities Code §748.5)
 - 4) Requires the CPUC to establish a program for assistance to low-income electric and gas customers, referred to as the California Alternate Rates for Energy program. (Public Utilities Code §739.1)
 - 5) Requires every electric utility, defined to include electrical corporations (IOUs), local publicly owned electric utilities (POUs), and electrical cooperatives, to develop a standard contract or tariff for net energy metering (NEM), for generation by a renewable electrical generation facility, and to make this contract or tariff available to eligible customer-generators until the time that the total rated generating capacity used by eligible customer generators exceeds five percent of the electric utility's aggregate customer peak demand. (Public Utilities Code §2827)
 - 6) Requires the CPUC, for large electric IOUs to have developed a second standard contract or tariff to provide NEM to additional eligible customer-generators in the IOU's service territory and imposes no limitation on the number of new eligible customer-generators. Requires the CPUC, in developing the second standard contract or tariff, to include specific alternatives designed for growth among residential customers in disadvantaged communities. (Public Utilities Code §2827.1)

This bill:

- 1) Expands the requirements of the SOMAH program to include:
 - a) Properties in which at least 66 percent of the households have incomes at or below 80 percent of the area median income.

- b) Properties located in California Indian country, as defined.
 - c) Rental housing properties owned by public housing agencies or authorities, as defined.
- 2) Extends the requirement that the CPUC award monetary incentives for those solar energy systems through December 31, 2034. Prohibits using moneys authorized through the program to meet regulatory requirements related to the solar rooftop mandate (Title 24 Building Standards), if those multifamily residential properties are new construction.
- 3) Limits the applicability of the requirement that low-income tenants who participate in the program receive credits on utility bills to units that are separately metered. If the development has at least 45 percent of units reserved for tenants in extremely low-income households and is master-metered, this bill would specify that those direct economic benefits to low-income tenants may include providing housing.

Background

SOMAH. Established by AB 693 (Eggman, Chapter 582, Statutes of 2015), the SOMAH program provides incentives for solar energy photovoltaic (PV) systems for qualified multifamily affordable housing. SOMAH is funded from the portion of the electric IOUs greenhouse gas (GHG) emissions auction proceeds that is authorized to be programed by the CPUC for clean energy or energy efficiency programs. Per the statute, the program requires funding of up to \$100 million annually, and up to one billion dollars over 10 years, to install 300 megawatts (MW) of capacity. The qualified multifamily affordable housing is defined as a residential building of at least five rental housing units that is operated to provide deed-restricted low-income residential housing, and is located in a disadvantaged community and/or at least 80 percent of the households have incomes at or below 60 percent of the area median income.

The SOMAH program had a delayed start, as the program didn't begin accepting applications until July 1, 2019. On the first day it opened, the program received more than 200 applications, and waitlists were started in the large electric IOUs' territories. The SOMAH Program Administrative team is comprised entirely of non-profit organizations: the Center for Sustainable Energy, GRID Alternatives, the Association for Energy Affordability, and the California Housing Partnership Corporation. In April 2020, the CPUC directed the electric IOUs to continue funding the SOMAH program through 2026. According to the program's website, there have been 82 completed projects with 15 MW of installed capacity with service to over 7,333 tenant units across the state. Currently, there are 422 active

applications, representing 50 MW of reserved capacity and \$104 million in funding, with participation in all five SOMAH-eligible electric IOU territories.

There is currently \$452 million of remaining available funding for the program. More recently, the program seems to have stalled as the number of applications declined significantly last year. The CPUC recently adopted a decision (D.23-03-007) to adjust the incentive levels of the program in order to encourage more participation and address concerns about increased projects costs, including those affected by recent inflation.

Changes proposed by this bill. This bill proposes to expand the eligibility of the program in a few ways, specifically:

- Authorizing multifamily residential property, instead of building, to allow for properties that may have separate single-family buildings (including mobile home parks).
- Expanding eligibility to properties that are within one half mile of a disadvantaged community.
- Expanding the income requirements to at least 66 percent, instead of 80 percent, of households have incomes at or below 80 percent, instead of 60 percent, of area median income.
- Authorizing properties located in California Indian Country, except private held in-holdings.
- Authorizing properties that are rental housing properties owned by either a public housing authority or public housing agency.

Additionally, this bill would prohibit, for new construction, the use of the incentives from the program to satisfy the Title 24 California Code of Regulations requirements, including the solar mandate on new buildings. This bill would also authorize developments with at least 45 percent of units reserved for tenants in extremely low-income households and that are master-metered to satisfy the direct economic benefits to low-income tenants to include providing housing. Lastly, this bill would authorize the continued use of the available funding an additional four years, to 2034.

As noted above, the SOMAH program has widespread interest, though more recently the number of applications have stalled. The CPUC's recently adopted increased incentives may help to address some of the increase in project costs, particularly those affected by recent inflation. However, proponents of this bill are interested to expand the eligibility of the program to allow for more participation from low-income populations. Given that the program has reserved only a fraction of its available funding and that the funding is from the 15 percent portion of the

GHG allowance revenue that can be programmed by the CPUC for clean energy and energy efficiency programs, expanding eligibility may makes sense. However, the Legislature may wish to

Additional clarifications needed. In order to support the goals of the program, the author and committee may wish to amend this bill to clarify the following:

- *Replace the definition of Native American tribes with that in other statutes which reference the Native American tribes located in California that are on the contact list maintained by the Native American Heritage Commission for the purposes of Chapter 905 of the Statutes of 2004.*
- *Delete the reference to property that is considered eligible if at least one owner is a tribe or tribal member, while preserving the language expanding the program to Native American tribes*
- *Delete the language regarding using electric tariffs to fund housing.*
- *Delete the language related to the “incremental production” in relation to Title 24 California Code of Regulations.*
- *Authorize an additional two years for the program to award incentives, to the year 2032, instead of 2034, to allow the Legislature an opportunity to redirect funding should interest in the program continue to stall.*

Prior/Related Legislation

AB 693 (Eggman, Chapter 582, Statutes of 2015) created the Multifamily Affordable Housing Solar Roofs Program, to provide financial incentives for qualified solar installations at multifamily affordable housing properties funded from IOU’s GHG allowances.

AB 217 (Bradford, Chapter 609, Statutes of 2013) extended the low-income programs of the CSI Program from 2016 until 2021, authorizes the collection of an additional \$108 million for these programs, and adds additional standards to the program, as specified.

SB 1 (Murray, Chapter 132, Statutes of 2006) established the electric portion of the CSI with a 10-year budget of \$2.2 billion collected from ratepayers

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

Association for Energy Affordability
Center for Sustainable Energy
California Democratic Renters Council

California Housing Partnership
GRID Alternatives

OPPOSITION:

None received.

ARGUMENTS IN SUPPORT: According to the author:

In 2015, with AB 693, we made a promise to Californians that we were going to bring the financial benefits of rooftop solar to those in economically and environmentally disadvantaged areas. This was a crucial piece of equity-focused climate policy that established the Solar on Multifamily Affordable Housing (SOMAH) Program. SB 355 will be the next step for improving the program to the benefit of California's low-income families. The program has shown some successes, but I know that we can do much more to spread these benefits to deserving families and eligible properties. While the program is currently planned to sunset in just three years, it still has over half of its planned funding unspent, an excess of \$500 million. This bill will help ensure that these funds will be used to benefit families by extending the program and updating the eligibility requirements.

-- END --