

File No. 161179 Committee Item No. 1  
Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

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Committee: Government Audit and Oversight Date February 16, 2017

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | PUC Reso No. 16-0220 10/25/16 |
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Completed by: Erica Major Date February 10, 2017

Completed by: \_\_\_\_\_ Date \_\_\_\_\_

[Environment Code - Revisions to the Solar Energy Incentive Program]

**Ordinance amending the Environment Code to adjust the incentives in the Solar Energy Incentive Program and revise certain program requirements; and affirming the Planning Department's determination under the California Environmental Quality Act.**

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
**Additions to Codes** are in *single-underline italics Times New Roman font*.  
**Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
**Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~strikethrough Arial font~~.  
**Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 161179 and is incorporated herein by reference. The Board affirms this determination.

Section 2. The Environment Code is hereby amended by revising Sections 18.1, 18.2, 18.3, 18.4, 18.5, and 18.6, and deleting Section 18.7 (including its component sections 18.7-1 through 18.7-7), to read as follows:

**SEC. 18.1. FINDINGS.**

(a)A. In 2007, Over the past year the San Francisco Solar Task Force (the "Solar Task Force"), ~~was~~ convened by then Assessor-Recorder Phil Ting to provide analysis and policy proposals on how best to increase the development of solar energy in San Francisco, recommended creating the Solar Energy Incentive Program.

1        ~~(b)B.~~ The Solar Task Force report noted recent California Energy Commission data  
2        ~~that show~~ showing that average cost per kilowatt of solar energy installed in San Francisco was  
3        ~~is currently~~ above the average cost of seven surrounding Bay Area counties; ~~and~~ C.  
4        ~~According to~~ data collected from the California Energy Commission and the California Public  
5        Utilities Commission, showed that San Francisco ~~now ranks~~ ranked last in the Bay Area in terms  
6        of the solar energy installed per capita.

7        ~~(c)D.~~ The San Francisco Public Utilities Commission (the "SFPUC") serves 17 % ~~16~~  
8        ~~percent~~ of the City's electrical demand, electric service providers serve 8% ~~8 percent~~ and Pacific  
9        Gas & Electric Company serves the remaining 75% ~~76 percent~~. The SFPUC has installed eight ~~2~~  
10       megawatts of solar generating capacity as well as three ~~4~~ megawatts of methane gas  
11       cogeneration capacity, which projects have bolstered the in-City renewable energy portfolio.  
12       ~~In addition, the SFPUC is supplementing its renewable energy generation portfolio with 25 MW of~~  
13       ~~purchased geothermal generation.~~

14       ~~(d)E.~~ The SFPUC continues to evaluate ~~is currently undertaking~~ the development of  
15       additional large scale renewable energy generation assets within the City with the objectives  
16       of expanding and diversifying the renewable energy resources available to City departments  
17       and other SFPUC customers, boosting the City's clean energy industry, and improving overall  
18       in-City energy reliability. ~~However, there is a need for further initiatives to stimulate the growth in the~~  
19       ~~City's supply of renewable energy.~~

20       ~~(e)F.~~ The SFPUC has launched CleanPowerSF, ~~a~~ is pursuing the establishment of  
21       Community Choice Aggregation program, ("CCA") within the City. Implementation of  
22       CleanPowerSFCCA allows ~~will allow~~ the SFPUC to partner with private enterprise, leverage the  
23       purchasing power of a wider customer base and access the capital markets on a broader  
24       scale in order to expand its renewable energy generation asset portfolio.

1           ~~(f)G.~~ The Solar Task Force recommended implementation of a Solar Energy  
2 Incentive Program as one method to address this cost trend, in that an increase in private  
3 demand combined with appropriate measures to attract investment in the City's solar  
4 manufacturing and installation industries over the long term could reduce the overall cost of  
5 solar energy as costs of importing such manufacturing technology and installation expertise  
6 are reduced or eliminated and economies of scale are introduced to the in-City solar industry.

7           ~~(g)H.~~ A successful solar incentive program would increase the installation of solar  
8 power, thus providing greater supply during peak demand times during the day and improving  
9 the reliability of in-City generation capacity using clean solar energy.

10          ~~(h)I.~~ The development of a more efficient and cost-effective in-City solar  
11 manufacturing and installation industry over the long term would result in savings for the  
12 SFPUC's solar projects.

13          (i) The SFPUC has paid over \$23 million in solar energy incentives since 2008. These  
14 incentive payments supported almost 3,800 installations that produce more than 13 megawatts of solar  
15 power, and created 172 new jobs for disadvantaged San Franciscans.

16          (j) Since 2008, the cost of solar power has declined significantly in San Francisco and the  
17 rest of the world.

18          (k) The Solar Energy Incentive Program is supporting more projects than ever before with  
19 less money. The annual budgets in fiscal years 2013-2014 and 2014-2015 were not fully subscribed but  
20 the kilowatts of solar power installed in San Francisco in those years was more than double the  
21 kilowatts of solar power installed in San Francisco in fiscal years 2011-2012 and 2012-2013.

22          (l) California's Solar Initiative ("CSI") has been ramping down its incentives and in 2014,  
23 the California Public Utilities Commission concluded that CSI has largely achieved its goal of  
24 stimulating widespread solar adoption and creating a self-sustaining market.  
25

1       (m) The 30% federal tax credit for solar power has been extended, and the California Public  
2 Utilities Commission has put into place favorable net-energy metering terms for Pacific Gas and  
3 Electric Company customers installing solar power. San Francisco offers similar net-energy metering  
4 terms for its CleanPowerSF customers.

5       (n) In 2016, the Office of the Controller audited the Solar Energy Incentive Program and  
6 recommended improvements to the qualifications for additional incentives for low-income customers.

7       (o) Section 908 of the Environment Code requires San Francisco to reduce greenhouse gas  
8 emissions by 25% below 1990 levels by 2017; by 40% below 1990 levels by 2025; and by 80% below  
9 1990 levels by 2050. The City has established a goal of reducing greenhouse gas emissions to 20  
10 percent below 1990 levels by 2012.

11       (p)K. In view of the City's objectives in addressing the challenge of climate change,  
12 the positive benefits for the City's overall power consumption market and the particular  
13 benefits for the SF-PUC's Power Enterprise, the SFPUC intends to allocate \$11 million of  
14 power revenues, including \$2 million of Solar Energy Incentive Program surplus funds from fiscal year  
15 2014-2015, certain power revenues previously budgeted to renewable energy development and energy  
16 efficiency projects towards funding the implementation of the solar incentive program described  
17 in this Chapter 18, with the objective of providing declining annual appropriations through fiscal  
18 year 2023-2024 an appropriation of \$2 million to \$5 million annually over the ten years commencing  
19 with fiscal year 2008-2009.

20       (q) To maximize the value of this investment, and in light of the reduced cost of solar power  
21 and the maturation of the solar power market in San Francisco, the SFPUC should simplify and reduce  
22 the solar incentives over time, while maintaining additional incentives for low income residents,  
23 Environmental Justice Districts, and use of installers maintaining their principal place of business in  
24 San Francisco.

1       ~~(r)L.~~ The City and the SFPUC intend this program to complement the SFPUC's  
2 renewable energy capital programs, including CleanPowerSFCCA, by attracting additional  
3 investment that will expand the development of renewable energy within the City and will  
4 spread the costs and risks of that development across a more diverse range of stakeholders.

5       ~~(s)M.~~ As a complement to this initiative, the SFPUC, the Mayor, and the Board of  
6 Supervisors are pursuing ~~intend to pursue~~ the establishment of a stable rate structure for all of  
7 the SFPUC's power customers, ~~to which would~~ enable the SFPUC to become a creditworthy  
8 bond issuer and to finance the City's own renewable energy development projects on a more  
9 advantageous tax-exempt basis.

#### 10       **SEC. 18.2. INCENTIVE PAYMENTS.**

11       (a) The Program Administrator shall make incentive payments to applicants in  
12 respect of solar systems installed by qualifying applicants on the basis of the provisions of this  
13 Chapter 18, from the funds appropriated to the program from time to time.

14       (b) Applicants must be the owner of the system to be eligible to receive the  
15 incentive.

16       (c) To be eligible for the incentive, a system must be installed by an individual, firm,  
17 or organization that participates in San Francisco's First Source Hiring program, operated qualified  
18 ~~as a workforce development installer~~ by the Office of Economic and Workforce Development;  
19 ~~unless subsection (d) applies. The Office of Economic and Workforce Development, which directs the~~  
20 ~~City's overall workforce development efforts, will be responsible for developing and ensuring~~  
21 ~~compliance with workforce criteria for the incentive payments.~~

22       ~~(d) Subsection (c) does not apply if the individual, firm or organization installing the~~  
23 ~~system:~~

24       —~~(i) is a non profit installer of solar generation systems;~~

1        ~~(ii) employees a total of three employees or less, is a state-licensed contractor and has is~~  
2        ~~principal office or offices within the boundaries of the City and County of San Francisco.~~

3        **SEC. 18.3. TYPES OF SYSTEMS ELIGIBLE FOR ASSISTANCE.**

4        (a) Photovoltaic panel systems. Photo-voltaic panel systems that produce electricity  
5        from sunlight, installed on single and multifamily residential, commercial, and industrial  
6        buildings, with generating capacity of at least one ~~(1)~~ kilowatt, and replacement parts for such  
7        systems, are eligible for assistance under this program.

8        (b) Other systems. The Program Administrator may extend program eligibility to  
9        other types of customer-owned distributed storage and/or renewable energy generation  
10       systems, energy efficiency, and electric vehicle infrastructure, so long as such an extension is  
11       accompanied by publication of criteria for allocating incentive payments for such purpose and  
12       the limits on such incentives. Such an extension must be accompanied by analysis  
13       demonstrating that the projected positive market effects of the incentive on the in-City market  
14       for the development of energy storage, renewable energy, and energy efficiency, and electric  
15       vehicle infrastructure, are comparable to those attributes of the photovoltaic panel program.

16       (c) No limit on generating capacity. There shall be no maximum generating capacity  
17       limitation on systems that are eligible for the incentive.

18       **SEC. 18.4. INCENTIVES AND LIMITS ON AMOUNTS OF ASSISTANCE.**

19       (a) Limits for all types of systems. No applicant may receive assistance in excess of  
20       the cost to design, purchase, and install the system, net of incentives, rebates, tax credits, or  
21       other payments received from other governmental entities.

22       (b) Incentives and limits~~Limits~~ for photovoltaic panel systems for residential property.

23       ~~(1)~~ Residential applicants~~Except as further provided in this clause (b), no residential~~  
24       ~~applicant~~ may receive incentives ~~assistance in excess~~ of \$500 per kilowatt~~3,000~~ toward the cost to  
25       design, purchase and install photovoltaic panels. Commencing on January 1, 2017, every year for

1 the remaining term of the Solar Energy Incentive Program, this incentive shall be reduced by \$100 per  
2 kilowatt until the incentive is zero, except as further provided in this subsection (b). If the property is a  
3 multifamily residential project, the applicant may apply for and receive an incentive payment  
4 corresponding to each electricity meter served by the system, so long as the system provides each such  
5 electricity meter with a generating capacity of at least one kilowatt or financial credits that result from  
6 a generating capacity of at least one kilowatt from the energy generation system.

7 (2ii) Applicants~~The limit of assistance shall be \$5,000 for applicants~~ residing in an  
8 Environmental Justice District, as such district or districts are determined by the Program  
9 Administrator, shall be eligible for an additional \$100 per kilowatt toward the cost to design, purchase  
10 and install photovoltaic panels,~~or for applicants that are recipients of the California Public Utilities~~  
11 ~~Commission's CARE (California Alternative Rates for Energy) rates that provide rate discounts for~~  
12 ~~qualified low or fixed income households, or for building owners that are recipients of the California~~  
13 ~~Department of Housing and Community Development's CalHome loan program, which provides low-~~  
14 ~~interest, deferred rehabilitation loans to low-income homeowners.~~

15 (3iii) Applicants that are a building owner and a recipient of the California Department of  
16 Housing and Community Development's CalHome loan program, which provides low-interest, deferred  
17 rehabilitation loans to low-income homeowners, shall be eligible for an additional \$100 per kilowatt  
18 toward the cost to design, purchase and install photovoltaic panels~~CARE and CalHome participants or~~  
19 ~~participants in the CPUC Low Income program under CSI, as well as households with incomes that are~~  
20 ~~certified by the Mayor's Office of Housing pursuant to Section 18.7-5, shall be eligible for an~~  
21 ~~additional \$5,000 if the application for the low income incentive is received before February 1, 2009.~~

22 (iv4) Applicants who are households~~CARE and CalHome participants or participants in~~  
23 ~~the CPUC Low Income program under the CSI, as well as households with incomes that are certified~~  
24 ~~by the Mayor's Office of Housing and Community Development as earning at or below the San~~  
25 ~~Francisco median income pursuant to Section 18.7-5, shall be eligible for an additional \$2,000 per~~



1 kilowatt toward the cost to design, purchase and install photovoltaic panels 7,000 if the application for  
2 the low income incentive is received by the Program Administrator on or after February 1, 2009. No  
3 later than December 31, 2018, the Program Administrator shall evaluate this additional incentive and  
4 may revise it upon consideration of any changes in the applicable markets, the remaining program  
5 funds and how these can best be used to achieve the objectives of the program, and the goal of making  
6 solar energy accessible to low income San Francisco residents.

7 (5) An incentive applicant whose system is installed by an individual, firm, or  
8 organization whose principal office or offices are located within the City shall be eligible for an  
9 additional incentive of \$250 per kilowatt up to a total additional incentive of \$1,000, subject to the  
10 limitations of Section 18.3. If in implementing the program the Program Administrator determines that  
11 the incentive identified in this paragraph does not provide the intended stimulus for the in-City  
12 installation industry, then the Program Administrator may amend the terms of this incentive to make it  
13 more effective in achieving the in-City job creation and installation market objectives of the program.

14 (6) Notwithstanding subsections (b)(1)-(5), no applicant may receive assistance in excess of  
15 \$50,000 and no incentive may exceed \$50,000 per building. Further, if the property is a multifamily  
16 residential building, the total incentive shall be limited to no more than \$500 per unit in the building  
17 plus \$10,000 for the building as a whole, and the system must provide each unit with a generating  
18 capacity of at least one kilowatt or financial credits that result from a generating capacity of at least  
19 one kilowatt from the energy generation system.

20 (c) Incentives and limits Limits for photovoltaic panel systems for commercial,  
21 industrial, or manufacturing property. Applicants ~~No applicant~~ may receive incentives ~~assistance in~~  
22 ~~excess of \$500~~ 1,500 per kilowatt of electric power a photovoltaic panel system is designed to  
23 generate. Regardless of system generating capacity, no applicant may receive assistance in  
24 excess of \$10,000. Commencing on January 1, 2017, this limit shall be reduced by \$100 per kilowatt  
25 every year for the remaining term of the Solar Energy Incentive Program until the limit is zero.

1 (d) Adjustments in incentives and limits.

2 (~~1i~~) ~~The Program Administrator may adjust limits on the incentives paid for systems~~  
3 ~~installed on commercial, industrial or manufacturing property upon a finding that such an adjustment~~  
4 ~~advances the objectives of the program. Such adjustments may include an increase in the limit on the~~  
5 ~~incentive paid in respect of (A) systems installed within an Environmental Justice District or (B)~~  
6 ~~systems installed by an individual, firm or organization with an office or offices within the City (or~~  
7 ~~bearing some other linkage to the in-City installation market as deemed appropriate by the Program~~  
8 ~~Administrator).~~

9 —(~~ii~~) ~~Upon a finding by the SFPUC that such reduction is in the public~~  
10 ~~interest demonstration of a reduction in average costs of solar improvements, including but not limited~~  
11 ~~to an increase in incentives, rebates, tax credits or other payments provided by other government~~  
12 ~~entities that serve to reduce the system costs borne by the consumer,~~ the SFPUC shall have the  
13 discretion to decrease the incentives and limits set forth above by an amount reflective of the  
14 reduced need for the incentive payments.

15 (~~2iii~~) With the concurrence of the Board of Supervisors and subject to the budgetary  
16 and fiscal provisions of the Charter, the Program Administrator may increase any of the  
17 incentives and limits set forth in this Section 18.4 in connection with efforts to stimulate the  
18 development of a competitive in-City solar market, such as the establishment of an in-City  
19 photovoltaic panel production facility.

20 **SEC. 18.5. ALLOCATION OF PROGRAM FUNDING AMONG TYPES OF**  
21 **BUILDINGS.**

22 For each year of this program, the Program Administrator shall allocate the available  
23 funds to the targeted market sectors, and, within such sectors, available funds shall be allocated on  
24 a first come, first served basis ~~regardless of the type of applicant.~~

1           **SEC. 18.6. PROGRAM ADMINISTRATION.**

2           (a) The program will be administered by the Program Administrator, which shall be  
3 the SFPUC, acting by and through its Power Enterprise. SFPUC shall coordinate  
4 administration of the Solar Energy Incentive Program with the implementation and  
5 administration of CleanPowerSFCCA to maximize its efficiency in achieving the renewable  
6 energy expansion goals contemplated under CleanPowerSFCCA.

7           (b) The Program Administrator shall develop rules and application procedures.

8           (c) The Program Administrator shall establish reasonable eligibility criteria for the  
9 incentive payments so that the program is available only to all applicants who are receiving  
10 electric service from the SFPUC (either directly or through CleanPowerSF) or who have applied and  
11 are eligible for such service; applicants must commit to take such service for a least one year after  
12 installing the system or commencing SFPUC service, whichever occurs later, within the City regardless  
13 of their customer relationship with any particular electric service provider. For ease of administration  
14 these criteria shall be deemed satisfied when an applicant provides appropriate evidence that the  
15 applicant is entitled to payments under the California Solar Initiative as authorized by the California  
16 Public Utilities Commission and the State of California under SB1 (Chapter 132, Statutes of 2006) (as  
17 such program may be amended from time to time, the "California Solar Initiative"); provided, however,  
18 that demonstrating eligibility for the California Solar Initiative shall not be the sole means of  
19 establishing eligibility. The Program Administrator shall also establish reasonable and clear eligibility  
20 criteria for approving incentive payments to applicants who are not beneficiaries of the California  
21 Solar Initiative, which Such criteria shall also include (but are not limited to) confirmation that the  
22 applicant has installed the system in compliance with all applicable laws, including  
23 Department of Building Inspection inspections and approvals.

24           (d) If there are applications for assistance in excess of appropriated funds within a  
25 market sector, the Program Administrator shall grant applications in the order they were filed.

1 The Program Administrator shall develop a reservation system which will allow applicants to  
2 request that the Program Administrator reserve funds for a proposed project. Such reservation  
3 system may be patterned after that utilized by the California Solar Initiative.

4 (e) Subject to the budgetary and fiscal provisions of the Charter, the Program  
5 Administrator shall maintain annual program funding as identified within the SFPUC Power  
6 Enterprise budget as the Solar Energy Incentive Fund. At the end of each fiscal year, any  
7 program funds that were not expended shall be carried forward to the next fiscal year. Upon a  
8 finding as to the continuing effectiveness of the Solar Energy Incentive program in achieving  
9 its objectives such funds shall be appropriated then or thereafter for the purposes specified in  
10 this Chapter 18.

11 (f) The Program Administrator shall determine and implement payment procedures  
12 for incentives under the program. Such payment procedures may include the option to make  
13 payments on applicants' behalf directly to installers or other entities. Such payments shall not  
14 be considered contracts or grants of the City for purposes of any City procedural contracting  
15 ordinances, and no requirements shall be imposed as a condition of receipt of such incentive  
16 payments aside from those specifically referenced in this ~~ordinance~~ Chapter 18 and as  
17 necessary to protect the City from legal liabilities and promote the goals of this ordinance.

18 (g) The Program Administrator shall monitor the effective costs of renewable energy  
19 system installation and other related market information for purposes of making the  
20 adjustments described in Section 18.4(d)(~~ii~~).

21 (h) The Program Administrator shall establish boundaries for any Environmental  
22 Justice District identified for purposes of Section 18.4(b)(~~2iii~~). Any such district shall satisfy  
23 the goals, objectives, and definitions of environmental justice and Environmental Justice  
24 Districts, as such concepts are set forth at any given time under state and local law.  
25

1           (i) ~~The Program Administrator shall submit to the Board of Supervisors a status report on~~  
2 ~~the first six months of the program, within 45 days of the end of the first six months of the program. The~~  
3 ~~Program Administrator may submit an interim status report upon the exhaustion of either of the~~  
4 ~~funding pools described in Section 18.7-5 and shall otherwise provide written monthly status reports.~~  
5 ~~The Program Administrator shall submit to the Board of Supervisors a report evaluating the first year~~  
6 ~~of program operation, within 90 days after the end of the first year. The report shall provide an~~  
7 ~~analysis of the impacts of the program, including, without limitation, the number and location by~~  
8 ~~district of the projects funded, the amount of energy generated by the projects, and the amount of time~~  
9 ~~and money spent on program administration. The report shall evaluate the economic and other benefits~~  
10 ~~of the program and provide a cost-benefit analysis. The data and analysis presented in this report shall~~  
11 ~~inform future program funding, operation, and amendments.~~

12           ~~(i)~~ In the context of funding appropriations for this program in future years, the Board  
13 of Supervisors will ~~(1i) Consider the Program Administrator's first-year report, identified in~~  
14 ~~subsection 18.6 (i) above; (ii) R~~review and approve the Environmental Justice District  
15 boundaries established by the Program Administrator pursuant to subsection 18.6 (h); and  
16 ~~(2iii) r~~review and approve any new or modified criteria or incentives established by the  
17 Program Administrator.

18           **~~SEC. 18.7. SOLAR ENERGY INCENTIVE PILOT PROGRAM.~~**

19           **~~Section 18.7-1. Findings.~~**

20           ~~A. California has set a goal to create 3,000 megawatts (MW) of new, solar-produced~~  
21 ~~electricity by 2017, moving the state toward a cleaner energy future and helping lower the cost of solar~~  
22 ~~systems for consumers.~~

23           ~~B. The California Public Utilities Commission, through its California Solar Initiative (CSI),~~  
24 ~~provides \$2.2 Billion in incentives over the next decade for existing residential homes and existing and~~  
25

1 ~~new commercial, industrial, and agricultural properties of which 10% will be set aside to assist~~  
2 ~~installation of solar for low-income residents and affordable housing developments.~~

3 ~~—C. On November 17, 2007, the CPUC adopted the CSI Single-Family Low-Income Incentive~~  
4 ~~Program. The Single-Family Low-Income Incentive Program will provide incentives for solar PV~~  
5 ~~systems from \$4.75 to \$7.00 per watt to qualifying low-income homeowners. The Program will also~~  
6 ~~provide full-subsidy systems to very-low-income households who financed their home through local,~~  
7 ~~state and federal housing assistance programs and whose household income is at or below the 50~~  
8 ~~percent of the area median income.~~

9 ~~—D. The CSI Single-Family Low-Income Program will not begin accepting applications until~~  
10 ~~after a statewide Program Manager has been selected. A Request For Proposals for the CSI Single-~~  
11 ~~Family Low-Income Program Manager was released on April 16th, 2008 and the final date for~~  
12 ~~Proposal submission is May 28th, 2008. Once the Program Manager is selected, the Single-Family~~  
13 ~~Low-Income Program will be implemented throughout the state of California and will assist applicants~~  
14 ~~in determining their individual eligibility.~~

15 ~~—E. Establishing a pilot program will enable the City to immediately implement this program~~  
16 ~~and evaluate the effectiveness of the program and determine the best policy for allocation of public~~  
17 ~~funds before deciding how or whether to continue the program.~~

18 **~~Section 18.7-2. Incentive Payments.~~**

19 ~~—(a) A pilot program is established for a period of one year from the date of this ordinance or~~  
20 ~~until funds allocated under Section 18.7-5 are expended. The incentives paid under this program shall~~  
21 ~~not exceed the amounts set forth in Section 18.7-5 below.~~

22 ~~—(b) Applicants must be the owner of a system installed on or after December 11, 2007, to be~~  
23 ~~eligible to receive the incentive.~~

24 ~~—(c) To be eligible for the incentive, a system must be installed by an individual, firm or~~  
25 ~~organization qualified as a workforce development installer by the Office of Economic and Workforce~~

1 ~~Development, unless subsection (d) applies. The Office of Economic and Workforce Development,~~  
2 ~~which directs the City's overall workforce development efforts, will be responsible for developing and~~  
3 ~~ensuring compliance with workforce criteria for the incentive payments.~~

4 ~~—(d) Subsection (c) does not apply if the individual, firm or organization installing the system:~~  
5 ~~—(i) is a non-profit installer of solar generation systems;~~  
6 ~~—(ii) employs a total of three employees or less, is a state-license contractor and has its~~  
7 ~~principal office or offices located within the boundaries of the City and County of San Francisco.~~

8 **~~Section 18.7-3. Types of Systems Eligible for Assistance.~~**

9 ~~—(a) Photovoltaic panel systems. Photo-voltaic panel systems that produce electricity from~~  
10 ~~sunlight, installed on residential buildings, with generating capacity of at least one (1) kilowatt are~~  
11 ~~eligible for assistance under this program.~~

12 ~~—(b) Other systems. The Program Administrator may extend program eligibility to customer-~~  
13 ~~owned distributed renewable energy generation systems other than photovoltaic panel systems, so long~~  
14 ~~as such an extension is accompanied by publication of criteria for allocating incentive payments for~~  
15 ~~such purpose and the limits on such incentive. Such an extension must be accompanied by analysis~~  
16 ~~demonstrating that the projected positive market effects of the incentive on the in-City market for the~~  
17 ~~development of renewable energy and energy efficiency are comparable to those attributes of the~~  
18 ~~photovoltaic panel program.~~

19 ~~—(c) No limit on generating capacity. There shall be no maximum generating capacity~~  
20 ~~limitation on systems that are eligible for the incentive.~~

21 **~~Section 18.7-4. Limits on Amounts of Assistance.~~**

22 ~~—(a) Limits for all types of systems. No applicant may receive assistance in excess of the cost~~  
23 ~~to design, purchase and install the system, net of incentives, rebates, tax credits or other payments~~  
24 ~~received from other governmental entities.~~

25 ~~—(b) Limits for photovoltaic panel systems.~~

1       ~~— (i) Except as further provided in this clause (b), no residential applicant may receive~~  
2 ~~assistance in excess of \$3,000 toward the cost to design, purchase and install photovoltaic panels. If the~~  
3 ~~property is a multifamily residential project, the applicant may apply for and receive an incentive~~  
4 ~~payment corresponding to each electricity meter served by the system, so long as the system provides~~  
5 ~~each such electricity meter with a generating capacity of at least one kilowatt or financial credits that~~  
6 ~~result from a generating capacity of at least one kilowatt from the energy generation system.~~

7       ~~— (ii) The limit of assistance shall be \$5,000 for applicants residing in an Environmental~~  
8 ~~Justice District, as such district or districts are determined by the Program Administrator, or for~~  
9 ~~applicants that are recipients of the California Public Utilities Commission's CARE (California~~  
10 ~~Alternative Rates for Energy) rates that provide rate discounts for qualified low or fixed income~~  
11 ~~households, or for building owners that are recipients of the California Department of Housing and~~  
12 ~~Community Development's CalHome loan program, which provides low-interest, deferred~~  
13 ~~rehabilitation loans to low-income homeowners.~~

14       ~~— (iii) CARE and CalHome participants or participants in the CPUC Low Income program~~  
15 ~~under CSI, as well as households with incomes that are certified by the Mayor's Office of Housing~~  
16 ~~pursuant to Section 18.7-5, shall be eligible for an additional \$5,000 if the application for the low~~  
17 ~~income incentive is received before February 1, 2009, subject to the limitations of Section 18.7-4(a)~~  
18 ~~above.~~

19       ~~— (iv) CARE and CalHome participants or participants in the CPUC Low Income program~~  
20 ~~under the CSI, as well as households with incomes that are certified by the Mayor's Office of Housing~~  
21 ~~pursuant to Section 18.7-5, shall be eligible for an additional \$7,000 if the application for the low~~  
22 ~~income incentive is received by the Program Administrator on or after February 1, 2009, subject to the~~  
23 ~~limitations of Section 18.7-4(a) above.~~

24       ~~— (v) An incentive applicant whose system is installed by an individual, firm or organization~~  
25 ~~whose principal office or offices are located within the City shall be eligible for an additional incentive~~



1 up to \$1,000, subject to the limitations of Section 18.3. If in implementing the program the Program  
2 Administrator determines that the incentive identified in this paragraph does not provide the intended  
3 stimulus for the in-City installation industry, then the Program Administrator may amend the terms of  
4 this incentive to make it more effective in achieving the in-City job creation and installation market  
5 objectives of the program.

6 ~~—(c) Limits for photovoltaic panel systems for non-residential buildings owned by non-~~  
7 ~~profits and non-residential buildings occupied by non-profits and owned by governmental entities.~~  
8 ~~No applicant may receive assistance in excess of \$1,500 per kilowatt of electric power a photovoltaic~~  
9 ~~panel system is designed to generate.~~

10 ~~—(d) Limits for photovoltaic panel systems for multi-unit residential buildings that are~~  
11 ~~owned and operated by non-profit organizations. No applicant may receive assistance in excess of~~  
12 ~~\$4,500 per kilowatt of electric power a photovoltaic panel system is designed to generate, up to a total~~  
13 ~~of \$150,000. An applicant may receive up to an additional \$100,000 in matching funds on a dollar per~~  
14 ~~dollar basis, subject to a maximum of \$4,500 per kilowatt. Regardless of system generating capacity or~~  
15 ~~matching funds, no applicant may receive assistance in excess of \$250,000. Buildings owned by for-~~  
16 ~~profit entities may be eligible for the incentive designated in this paragraph if at least 75% of the~~  
17 ~~residential units, excluding a manager's unit, are designated as affordable housing units under a~~  
18 ~~Federal, State, or local government restriction recorded against the property on which the building is~~  
19 ~~located in a manner that maintains affordability for a term no less than 30 years.~~

20 ~~—(e) Adjustments in limits.~~

21 ~~—(i) If the program is continued after the one-year pilot, the Program Administrator may~~  
22 ~~adjust limits on the incentives paid for systems installed on commercial, industrial or manufacturing~~  
23 ~~property upon a finding that such an adjustment advances the objectives of the program. Such~~  
24 ~~adjustments may include an increase in the limit on the incentive paid in respect of (A) systems~~  
25 ~~installed within an Environmental Justice District or (B) systems installed by an individual, firm or~~

1 ~~organization with an office or offices within the City or bearing some other linkage to the in-City~~  
2 ~~installation market as deemed appropriate by the Program Administrator).~~

3 ~~—(ii) Upon a demonstration of a reduction in average costs of solar improvements, including~~  
4 ~~but not limited to an increase in incentives, rebates, tax credits or other payments provided by other~~  
5 ~~government entities that serve to reduce the system costs borne by the consumer, the SFPUC shall have~~  
6 ~~the discretion to decrease the limits set forth above by an amount reflective of the reduced need for the~~  
7 ~~incentive payments.~~

8 ~~—(iii) With the concurrence of the Board of Supervisors, the Program Administrator may~~  
9 ~~increase any of the limits set forth in this Section in connection with efforts to stimulate the~~  
10 ~~development of a competitive in-City solar market, such as the establishment of an in-City photovoltaic~~  
11 ~~panel production facility.~~

12 **~~Section 18.7-5. Allocation of Program Funding Among Types of Buildings.~~**

13 ~~—For this pilot program, funds shall be allocated as follows: 1,500,000 to buildings that are~~  
14 ~~owned and operated by non-profit organizations or single and multifamily residential applicants that~~  
15 ~~are certified by the Mayor's Office of Housing as earning at or below the San Francisco median income~~  
16 ~~or CARE and CalHome participants or participants in the CPUC Low income program under CSI.~~

17 **~~Section 18.7-6. Program Administration.~~**

18 ~~—(a) The program will be administered by the Program Administrator, which shall be the~~  
19 ~~SFPUC, acting by and through its Power Enterprise. SFPUC shall coordinate administration of the~~  
20 ~~Solar Energy Incentive Pilot Program with the implementation and administration of CCA to maximize~~  
21 ~~its efficiency in achieving the renewable energy expansion goals contemplated under CCA.~~

22 ~~—(b) The Program Administrator shall develop rules and application procedures.~~

23 ~~—(c) The Program Administrator shall establish reasonable eligibility criteria for the incentive~~  
24 ~~payments so that the program is available to all applicants within the City regardless of their customer~~  
25 ~~relationship with any particular electric service provider. For ease of administration these criteria~~

1 ~~shall be deemed satisfied when an applicant provides appropriate evidence that the applicant is entitled~~  
2 ~~to payments under the California Solar Initiative as authorized by the California Public Utilities~~  
3 ~~Commission and the State of California under SB1 (Chapter 132, Statutes of 2006) (as such program~~  
4 ~~may be amended from time to time, the "California Solar Initiative"); provided, however, that~~  
5 ~~demonstrating eligibility for the California Solar Initiative shall not be the sole means of establishing~~  
6 ~~eligibility. The Program Administrator shall also establish reasonable and clear eligibility criteria for~~  
7 ~~approving incentive payments to applicants who are not beneficiaries of the California Solar Initiative,~~  
8 ~~which criteria shall include (but are not limited to) confirmation that the applicant has installed the~~  
9 ~~system in compliance with all applicable laws, including Department of Building Inspection inspection~~  
10 ~~and approvals.~~

11 ~~—(d) If there are applications for assistance in excess of appropriated funds, the Program~~  
12 ~~Administrator shall grant applications in the order they were filed. The Program Administrator shall~~  
13 ~~develop a reservation system which will allow applicants to request that the Program Administrator~~  
14 ~~reserve funds for a proposed project. Such reservation system may be patterned after that utilized by~~  
15 ~~the California Solar Initiative.~~

16 ~~—(e) The Program Administrator shall determine and implement payment procedures for~~  
17 ~~incentives under the program. Such payment procedures may include the option to make payments on~~  
18 ~~applicants' behalf directly to installers or other entities. Such payments shall not be considered~~  
19 ~~contracts or grants of the City for any City procedural contracting ordinances, and no requirements~~  
20 ~~shall be imposed as a condition of receipt of such incentive payments aside from those specifically~~  
21 ~~referenced in this ordinance and as necessary to protect the City from legal liabilities and promote the~~  
22 ~~goals of this ordinance.~~

23 ~~—(f) The Program Administrator shall monitor the effective costs of renewable energy system~~  
24 ~~installation and other related market information for purposes of making the adjustments described in~~  
25 ~~Section 18.7-4(e)(i).~~

1       ~~—(g) The Program Administrator shall establish boundaries for any Environmental Justice~~  
2 ~~District identified for purposes of Section 18.7(b)(iii). Any such district shall satisfy the goals,~~  
3 ~~objectives and definitions of environmental justice and Environmental Justice Districts, as such~~  
4 ~~concepts are set forth at any given time under state and local law.~~

5       ~~—(h) The Program Administrator shall submit to the Board of Supervisors a status report on~~  
6 ~~the first six months of the pilot program, within 45 days of the end of the first six months of the~~  
7 ~~program. The Program Administrator may submit an interim status report upon the exhaustion of~~  
8 ~~either of the funding pools described in Section 18.7-5 and shall otherwise provide written monthly~~  
9 ~~status reports.~~

10       ~~—(i) The Program Administrator shall submit to the Board of Supervisors a report evaluating~~  
11 ~~the one-year pilot program, within 90 days after the end of the first year. The report shall provide an~~  
12 ~~analysis of the impacts of the program, including, without limitation, the number and location by~~  
13 ~~district of the projects funded, the amount of energy generated by the projects, and the amount of time~~  
14 ~~and money spent on program administration. The report shall evaluate the economic and other benefits~~  
15 ~~of the program and provide a cost-benefit analysis. The data and analysis presented in this report shall~~  
16 ~~inform future program funding, operation, and amendments.~~

17       ~~—(j) In the context of considering appropriations for a solar incentive program in future years,~~  
18 ~~the Board of Supervisors will (i) Consider the Program Administrator's first-year report, identified in~~  
19 ~~subsection 18.7-6(i) above; (ii) Review and approve the Environmental Justice District boundaries~~  
20 ~~established by the Program Administrator pursuant to subsection 18.7-6(h); (iii) Review and approve~~  
21 ~~any new or modified criteria or incentives established by the Program Administrator.~~

22       **~~Section 18.7-7. Reserved.~~**

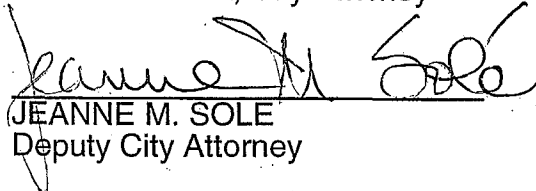
23       Section 3. Effective Date. This ordinance shall become effective 30 days after  
24 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
25

1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
2 of Supervisors overrides the Mayor's veto of the ordinance.

3 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
4 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
5 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
6 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
7 additions, and Board amendment deletions in accordance with the "Note" that appears under  
8 the official title of the ordinance.

9  
10  
11 APPROVED AS TO FORM:  
12 DENNIS J. HERRERA, City Attorney

13 By:

  
14 JEANNE M. SOLE  
15 Deputy City Attorney

16 n:\legana\as2016\1700202\01146840.docx

## **LEGISLATIVE DIGEST**

[Environment Code - Revisions to the Solar Energy Incentive Program]

**Ordinance amending the Environment Code, to adjust the incentives in the Solar Energy Incentive Program and revise certain program requirements; and affirming the Planning Department's determination under the California Environmental Quality Act.**

### **Existing Law**

Chapter 18 the Environment Code created a Solar Energy Incentive Program (GoSolarSF). GoSolarSF is administered by the San Francisco Public Utilities Commission (SFPUC) and offers incentives for installation of solar systems to all qualified residents and businesses in San Francisco. GoSolarSF requires most installers to participate in City work force development programs and includes additional incentives for low-income homeowners and households, applicants in Environmental Justice Districts, and installers having their principal office or offices located in San Francisco. Chapter 18 allows the SFPUC to extend program eligibility to other types of customer-owned distributed renewable energy generation systems. It also still includes a one-year pilot program for low income customers that is no longer in effect.

### **Amendments to Current Law**

This ordinance would:

- Limit eligibility for GoSolarSF incentives to customers of San Francisco municipal electric utility or community choice aggregation program (CleanPowerSF);
- Simplify and put into place annual step-downs of incentives to reflect the lower cost of solar power and to extend the program budget through 2021;
- Modify the requirements for local workforce development and the qualifications for additional incentives for low-income customers as recommended by the Office of the Controller;
- Provide that the SFPUC may extend program eligibility to complementary distributed energy programs, such as incentives for inverter replacement, energy storage or electric vehicle infrastructure;
- Delete references to the one-year pilot program that is no longer in effect.

Background Information

GoSolarSF was established in 2008 by Ordinance 102-08. Since 2008, the cost of solar power has declined significantly in San Francisco, and the world. As a result, in 2014, the California Public Utilities Commission (CPUC) concluded that California's Solar Incentives (CSI) program has largely achieved its goals of stimulating widespread solar adoption and creating a self-sustaining market. The 30% federal tax credit for solar power has been extended and the CPUC has put into place net-energy metering terms for Pacific Gas and Electric Company customers installing solar power. San Francisco offers similar net-energy metering terms to CleanPowerSF customers. GoSolarSF is now supporting more projects than ever before with less money and many projects are going forward in San Francisco without any GoSolarSF or CSI incentives.

In 2015, the SFPUC launched CleanPowerSF, San Francisco's community choice aggregation program. CleanPowerSF offers Standard, Green and SuperGreen options. The SFPUC intends to market GoSolarSF with the SuperGreen CleanPowerSF option to maximize participation in both programs. This ordinance would limit incentives to San Francisco electric customers in order to maximize the benefit of GoSolarSF to San Francisco.


In 2016, the San Francisco Office of the Controller audited GoSolarSF and recommended improvements to the requirements for the qualifications for additional incentives for low-income customers. In addition, SFPUC has identified additional opportunities to promote distributed energy technologies, including incentives for inverter replacements, energy storage and electric vehicle infrastructure.

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**CITY AND COUNTY OF SAN FRANCISCO**  
**BOARD OF SUPERVISORS**  
**BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
FAX (415) 252-0461

February 10, 2017

**TO:** Government Audit and Oversight Committee  
**FROM:** Budget and Legislative Analyst   
**SUBJECT:** February 16, 2017 Government Audit and Oversight Committee Meeting

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<b>Item 1</b> <b>File 16-1179</b>	<b>Department:</b> Public Utilities Commission (PUC)
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>The proposed ordinance amends the Environment Code, Chapter 18, to revise (i) the incentives paid to San Francisco residents and businesses to participate in the Solar Energy Incentive Program for the installation of solar systems on residential and commercial properties, and (ii) certain program requirements; and affirms the Planning Department's determination under the California Environmental Quality Act.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>GoSolarSF is administered by the San Francisco Public Utilities Commission (SFPUC) and offers incentives for installation of solar systems to all qualified residents and businesses in San Francisco.</li> <li>This ordinance would (a) limit eligibility for GoSolarSF incentives to customers of SFPUC's Hetch Hetchy Power Enterprise and SFPUC's community choice aggregation program (CleanPowerSF); (b) simplify and put into place annual reductions in the amount of the incentives paid to San Francisco residences and businesses to reflect the lower cost of solar system installation and to extend the program budget through 2021; (c) revise the amount of incentives paid to low-income households and residents of Environmental Justice Districts; (d) modify the workforce development requirements to require that any individual or company installing solar systems as part of the GoSolarSF program participate in the City's First Source Hiring program; (e) provide that the SFPUC may extend program eligibility to complementary distributed energy programs, such as incentives for inverter replacement, energy storage or electric vehicle infrastructure; and (f) delete references to the one-year pilot program that is no longer in effect.</li> <li>SFPUC is recommending changes to the SFPUC Solar Energy Incentive Program because of reductions in the costs of installing solar systems and availability of tax credits to San Francisco residents.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>The Solar Energy Incentive Program is funded by Hetch Hetchy Power revenues. The current fund balance for the Solar Energy Incentive Program is \$7.275 million, as previously appropriated by the Board of Supervisors. Under the proposed ordinance, the funds of \$7.275 million would pay for program incentives and administrative expenses through approximately December 2021.</li> </ul> <p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Amend the proposed ordinance to revise the language on page 4, lines 13-14 from "the SFPUC intends to allocate \$11 million of power revenues" to "the SFPUC intends to allocate \$7.275 million of power revenues."</li> <li>Approval of the proposed ordinance as amended is a policy matter for the Board of Supervisors.</li> </ul>	

**MANDATE STATEMENT**

Charter Section 2.105 requires that legislative acts in San Francisco be by ordinance, subject to approval by a majority of the Board of Supervisors.

**BACKGROUND**

GoSolarSF was established in 2008 by Ordinance 102-08 (File 07-1679), which amended the Environment Code by adding Chapter 18 creating a Solar Energy Incentive Program. GoSolarSF is administered by the San Francisco Public Utilities Commission (SFPUC) and offers incentives for installation of solar systems to all qualified residents and businesses in San Francisco. GoSolarSF requires all installers to participate in City workforce development programs and includes additional incentives for low-income homeowners and households, applicants in Environmental Justice Districts, and installers having their principal office located in San Francisco. Chapter 18 allows the SFPUC to extend program eligibility to other types of customer-owned distributed renewable energy generation systems. The original program also included a one-year pilot program for low income customers. The pilot program is no longer in effect; however the current program includes a low income incentive.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance amends the Environment Code, Chapter 18, to revise (i) the incentives paid to San Francisco residents and businesses to participate in the Solar Energy Incentive Program for the installation of solar systems on residential and commercial properties, and (ii) certain program requirements; and affirms the Planning Department's determination under the California Environmental Quality Act.

This ordinance would:

- Limit eligibility for GoSolarSF incentives to customers of SFPUC's Hetch Hetchy Power Enterprise and SFPUC's community choice aggregation program (CleanPowerSF);
- Simplify and put into place annual reductions in the amount of the incentives paid to San Francisco residences and businesses to reflect the lower cost of solar system installation and to extend the program budget through 2021;
- Revise the amount of incentives paid to low-income households and residents of Environmental Justice Districts;
- Modify the workforce development requirements to require that any individual or company installing solar systems as part of the GoSolarSF program participate in the City's First Source Hiring program;
- Provide that the SFPUC may extend program eligibility to complementary distributed energy programs, such as incentives for inverter replacement, energy storage or electric vehicle infrastructure; and
- Delete references to the one-year pilot program that is no longer in effect.

According to Mr. Randall Smith, SFPUC Project Manager, SFPUC is recommending changes to the SFPUC Solar Energy Incentive Program because of reductions in the costs of installing solar

systems and availability of tax credits to San Francisco residents. Since implementation of the Solar Energy Incentive Program in 2008, the cost of solar power has declined significantly, and San Francisco residents and businesses often install solar systems on their property without using SFPUC's Solar Energy Incentive Program or the California's Solar Incentives (CSI) program administered by the California Public Utilities Commission (CPUC). California residents who install solar systems may also apply for a 30 percent federal tax credit for solar power. In addition, CPUC has put into place net-energy metering terms for Pacific Gas and Electric Company customers installing solar power. San Francisco offers similar net-energy metering terms to CleanPowerSF customers.<sup>1</sup>

In 2015, the SFPUC launched CleanPowerSF, San Francisco's community choice aggregation program. CleanPowerSF offers Standard, Green and SuperGreen options. The SFPUC intends to market GoSolarSF with the SuperGreen CleanPowerSF option to maximize participation in both programs. This ordinance would reduce incentives paid to San Francisco electric customers over time in order to maximize the benefit of GoSolarSF to San Francisco.

In addition, SFPUC has identified additional opportunities to promote distributed energy technologies, including incentives for inverter replacements, energy storage and electric vehicle infrastructure.

## FISCAL IMPACT

The Solar Energy Incentive Program is funded by Hetch Hetchy Power revenues. The current fund balance for the Solar Energy Incentive Program is \$7.275 million, as previously appropriated by the Board of Supervisors.

The proposed ordinance reduces the amount of incentives to be paid for each (a) residential solar installation from the current amount of up to \$2,000<sup>2</sup> per installation to the new amount of \$500 per kilowatt<sup>3</sup>; and (b) commercial solar installation from the current amount of up to \$1,500 per kilowatt to the new amount of \$500 per kilowatt. The incentive payment would be reduced each year by \$100 per kilowatt<sup>4</sup>. According to Mr. Smith, the Solar Energy Incentive Program was originally set to expire in 2018. The reduction in the incentive amount would allow the program to be extended to 2021, using the current available funding of \$7.275 million.

Residents of Environmental Justice Districts and recipients of the California Department of Housing and Community Development's CalHOME loan program would receive an additional

<sup>1</sup> "Net energy metering" is a special billing arrangement that provides credit to customers with solar photovoltaic systems for the full retail value of the electricity their system generates.

<sup>2</sup> The ordinance provides for incentive amounts up to \$3,000 but SFPUC has reduced the incentive amounts for FY 2014-15 and FY 2015-16 to \$2000 per installation.

<sup>3</sup> For example, an average household may install solar panels totaling 3 kilowatts and receive an incentive payment of \$1,500. The proposed ordinance provides for other incentives and limits for specific customers or installation types.

<sup>4</sup> Upon approval of the proposed ordinance, the incentive payments for residential and commercial solar installations will be reduced to \$400 per kilowatt per 2017 step-down guidelines. There will be a one month grace period to implement the adjustment.

\$100 per kilowatt for solar system installation. Households certified by the Mayor's Office of Housing and Community Development (MOHCD) as earning incomes at or below the San Francisco median income are eligible for an additional \$2,000 per kilowatt for solar system installation. This revises the existing program, which provides incentive payments to these residents of up to \$7,000.<sup>5</sup>

The cumulative total amount of incentives paid by the SFPUC to owners of residences and businesses, as well as nonprofits, in San Francisco as of December 2016 is approximately \$24.5 million since the Solar Energy Incentive Program's inception in 2008, as shown in Table 1 below.

**Table 1: Incentives Paid to Date for GoSolarSF Program**

<b>Time Period</b>	<b>Number of Applications</b>	<b>kWac</b>	<b>Amount</b>
FY08 – 09	350	980	\$2,169,000
FY09 – 10	640	2,269	5,135,000
FY10 – 11	446	1,440	4,274,000
FY11 - 12	398	1,060	3,144,000
FY12 - 13	447	1,016	3,009,000
FY13 - 14	559	2,335	2,322,000
FY14 – 15	599	2,311	1,974,000
FY15 - 16	437	1,969	1,489,000
FY16 – 17 (as of Dec. 2016)	313	1,633	1,009,000
<b>Total</b>	<b>4,189</b>	<b>15,013</b>	<b>\$24,525,000</b>

As noted in Table 1 above, the Solar Energy Incentive Program's payments have decreased from \$5.1 million in FY 2009-10 to \$1.5 million in FY 2015-16, and the number of applications decreased from 640 in FY 2009-10 to 437 in FY 2015-16.

According to Mr. Smith, SFPUC projects that the current Hetch Hetchy fund balance of \$7.275 million in the Solar Energy Incentive Program will pay for incentives and the program's administrative expenses to December 2021. Table 2 below shows the revised estimated cost of incentives until the program is projected to sunset in December 2021.

<sup>5</sup> Under the current program, recipients of CPUC's California Alternative Rates for Energy (CARE) program receive incentive payments; this provision is removed from the proposed ordinance.

**Table 2: Revised Estimated Cost of Incentives for the Extended Program Duration**

<b>Time Period</b>	<b>Amount</b>	<b>Administrative</b>	<b>Administrative Costs as a Percent of Incentive Payments</b>
FY17 – 18	\$1,487,000	\$371,750	25%
FY18 – 19	1,385,000	346,250	25%
FY19 – 20	1,253,000	313,250	25%
FY20 – 21	983,000	245,750	25%
FY21 – 22	719,000	179,750	25%
<b>Total Cost of Incentives</b>	<b>\$5,827,000</b>	<b>\$1,456,750</b>	<b>25%</b>
<b>Grand Total (Incentives and Admin Fees)<sup>6</sup></b>	<b>\$7,283,750</b>		

Administrative costs consist of SFPUC staff time (including one full time Utility Analyst and one half-time Manager III position), consultant staff, and application software.

#### **Proposed Amendment**

The proposed ordinance states on page 4, lines 13-14 that “the SFPUC intends to allocate \$11 million of power revenues”. However, as discussed above, the SFPUC intends to allocate approximately \$7.275 million of power revenues to be paid out in incentives over the remaining extended duration of the Solar Energy Incentive Program. Therefore, the proposed ordinance should be amended on page 4, lines 13-14 to state “the SFPUC intends to allocate \$7.275 million of power revenues.”

#### **RECOMMENDATIONS**

1. Amend the proposed ordinance to revise the language on page 4, lines 13-14 from “the SFPUC intends to allocate \$11 million of power revenues” to “the SFPUC intends to allocate \$7.275 million of power revenues.”
2. Approval of the proposed ordinance as amended is a policy matter for the Board of Supervisors.

<sup>6</sup> The difference of \$8,750 in planned expenditures of \$7,283,750 to available funds of \$7,275,000 will be absorbed in the program budget.

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

November 22, 2016

File No. 161179

Lisa Gibson  
Acting Environmental Review Officer  
Planning Department  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

Dear Ms. Gibson:

On November 15, 2016, the Public Utilities Commission introduced the following legislation:

**File No. 161179**

**Ordinance amending the Environment Code to adjust the incentives in the Solar Energy Incentive Program and revise certain program requirements; and affirming the Planning Department's determination under the California Environmental Quality Act.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Board of Supervisors

Attachment

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it does not result in a physical change in the environment.

Joy  
Navarrete

Digitally signed by Joy Navarrete  
DN: cn=Joy Navarrete,  
o=Planning, ou=Environmental  
Planning,  
email=joy.navarrete@sfgov.org,  
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# **PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

RESOLUTION NO. 16-0220

WHEREAS, The GoSolarSF solar incentive program began its ninth year on July 1, 2016; and

WHEREAS, The San Francisco Public Utilities Commission (SFPUC) seeks to continue to promote installation of solar energy systems that reduce the City's reliance on energy created by fossil fuels and reduce greenhouse gas emissions; and

WHEREAS, The GoSolarSF program has successfully promoted the development of a solar power installation infrastructure in San Francisco and reduced the cost of installing solar power on San Francisco homes, businesses and nonprofit organizations; and

WHEREAS, The requirement that GoSolarSF recipients be SFPUC or CleanPowerSF customers will support the growth of CleanPowerSF; and

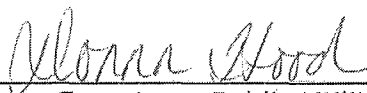
WHEREAS, Simplification and annual step-down of incentives through 2021 will make GoSolarSF more efficient and extend the program; and

WHEREAS, The San Francisco Office of the Controller has suggested improvements to the qualifications for GoSolarSF additional incentives for low-income customers and local workforce development; and

WHEREAS, The SFPUC had identified complementary distributed energy technologies that merit support to promote market development, such as inverter replacements, energy storage and electric vehicle infrastructure; now, therefore, be it

RESOLVED, That this Commission hereby authorizes the General Manager of the San Francisco Public Utilities Commission (SFPUC) to 1) require that GoSolarSF recipients be SFPUC or CleanPowerSF customers, (2) simplify and reduce over time the GoSolarSF incentives, (3) modify the qualifications for GoSolarSF additional incentives for low-income customers and local workforce development, (4) provide incentives to complementary distributed energy technologies including inverter replacements, energy storage and electric vehicle infrastructure, and (5) submit to the Board of Supervisors an ordinance making the aforementioned changes to Chapter 18 of the Environment Code, substantially in the form on file with the Commission Secretary, with such non-material changes as the General Manager and the City Attorney's Office agree are appropriate.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of October 25, 2016.*



Secretary, Public Utilities Commission

# **PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

RESOLUTION NO. 09-0149

WHEREAS, The GoSolarSF solar incentive program began its second year on July 1, 2009; and

WHEREAS, The San Francisco Public Utilities Commission is dedicated to installing solar energy systems that will reduce the City's business and residential reliance on energy created by fossil fuels; and

WHEREAS, An increase in private demand combined with appropriate measures to attract investment in the City's solar manufacturing and installation industries could reduce the overall cost of solar energy over the long term as costs of importing such manufacturing technology and expertise are reduced or eliminated in favor of a competitive in-City market; and

WHEREAS, The GoSolarSF program has been successful in providing solar incentive payments for San Francisco homes, businesses and nonprofit organizations; and

WHEREAS, It has become clear that the incentive funding will likely be depleted before the end of the fiscal year if the current incentive payment levels are not reduced; and

WHEREAS, the ability to automatically lower incentive levels when pre-determined budget thresholds are reached will make GoSolarSF more efficient and effective by providing continuous solar incentive funding throughout the entire fiscal year, and

WHEREAS, There is currently not a sell-back credit option for excess solar power, and

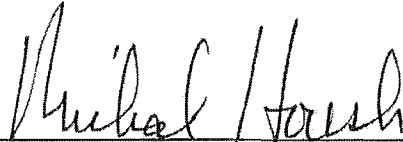
WHEREAS, Requiring solar incentive recipients to donate the project's associated renewable energy credits will help the City of San Francisco comply with anticipated state-mandated renewable energy portfolio requirements and will give San Francisco credit for reducing its local carbon footprint; now, therefore, be it

RESOLVED, That this Commission hereby (1) authorizes the General Manager of the San Francisco Public Utilities Commission (SFPUC) to reduce the basic incentive amount to \$1000, the Workforce Development incentive to \$2,500; and change the cap on the Nonprofit Residential incentive to \$100,000, and (2) authorizes the General Manager to implement further incentive reductions when necessary in order to provide continuous incentive funding, and (3) authorizes the General Manager to implement a program modification requiring solar incentive recipients to remit to the City of San Francisco the renewable energy credits associated with the solar project, and be it



FURTHER RESOLVED, That the program changes authorized by this resolutions will be effective for applications received by the SFPUC or the Mayor's Office of Housing on and after September 14, 2009.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of* September 8, 2009

A handwritten signature in cursive script, appearing to read "Michael Hersh", written over a horizontal line.

*Secretary, Public Utilities Commission*

# **PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

RESOLUTION NO. 08-0102

WHEREAS, The San Francisco Public Utilities Commission is dedicated to installing solar energy systems that will reduce the City's reliance on energy created by fossil fuels; and

WHEREAS, The City and County of San Francisco has passed several measures to install photovoltaic systems throughout the City; and

WHEREAS, The City and County of San Francisco is dedicated to working with San Francisco residents and business owners to reduce their carbon footprint; and

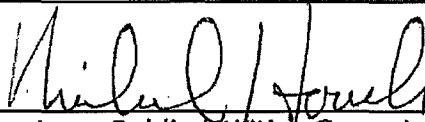
WHEREAS, A major obstacle for homeowners, business owners and non-profit organizations to install photovoltaic systems is the installation costs; and

WHEREAS, An increase in private demand combined with appropriate measures to attract investment in the City's solar manufacturing and installation industries could reduce the overall cost of solar energy over the long term as costs of importing such manufacturing technology and expertise are reduced or eliminated in favor of a competitive in-City market; and

WHEREAS, the San Francisco Board of Supervisors passed ordinances that establish a solar energy incentive program and a solar energy incentive pilot program that would be administered by the San Francisco Public Utilities Commission; now, therefore, be it

RESOLVED, that this Commission hereby authorizes the General Manager of the San Francisco Public Utilities Commission to support the Board of Supervisors' ordinances by establishing a solar incentive program to encourage San Francisco residents, business owners and non-profit organizations to install photovoltaic systems with funds from the Public Utilities Commission's net operating revenues allocated to the Sustainable Energy Account.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of* June 24, 2008

  
\_\_\_\_\_  
Secretary, Public Utilities Commission

1 [Amendment to Solar Energy Incentive Program]

2  
3 Ordinance amending San Francisco Environment Code Sections 18.2,  
4 18.4, 18.7-2, and 18.7-4 to: (1) require all systems receiving City incentives to be  
5 installed by an individual, firm or organization qualified as a workforce development  
6 installer by the Office of Economic & Workforce Development, unless specified  
7 exceptions apply, and (2) eliminate increased incentives for residential properties in  
8 the case of systems installed by individuals trained under the City workforce  
9 development program.

10 NOTE: Additions are single-underline italics Times New Roman;  
11 deletions are ~~strike-through italics Times New Roman~~.  
12 Board amendment additions are double-underlined;  
Board amendment deletions are ~~strikethrough normal~~.

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. The San Francisco Environment Code Sections 18.2, 18.4, 18.7-2 and  
15 18.7-4 are hereby amended to read as follows:

16 **SEC. 18.2. INCENTIVE PAYMENTS.**

17 (a) The Program Administrator shall make incentive payments to applicants in respect  
18 of solar systems installed by qualifying applicants on the basis of the provisions of this  
19 Chapter, from the funds appropriated to the program from time to time.

20 (b) Applicants must be the owner of the system to be eligible to receive the incentive.

21 (c) To be eligible for the incentive, a system must be installed by an individual, firm or  
22 organization qualified as a workforce development installer by the Office of Economic and  
23 Workforce Development, unless subsection (d) applies ~~trained under the City workforce~~  
24 ~~development program. The Department Office of Economic and Workforce Development, which~~

1 directs the City's overall workforce development efforts, will be responsible for developing and  
2 ensuring compliance with workforce criteria for the incentive payments.

3 (d) Subsection (c) does not apply if the individual, firm or organization installing the  
4 system:

5 (i) is a non-profit installer of solar generation systems; or

6 (ii) employs a total of three employees or less, is a state-licensed contractor and  
7 has its principal office or offices located within the boundaries of the City and County of San  
8 Francisco.

9  
10 **SEC 18.4. LIMITS ON AMOUNTS OF ASSISTANCE.**

11 (a) **Limits for all types of systems.** No applicant may receive assistance in excess of  
12 the cost to design, purchase and install the system, net of incentives, rebates, tax credits or  
13 other payments received from other governmental entities.

14 (b) **Limits for photovoltaic panel systems for residential property.**

15 (i) Except as further provided in this clause (b), no residential applicant may  
16 receive assistance in excess of ~~three thousand dollars (\$3,000.00)~~ toward the cost to design,  
17 purchase and install photovoltaic panels. If the property is a multifamily residential project, the  
18 applicant may apply for and receive an incentive payment corresponding to each electricity  
19 meter served by the system, so long as the system provides each such electricity meter with a  
20 generating capacity of at least one ~~(1)~~ kilowatt or financial credits that result from a generating  
21 capacity of at least one ~~(1)~~ kilowatt from the energy generation system.

22 (ii) The limit of assistance shall be \$5,000.00 for applicants residing in an  
23 Environmental Justice District, as such district or districts are determined by the Program  
24 Administrator, or for applicants that are recipients of the California Public Utilities  
25 Commission's CARE (California Alternative Rates for Energy) rates that provide rate

1 discounts for qualified low or fixed income households, or for building owners that are  
2 recipients of the California Department of Housing and Community Development's CalHome  
3 loan program, which provides low-interest, deferred rehabilitation loans to low-income  
4 homeowners.

5 (iii) CARE and CalHome participants or participants in the CPUC Low Income  
6 program under CSI, as well as households with incomes that are certified by the Mayor's  
7 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$5,000.00 if the  
8 application for the low income incentive is received before February 1, 2009.

9 (iv) CARE and CalHome participants or participants in the CPUC Low Income  
10 program under the CSI, as well as households with incomes that are certified by the Mayor's  
11 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$7,000.00 if the  
12 application for the low income incentive is received by the Program Administrator on or after  
13 February 1, 2009.

14 (v) ~~The limit of assistance shall be \$6,000.00 for systems installed by an individual~~  
15 ~~trained under the City workforce development program. The Department of Economic and Workforce~~  
16 ~~Development, which directs the City's overall workforce development efforts, will be responsible for~~  
17 ~~developing and ensuring compliance with workforce criteria for this incentive program. These criteria~~  
18 ~~may include, but are not limited to: a minimum requirement for hours worked on the solar installation~~  
19 ~~by an individual hired through the City workforce development system; a requirement that individuals~~  
20 ~~hired through the City workforce development system perform skilled work on the installation;~~  
21 ~~workforce training program or system prioritization of San Francisco residents who are low income~~  
22 ~~and/or have barriers to employment; and other standards for workforce system programs. If in~~  
23 ~~implementing the incentive program, the Program Administrator and the Department of Economic and~~  
24 ~~Workforce Development determine that the terms of this clause do not provide the intended stimulus for~~  
25 ~~the successful placement of workers trained under local workforce development programs, then the~~

1 ~~Program Administrator in coordination with the Department of Economic and Workforce Development~~  
2 ~~may establish new criteria that it deems more effective in achieving such objectives of the program.~~

3 (iv) An incentive applicant whose system is installed by an individual, firm or  
4 organization whose principal office or offices are located within the City shall be eligible for an  
5 additional incentive up to \$1,000.00, subject to the limitations of Section 18.3. If in  
6 implementing the program the Program Administrator determines that the incentive identified  
7 in this paragraph does not provide the intended stimulus for the in-City installation industry,  
8 then the Program Administrator may amend the terms of this incentive to make it more  
9 effective in achieving the in-City job creation and installation market objectives of the program.

10 (c) **Limits for photovoltaic panel systems for commercial, industrial or**  
11 **manufacturing property.** No applicant may receive assistance in excess of \$1,500.00 per  
12 kilowatt of electric power a photovoltaic panel system is designed to generate. Regardless of  
13 system generating capacity, no applicant may receive assistance in excess of ~~ten thousand~~  
14 ~~dollars (\$10,000.00). In order to receive assistance, an applicant must use installers trained through~~  
15 ~~the City's workforce development system.~~

16 (d) **Adjustments in limits.**

17 (i) The Program Administrator may adjust limits on the incentives paid for  
18 systems installed on commercial, industrial or manufacturing property upon a finding that such  
19 an adjustment advances the objectives of the program. Such adjustments may include an  
20 increase in the limit on the incentive paid in respect of (A) systems installed within an  
21 Environmental Justice District or (B) systems installed by an individual, firm or organization  
22 with an office or offices within the City (or bearing some other linkage to the in-City installation  
23 market as deemed appropriate by the Program Administrator).

24 (ii) Upon a demonstration of a reduction in average costs of solar  
25 improvements, including but not limited to an increase in incentives, rebates, tax credits or

1 other payments provided by other government entities that serve to reduce the system costs  
2 borne by the consumer, the SFPUC shall have the discretion to decrease the limits set forth  
3 above by an amount reflective of the reduced need for the incentive payments.

4 (iii) With the concurrence of the Board of Supervisors, the Program  
5 Administrator may increase any of the limits set forth in this Section in connection with efforts  
6 to stimulate the development of a competitive in-City solar market, such as the establishment  
7 of an in-City photovoltaic panel production facility.

#### 8 9 **SEC. 18.7-2. INCENTIVE PAYMENTS.**

10 (a) A pilot program is established for a period of one-year from the date of this  
11 ordinance or until funds allocated under Section 18.7-5 are expended. The incentives paid  
12 under this program shall not exceed the amounts set forth in Section 18.7-5 below.

13 (b) Applicants must be the owner of a system installed on or after December 11, 2007,  
14 to be eligible to receive the incentive.

15 (c) To be eligible for the incentive, a system must be installed by an individual, firm or  
16 organization qualified as a workforce development installer by the Office of Economic and  
17 Workforce Development, unless subsection (d) applies~~trained under the City workforce~~  
18 ~~development program. The Department Office of Economic and Workforce Development, which~~  
19 ~~directs the City's overall workforce development efforts, will be responsible for developing and~~  
20 ~~ensuring compliance with workforce criteria for the incentive payments.~~

21 (d) Subsection (c) does not apply if the individual, firm or organization installing the  
22 system:

23 (i) is a non-profit installer of solar generation systems; or  
24  
25

1 (ii) employs a total of three employees or less, is a state-licensed contractor and  
2 has its principal office or offices located within the boundaries of the City and County of San  
3 Francisco.

4  
5  
6 **SEC. 18.7-4. LIMITS ON AMOUNTS OF ASSISTANCE.**

7 (a) **Limits for all types of systems.** No applicant may receive assistance in excess of  
8 the cost to design, purchase and install the system, net of incentives, rebates, tax credits or  
9 other payments received from other governmental entities.

10 (b) **Limits for photovoltaic panel systems.**

11 (i) Except as further provided in this clause (b), no residential applicant may  
12 receive assistance in excess of ~~three thousand dollars (\$3,000.00)~~ toward the cost to design,  
13 purchase and install photovoltaic panels. If the property is a multifamily residential project, the  
14 applicant may apply for and receive an incentive payment corresponding to each electricity  
15 meter served by the system, so long as the system provides each such electricity meter with a  
16 generating capacity of at least one ~~(1)~~ kilowatt or financial credits that result from a generating  
17 capacity of at least one ~~(1)~~ kilowatt from the energy generation system.

18 (ii) The limit of assistance shall be \$5,000.00 for applicants residing in an  
19 Environmental Justice District, as such district or districts are determined by the Program  
20 Administrator, or for applicants that are recipients of the California Public Utilities  
21 Commission's CARE (California Alternative Rates for Energy) rates that provide rate  
22 discounts for qualified low or fixed income households, or for building owners that are  
23 recipients of the California Department of Housing and Community Development's CalHome  
24 loan program, which provides low-interest, deferred rehabilitation loans to low-income  
25 homeowners.



1 (iii) CARE and CalHome participants or participants in the CPUC Low Income  
2 program under CSI, as well as households with incomes that are certified by the Mayor's  
3 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$5,000.00 if the  
4 application for the low income incentive is received before February 1, 2009, subject to the  
5 limitations of Section 18.7-4(a) above.

6 (iv) CARE and CalHome participants or participants in the CPUC Low Income  
7 program under the CSI, as well as households with incomes that are certified by the Mayor's  
8 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$7000 if the  
9 application for the low income incentive is received by the Program Administrator on or after  
10 February 1, 2009, subject to the limitations of Section 18.7-4(a) above.

11 (v) ~~The limit of assistance shall be \$6,000.00 for systems installed by individuals~~  
12 ~~trained through the City's workforce development system. The Department of Economic and Workforce~~  
13 ~~Development, which directs the City's overall workforce development efforts, will be responsible for~~  
14 ~~developing and ensuring compliance with workforce criteria for this incentive program. These criteria~~  
15 ~~may include, but are not limited to: a minimum requirement for hours worked on the solar installation~~  
16 ~~by an individual hired through the City workforce development system; a requirement that individuals~~  
17 ~~hired through the City workforce development system perform skilled work on the installation;~~  
18 ~~workforce training program or system prioritization of San Francisco residents who are low income~~  
19 ~~and/or have barriers to employment; and other standards for workforce system programs. If in~~  
20 ~~implementing the incentive program, the Program Administrator and the Department of Economic and~~  
21 ~~Workforce Development determine that the terms of this clause do not provide the intended stimulus for~~  
22 ~~the successful placement of workers trained under local workforce development programs, then the~~  
23 ~~Program Administrator in coordination with the Department of Economic and Workforce Development~~  
24 ~~may establish new criteria that it deems more effective in achieving such objectives of the program.~~

1           ~~(vi)~~ An incentive applicant whose system is installed by an individual, firm or  
2 organization whose principal office or offices are located within the City shall be eligible for an  
3 additional incentive up to \$1,000.00, subject to the limitations of Section 18.3. If in  
4 implementing the program the Program Administrator determines that the incentive identified  
5 in this paragraph does not provide the intended stimulus for the in-City installation industry,  
6 then the Program Administrator may amend the terms of this incentive to make it more  
7 effective in achieving the in-City job creation and installation market objectives of the program.

8           **(c) Limits for photovoltaic panel systems for non-residential buildings owned by**  
9 **non-profits and non-residential buildings occupied by non-profits and owned by**  
10 **governmental entities.** No applicant may receive assistance in excess of \$1,500.00 per  
11 kilowatt of electric power a photovoltaic panel system is designed to generate.

12           **(d) Limits for photovoltaic panel systems for multi-unit residential buildings that**  
13 **are owned and operated by non-profit organizations.** No applicant may receive assistance  
14 in excess of \$4,500.00 per kilowatt of electric power a photovoltaic panel system is designed  
15 to generate, up to a total of \$150,000.00. An applicant may receive up to an additional  
16 \$100,000.00 in matching funds on a dollar per dollar basis, subject to a maximum of \$4,500.00  
17 per kilowatt. Regardless of system generating capacity or matching funds, no applicant may  
18 receive assistance in excess of ~~two hundred fifty thousand (\$250,000.00)~~. Buildings owned by  
19 for-profit entities may be eligible for the incentive designated in this paragraph if at least 75%  
20 of the residential units, excluding a manager's unit, are designated as affordable housing units  
21 under a Federal, State, or local government restriction recorded against the property on which  
22 the building is located in a manner that maintains affordability for a term no less than 30  
23 years.

24           **(e) Adjustments in limits.**  
25

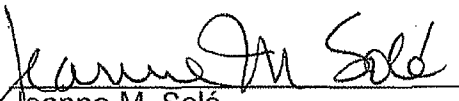
1 (i) If the program is continued after the one-year pilot, the Program  
2 Administrator may adjust limits on the incentives paid for systems installed on commercial,  
3 industrial or manufacturing property upon a finding that such an adjustment advances the  
4 objectives of the program. Such adjustments may include an increase in the limit on the  
5 incentive paid in respect of (A) systems installed within an Environmental Justice District or  
6 (B) systems installed by an individual, firm or organization with an office or offices within the  
7 City (or bearing some other linkage to the in-City installation market as deemed appropriate  
8 by the Program Administrator).

9 (ii) Upon a demonstration of a reduction in average costs of solar  
10 improvements, including but not limited to an increase in incentives, rebates, tax credits or  
11 other payments provided by other government entities that serve to reduce the system costs  
12 borne by the consumer, the SFPUC shall have the discretion to decrease the limits set forth  
13 above by an amount reflective of the reduced need for the incentive payments.

14 (iii) With the concurrence of the Board of Supervisors, the Program  
15 Administrator may increase any of the limits set forth in this Section in connection with efforts  
16 to stimulate the development of a competitive in-City solar market, such as the establishment  
17 of an in-City photovoltaic panel production facility.

18  
19 APPROVED AS TO FORM:  
20 DENNIS J. HERRERA, City Attorney

21 By:

  
22 Jeanne M. Solé  
23 Deputy City Attorney  
24  
25



City and County of San Francisco

**Tails  
Ordinance**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 100048

**Date Passed:** May 18, 2010

Ordinance amending the San Francisco Environment Code Sections 18.2, 18.4, 18.7-2, and 18.7-4, to: (1) require all systems receiving City incentives be installed by an individual, firm or organization qualified as a workforce development installer by the Office of Economic & Workforce Development, unless specified exceptions apply, and (2) eliminate increased incentives for residential properties in the case of systems installed by individuals trained under the City workforce development program.

May 11, 2010 Board of Supervisors - PASSED, ON FIRST READING

Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi

May 18, 2010 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi

File No. 100048

I hereby certify that the foregoing  
Ordinance was FINALLY PASSED on  
5/18/2010 by the Board of Supervisors of the  
City and County of San Francisco.

Angela Calvillo  
Clerk of the Board

Mayor Gavin Newsom

5/27/2010

Date Approved

[Solar Energy Incentive Pilot Program.]

**Ordinance creating a Solar Energy Incentive Pilot Program; establishing limits on the incentive payments; providing eligibility criteria for the incentive payments; establishing limits on the amount of assistance available; allocating program funding among types of buildings; and imposing duties and responsibilities on the program administrator; and establishing requirements applicable to the long-term solar incentive program.**

Note: Additions are single-underline italics Times New Roman;  
deletions are ~~strikethrough italics Times New Roman~~.  
Board amendment additions are double underlined.  
Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The San Francisco Environment Code is hereby amended by amending Chapter 18 to add Section 18.7 to read Board Of Supervisors finds and declares as follows:

Section 18.7-1 FINDINGS

A. ~~Over the past year a San Francisco Solar Task Force (the "Solar Task Force") was convened to provide analysis and policy proposals on how best to increase the development of solar energy in San Francisco.~~

B. ~~The Solar Task Force report noted recent California Energy Commission data that show that average cost per kilowatt of solar energy installed in San Francisco is currently above the average cost of seven surrounding Bay Area counties.~~

C. ~~According to data collected from the California Energy Commission and the California Public Utilities Commission, San Francisco now ranks last in the Bay Area in terms of the solar energy installed per capita.~~

D. ~~The San Francisco Public Utilities Commission (the "SFPUC") serves 16% of the City's electrical demand, electric service providers serve 8% and Pacific Gas & Electric~~

1 serves the remaining 76%. The SFPUC has installed 2 megawatts of solar generating  
2 capacity as well as 4 megawatts of methane gas cogeneration capacity, which projects have  
3 bolstered the in-City renewable energy portfolio. In addition, the SFPUC is supplementing its  
4 renewable energy generation portfolio with 25 MW of purchased geothermal generation.

5 E. — The SFPUC is currently undertaking the development of additional large scale  
6 renewable energy generation assets within the City with the objectives of expanding and  
7 diversifying the renewable energy resources available to City departments and other SFPUC  
8 customers, boosting the City's clean energy industry and improving overall in-City energy  
9 reliability. However, there is a need for further initiatives to stimulate the growth in the City's  
10 supply of renewable energy.

11 F. — The SFPUC is pursuing the establishment of Community Choice Aggregation  
12 ("CCA") within the City. Implementation of CCA will allow the SFPUC to partner with private  
13 enterprise, leverage the purchasing power of a wider customer base and access the capital  
14 markets on a broader scale in order to expand its renewable energy generation asset  
15 portfolio.

16 G. — The Solar Task Force recommended implementation of a Solar Energy Incentive  
17 Program as one method to address this cost trend, in that an increase in private demand  
18 combined with appropriate measures to attract investment in the City's solar manufacturing  
19 and installation industries over the long term could reduce the overall cost of solar energy as  
20 costs of importing such manufacturing technology and installation expertise are reduced or  
21 eliminated and economies of scale are introduced to the in-City solar industry.

22 H. — A successful solar incentive program would increase the installation of solar  
23 power, thus providing greater supply during peak demand times during the day and improving  
24 the reliability of in-City generation capacity using clean solar energy.

1           I. ~~—The development of a more efficient and cost effective in-City solar~~  
2 ~~manufacturing and installation industry over the long term would result in savings for the~~  
3 ~~SFPUC's solar projects.~~

4           J. ~~—The City has established a goal of reducing greenhouse gas emissions to 20%~~  
5 ~~below 1990 levels by 2012.~~

6           K. ~~—In view of the City's objectives in addressing the challenge of climate change,~~  
7 ~~the positive benefits for the City's overall power consumption market and the particular~~  
8 ~~benefits for the SFPUC's Power Enterprise, the SFPUC intends to allocate certain power~~  
9 ~~revenues previously budgeted to renewable energy development and energy efficiency~~  
10 ~~projects towards funding the implementation of the solar incentive program described in this~~  
11 ~~Chapter, with the objective of providing an appropriation of \$2 million to \$5 million annually~~  
12 ~~over the ten years commencing with fiscal year 2008-2009.~~

13           L. ~~—The City and the SFPUC intend this program to complement the SFPUC's~~  
14 ~~renewable energy capital programs, including CCA, by attracting additional investment that~~  
15 ~~will expand the development of renewable energy within the City and will spread the costs and~~  
16 ~~risks of that development across a more diverse range of stakeholders.~~

17           M. ~~—As a complement to this initiative the SFPUC, the Mayor and the Board of~~  
18 ~~Supervisors intend to pursue the establishment of a stable rate structure for all of the~~  
19 ~~SFPUC's power customers, which would enable the SFPUC to become a creditworthy bond~~  
20 ~~issuer and to finance the City's own renewable energy development projects on a more~~  
21 ~~advantageous tax-exempt basis.~~

22           N. ~~—Establishing a one-year pilot program capped at \$1 million will enable the city to~~  
23 ~~immediately implement this program and evaluate the effectiveness of the program before~~  
24 ~~deciding how or whether to continue the program.~~

1           A.     California has set a goal to create 3,000 megawatts (MW) of new, solar-  
2 produced electricity by 2017, moving the state toward a cleaner energy future and helping  
3 lower the cost of solar systems for consumers.

4           B.     The California Public Utilities Commission, through its California Solar Initiative  
5 (CSI), provides \$2.2 Billion in incentives over the next decade for existing residential homes  
6 and existing and new commercial, industrial, and agricultural properties of which 10% will be  
7 set aside to assist installation of solar for low-income residents and affordable housing  
8 developments.

9           C.     On November 17, 2007, the CPUC adopted the CSI Single-Family Low-Income  
10 Incentive Program. The Single-Family Low-Income Incentive Program will provide incentives  
11 for solar PV systems from \$4.75 to \$7.00 per watt to qualifying low-income homeowners. The  
12 Program will also provide full-subsidy systems to very low-income households who financed  
13 their home through local, state and federal housing assistance programs and whose  
14 household income is at or below the 50 percent of the area median income.

15          D.     The CSI Single-Family Low-Income Program will not begin accepting  
16 applications until after a statewide Program Manager has been selected. A Request For  
17 Proposals for the CSI Single-Family Low-Income Program Manager was released on April  
18 16th, 2008 and the final date for Proposal submission is May 28th, 2008. Once the Program  
19 Manager is selected, the Single-Family Low-Income Program will be implemented throughout  
20 the state of California and will assist applicants in determining their individual eligibility.

21          E.     Establishing a one-year pilot program will enable the City to immediately  
22 implement this program and evaluate the effectiveness of the program and determine the best  
23 policy for allocation of public funds before deciding how or whether to continue the program.  
24  
25



1           Section 18.7-2. INCENTIVE PAYMENTS.

2           (a) A pilot program is established for a period of one-year from the date of this  
3 ordinance. The incentives paid under this program shall not exceed \$1 million the amounts  
4 set forth in Section 18.7-5 below.

5           (b) Applicants must be the owner of a system installed on or after ~~March 4,~~  
6 2008 December 11, 2007, to be eligible to receive the incentive.

7           Section 18.7-3. TYPES OF SYSTEMS ELIGIBLE FOR ASSISTANCE.

8           (a) **Photovoltaic panel systems.** Photovoltaic panel systems that produce  
9 electricity from sunlight, installed on existing ~~single and multifamily~~ residential buildings, with  
10 generating capacity of at least one (1) kilowatt are eligible for assistance under this program.

11           (b) **Other systems.** The Program Administrator may extend program eligibility to  
12 customer-owned distributed renewable energy generation systems other than photovoltaic  
13 panel systems, so long as such an extension is accompanied by publication of criteria for  
14 allocating incentive payments for such purpose and the limits on such incentive. Such an  
15 extension must be accompanied by analysis demonstrating that the projected positive market  
16 effects of the incentive on the in-City market for the development of renewable energy and  
17 energy efficiency are comparable to those attributes of the photovoltaic panel program.

18           (c) No limit on generating capacity. There shall be no maximum generating  
19 capacity limitation on systems that are eligible for the incentive.

20           Section 18.7-4. LIMITS ON AMOUNTS OF ASSISTANCE.

21           (a) **Limits for all types of systems.** No applicant may receive assistance in  
22 excess of the cost to design, purchase and install the system, net of incentives, rebates, tax  
23 credits or other payments received from other governmental entities.

24           (b) **Limits for photovoltaic panel systems.**  
25

1 (i) Except as further provided in this clause (b), no residential applicant may  
2 receive assistance in excess of three thousand dollars (\$3,000) toward the cost to design,  
3 purchase and install photovoltaic panels. If the property is a multifamily residential project, the  
4 applicant may apply for and receive an incentive payment corresponding to each electricity  
5 meter served by the system, so long as the system provides each such electricity meter with a  
6 generating capacity from the energy generation system sufficient to satisfy the requirements  
7 of Section 18.7-3(a).

8 (ii) The limit of assistance shall be \$4,000 for systems installed by an  
9 individual, firm or organization whose principal office or offices are located within the City. If in  
10 implementing the program the Program Administrator determines that the terms of this clause  
11 do not provide the intended stimulus for the in-City installation industry, then the Program  
12 Administrator may establish new criteria that it deems more effective in achieving the in-City  
13 job creation and installation market objectives of the program.

14 (iii) The limit of assistance shall be \$5,000 for applicants residing in an  
15 Environmental Justice District, as such district or districts are determined by the Program  
16 Administrator, or for applicants that are recipients of the California Public Utilities  
17 Commission's CARE (California Alternative Rates for Energy) rates that provide rate  
18 discounts for qualified low or fixed income households, or for building owners that are  
19 recipients of the California Department of Housing and Community Development's CalHome  
20 loan program, which provides low-interest, deferred rehabilitation loans to low-income  
21 homeowners.

22 (iii)(iv) CARE and CalHome participants or participants in the CPUC Low Income  
23 program under CSI, as well as households with incomes that are certified by the Mayor's  
24  
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1 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$5000, subject  
2 to the limitations of Section 18.7-4(a) above.

3 (iv)(v) The limit of assistance shall be \$6,000 for systems installed by individuals  
4 trained through the City's workforce development system. The Department of Economic &  
5 Workforce Development, which directs the City's overall workforce development efforts, will  
6 be responsible for developing and ensuring compliance with workforce criteria for this  
7 incentive program. These criteria may include, but are not limited to: a minimum requirement  
8 for hours worked on the solar installation by an individual hired through the City workforce  
9 development system; a requirement that individuals hired through the City workforce  
10 development system perform skilled work on the installation; workforce training program or  
11 system prioritization of San Francisco residents who are low income and/or have barriers to  
12 employment; and other standards for workforce system programs. If in implementing the  
13 incentive program, the Program Administrator and the Department of Economic and  
14 Workforce Development determine that the terms of this clause do not provide the intended  
15 stimulus for the successful placement of workers trained under local workforce development  
16 programs, then the Program Administrator in coordination with the Department of Economic  
17 and Workforce Development may establish new criteria that it deems more effective in  
18 achieving such objectives of the program.

19 (c) Limits for photovoltaic panel systems for non-residential buildings owned by  
20 non-profits ~~owned by non-profits~~. No applicant may receive assistance in excess of \$1,500  
21 per kilowatt of electric power a photovoltaic panel system is designed to generate.

22 (d) Limits for photovoltaic panel systems for multi-unit residential buildings that are  
23 owned and operated by non-profit organizations. No applicant may receive assistance in  
24 excess of \$4,500 per kilowatt of electric power a photovoltaic panel system is designed to  
25

1 generate. Regardless of system generating capacity, no applicant may receive assistance in  
2 excess of thirty thousand dollars (\$30,000).

3 (e) Adjustments in limits.

4 (i) If the program is continued after the one-year pilot, the Program  
5 Administrator may adjust limits on the incentives paid for systems installed on commercial,  
6 industrial or manufacturing property upon a finding that such an adjustment advances the  
7 objectives of the program. Such adjustments may include an increase in the limit on the  
8 incentive paid in respect of (A) systems installed within an Environmental Justice District or  
9 (B) systems installed by an individual, firm or organization with an office or offices within the  
10 City (or bearing some other linkage to the in-City installation market as deemed appropriate  
11 by the Program Administrator).

12 (ii) Upon a demonstration of a reduction in average costs of solar  
13 improvements, including but not limited to an increase in incentives, rebates, tax credits or  
14 other payments provided by other government entities that serve to reduce the system costs  
15 borne by the consumer, the SFPUC shall have the discretion to decrease the limits set forth  
16 above by an amount reflective of the reduced need for the incentive payments.

17 (iii) With the concurrence of the Board of Supervisors, the Program  
18 Administrator may increase any of the limits set forth in this Section in connection with efforts  
19 to stimulate the development of a competitive in-City solar market, such as the establishment  
20 of an in-City photovoltaic panel production facility.

21 Section 18.7-5. ALLOCATION OF PROGRAM FUNDING AMONG TYPES OF  
22 BUILDINGS.

23 For this pilot program, funds shall be allocated as follows: ~~\$500,000~~ \$1,500,000 to  
24 multi-unit residential buildings that are owned and operated by non-profit organizations; or  
25

1 \$250,000 to single and multifamily residential applicants that are certified by the Mayor's  
2 Office of Housing as earning at or below the San Francisco median income or CARE and  
3 CalHome participants or participants in the CPUC Low Income program under CSI; \$250,000  
4 to non-residential buildings that are owned by non-profit organizations; and \$1,500,000 to  
5 single and multifamily residential, commercial and industrial buildings with generating capacity  
6 of at least one (1) kilowatt.

7 Section 18.7-6. PROGRAM ADMINISTRATION.

8 (a) The program will be administered by the Program Administrator, which shall be  
9 the SFPUC, acting by and through its Power Enterprise. SFPUC shall coordinate  
10 administration of the Solar Energy Incentive Pilot Program with the implementation and  
11 administration of CCA to maximize its efficiency in achieving the renewable energy expansion  
12 goals contemplated under CCA.

13 (b) The Program Administrator shall develop rules and application procedures.

14 (c) The Program Administrator shall establish reasonable eligibility criteria for the  
15 incentive payments so that the program is available to all applicants within the City regardless  
16 of their customer relationship with any particular electric service provider. For ease of  
17 administration these criteria shall be deemed satisfied when an applicant provides appropriate  
18 evidence that the applicant is entitled to payments under the California Solar Initiative as  
19 authorized by the California Public Utilities Commission and the State of California under SB1  
20 (Chapter 132, Statutes of 2006) (as such program may be amended from time to time, the  
21 "California Solar Initiative"); provided, however, that demonstrating eligibility for the California  
22 Solar Initiative shall not be the sole means of establishing eligibility. The Program  
23 Administrator shall also establish reasonable and clear eligibility criteria for approving  
24 incentive payments to applicants who are not beneficiaries of the California Solar Initiative,  
25

1 which criteria shall include (but are not limited to) confirmation that the applicant has installed  
2 the system in compliance with all applicable laws, including Department of Building Inspection  
3 inspection and approvals.

4 (d) If there are applications for assistance in excess of appropriated funds, the  
5 Program Administrator shall grant applications in the order they were filed. The Program  
6 Administrator shall develop a reservation system which will allow applicants to request that  
7 the Program Administrator reserve funds for a proposed project. Such reservation system  
8 may be patterned after that utilized by the California Solar Initiative.

9 (e) The Program Administrator shall determine and implement payment procedures  
10 for incentives under the program. Such payment procedures may include the option to make  
11 payments on applicants' behalf directly to installers or other contractors in connection with  
12 their work on the system. Such payments shall not be considered contracts or grants of the  
13 City for any City procedural contracting ordinances, and no requirements shall be imposed as  
14 a condition of receipt of such incentive payments aside from those specifically referenced in  
15 this ordinance and as necessary to protect the City from legal liabilities and promote the goals  
16 of this ordinance.

17 (f) The Program Administrator shall monitor the effective costs of renewable energy  
18 system installation and other related market information for purposes of making the  
19 adjustments described in Section 18.7-4(e)(i).

20 (g) The Program Administrator shall establish boundaries for any Environmental  
21 Justice District identified for purposes of Section 18.7-4(b)(iii). Any such district shall satisfy  
22 the goals, objectives and definitions of environmental justice and Environmental Justice  
23 Districts, as such concepts are set forth at any given time under state and local law.  
24  
25

1 (h) The Program Administrator shall submit to the Board of Supervisors a status  
2 report on the first six-months of the pilot program, within 45 days of the end of the first six  
3 months of the program. The Program Administrator may submit an interim status report upon  
4 the exhaustion of either of the funding pools described in Section 18.7-5 and shall otherwise  
5 provide written monthly status reports.

6 (i) The Program Administrator shall submit to the Board of Supervisors a report  
7 evaluating the one-year pilot program, within 90 days after the end of the first year. The  
8 report shall provide an analysis of the impacts of the program, including, without limitation, the  
9 number and location by district of the projects funded, the amount of energy generated by the  
10 projects, and the amount of time and money spent on program administration. The report  
11 shall evaluate the economic and other benefits of the program and provide a cost-benefit  
12 analysis. The data and analysis presented in this report shall inform future program funding,  
13 operation, and amendments.

14 (j) In the context of considering appropriations for a solar incentive program in  
15 future years, the Board of Supervisors will

16 (i) Consider the Program Administrator's first-year report, identified in  
17 subsection 18.67-6(i) above;

18 (ii) Review and approve the Environmental Justice District boundaries  
19 established by the Program Administrator pursuant to subsection 18.67-6(h);

20 (iii) Review and approve any new or modified criteria or incentives  
21 established by the Program Administrator.

22 Section 18.7-7. Modifications to the Long-Term Solar Energy Incentive Program

23 (a) This one-year pilot program shall be in addition to the long-term solar energy  
24 incentive program established by Ordinance No. , in File No. 071679.

1           **(b) The monthly and six-month reports established in Section 18.7-6(h) of this**  
2 **Ordinance shall be applicable to the long-term solar energy incentive program established by**  
3 **Ordinance No. \_\_\_\_\_, in File No. 071679.**

4           **(c) The incentive payment limits established in Sections 18.7-4(b)(iii), (iv), and (v) of**  
5 **this Ordinance shall be applicable to the long-term solar energy incentive program established**  
6 **by Ordinance No. \_\_\_\_\_, in File No. 071679.**

7  
8 APPROVED AS TO FORM:  
9 DENNIS J. HERRERA, City Attorney

10 By:   
11 Theresa L. Mueller  
12 Deputy City Attorney  
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# City and County of San Francisco

## Tails

### Ordinance

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 080630

**Date Passed:**

Ordinance creating a Solar Energy Incentive Pilot Program; establishing limits on the incentive payments; providing eligibility criteria for the incentive payments; establishing limits on the amount of assistance available; allocating program funding among types of buildings; imposing duties and responsibilities on the program administrator; and establishing requirements applicable to the long-term solar incentive program.

June 3, 2008 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

Ayes: 9 - Alioto-Pier, Ammiano, Chu, Dufty, Elsbernd, Maxwell, Mirkarimi, Peskin, Sandoval

Noes: 2 - Daly, McGoldrick

June 3, 2008 Board of Supervisors — CONTINUED AS AMENDED

Ayes: 8 - Alioto-Pier, Ammiano, Daly, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

Noes: 3 - Chu, Dufty, Elsbernd

June 10, 2008 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

Ayes: 10 - Alioto-Pier, Ammiano, Chu, Daly, Dufty, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

Noes: 1 - Elsbernd

June 10, 2008 Board of Supervisors — PASSED ON FIRST READING AS AMENDED

Ayes: 10 - Alioto-Pier, Ammiano, Chu, Daly, Dufty, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

Noes: 1 - Elsbernd

June 17, 2008 Board of Supervisors — FINALLY PASSED

Ayes: 9 - Alioto-Pier, Ammiano, Chu, Daly, Dufty, McGoldrick, Mirkarimi, Peskin, Sandoval

Noes: 1 - Elsbernd

Excused: 1 - Maxwell

File No. 080630

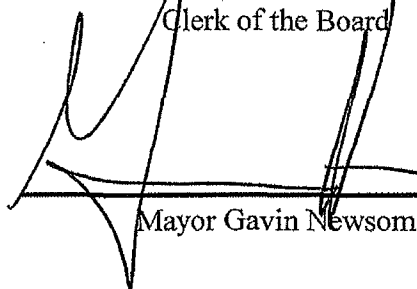
I hereby certify that the foregoing Ordinance  
was **FINALLY PASSED** on June 17, 2008 by  
the Board of Supervisors of the City and  
County of San Francisco.

6-24-08

Date Approved



Angela Calvillo  
Clerk of the Board



Mayor Gavin Newsom

FILE NO. 071679

1 [Solar Energy Incentive Program.]

2 Ordinance amending the Environment Code by adding Chapter 18 creating a Solar  
3 Energy Incentive Program; establishing limits on the incentive payments; providing  
4 eligibility criteria for the incentive payments; establishing limits on the amount of  
5 assistance available; allocating program funding among types of buildings; and  
6 imposing duties and responsibilities on the program administrator.

7 Note: Additions are single-underline italics Times New Roman;  
8 deletions are ~~strikethrough italics Times New Roman~~.  
9 Board amendment additions are double underlined.  
Board amendment deletions are ~~strikethrough normal~~.

10 Be it ordained by the People of the City and County of San Francisco:

11 Section 1. The San Francisco Environment Code is hereby amended by adding  
12 Chapter 18; to read as follows:

13 Section 18.1 FINDINGS

14 A. Over the past year the San Francisco Solar Task Force (the "Solar Task Force") was  
15 convened by Assessor-Recorder Phil Ting to provide analysis and policy proposals on how best to  
16 increase the development of solar energy in San Francisco.

17 B. The Solar Task Force report noted recent California Energy Commission data that show  
18 that average cost per kilowatt of solar energy installed in San Francisco is currently above the average  
19 cost of seven surrounding Bay Area counties.

20 C. According to data collected from the California Energy Commission and the California  
21 Public Utilities Commission, San Francisco now ranks last in the Bay Area in terms of the solar energy  
22 installed per capita.

23 D. The San Francisco Public Utilities Commission (the "SFPUC") serves 16% of the City's  
24 electrical demand, electric service providers serve 8% and Pacific Gas & Electric serves the remaining  
25 76%. The SFPUC has installed 2 megawatts of solar generating capacity as well as 4 megawatts of

1 methane gas cogeneration capacity, which projects have bolstered the in-City renewable energy  
2 portfolio. In addition, the SFPUC is supplementing its renewable energy generation portfolio with 25  
3 MW of purchased geothermal generation.

4 E. The SFPUC is currently undertaking the development of additional large scale  
5 renewable energy generation assets within the City with the objectives of expanding and  
6 diversifying the renewable energy resources available to City departments and other SFPUC  
7 customers, boosting the City's clean energy industry and improving overall in-City energy  
8 reliability. However, there is a need for further initiatives to stimulate the growth in the City's  
9 supply of renewable energy. The SFPUC is currently undertaking the development of  
10 additional large scale renewable energy generation assets within the City, and the  
11 development of Community Choice Aggregation, with the objective of expanding and  
12 diversifying the renewable energy resources available to City departments and other SFPUC  
13 customers, boosting the City's clean energy industry and improving overall in-City energy  
14 reliability. However, as the SFPUC's customer base represents just a portion of the City's  
15 energy consumption market there is a need for further initiatives to stimulate the growth in the  
16 City's supply of renewable energy.

17 F. The SFPUC is pursuing the establishment of Community Choice Aggregation  
18 ("CCA") within the City. Implementation of CCA will allow the SFPUC to partner with private  
19 enterprise, leverage the purchasing power of a wider customer base and access the capital  
20 markets on a broader scale in order to expand its renewable energy generation asset  
21 portfolio.

22 F.G. The Solar Task Force recommended implementation of a Solar Energy Incentive  
23 Program as one method to address this cost trend, in that an increase in private demand combined with  
24 appropriate measures to attract investment in the City's solar manufacturing and installation industries  
25

1 over the long term could reduce the overall cost of solar energy as costs of importing such  
2 manufacturing technology and installation expertise are reduced or eliminated and economies of scale  
3 are introduced to the in-City solar industry.

4 G.H. A successful solar incentive program would increase the installation of solar power,  
5 thus providing greater supply during peak demand times during the day and improving the reliability of  
6 in-City generation capacity using clean solar energy.

7 H.I. The development of a more efficient and cost-effective in-City solar manufacturing and  
8 installation industry over the long term would result in savings for the SFPUC's solar projects.

9 I.J. The City has established a goal of reducing greenhouse gas emissions to 20% below  
10 1990 levels by 2012.

11 J.K. In view of the City's objectives in addressing the challenge of climate change, the  
12 positive benefits for the City's overall power consumption market and the particular benefits for the  
13 SFPUC's Power Enterprise, the SFPUC intends to allocate certain power revenues previously  
14 budgeted to renewable energy development and energy efficiency projects towards funding the  
15 implementation of the solar incentive program described in this Chapter, with the objective of  
16 providing an appropriation of \$2 million to \$5 million annually over the ten years commencing with  
17 fiscal year 2008-2009.

18 L. The City and the SFPUC intend this program to complement the SFPUC's  
19 renewable energy capital programs, including CCA, by attracting additional investment that  
20 will expand the development of renewable energy within the City and will spread the costs and  
21 risks of that development across a more diverse range of stakeholders.

22 K.M. As a complement to this initiative the SFPUC, the Mayor and the Board of Supervisors  
23 intend to pursue the establishment of a stable rate structure for all of the SFPUC's power customers,

1 which would enable the SFPUC to become a creditworthy bond issuer and to finance the City's own  
2 renewable energy development projects on a more advantageous tax-exempt basis.

3 Section 18.2 INCENTIVE PAYMENTS.

4 The Program Administrator shall make incentive payments to applicants in respect of solar  
5 systems installed by qualifying applicants on the basis of the provisions of this Chapter, from the funds  
6 appropriated to the program from time to time. Applicants must be the owner of the system to be  
7 eligible to receive the incentive.

8 Section 18.3 TYPES OF SYSTEMS ELIGIBLE FOR ASSISTANCE.

9 (a) Photovoltaic panel systems. Photovoltaic panel systems that produce electricity from  
10 sunlight, installed on existing single and multifamily residential, commercial, and industrial buildings,  
11 with generating capacity of at least one (1) kilowatt are eligible for assistance under this program.

12 (b) Other systems. The Program Administrator may extend program eligibility to other  
13 types of customer-owned distributed renewable energy generation systems, so long as such an  
14 extension is accompanied by publication of criteria for allocating incentive payments for such purpose  
15 and the limits on such incentives. Such an extension must be accompanied by analysis demonstrating  
16 that the projected positive market effects of the incentive on the in-City market for the development of  
17 renewable energy and energy efficiency are comparable to those attributes of the photovoltaic panel  
18 program.

19 (c) No limit on generating capacity. There shall be no maximum generating  
20 capacity limitation on systems that are eligible for the incentive.

21 Section 18.4 LIMITS ON AMOUNTS OF ASSISTANCE.

22 (a) Limits for all types of systems. No applicant may receive assistance in excess of the  
23 cost to design, purchase and install the system, net of incentives, rebates, tax credits or other payments  
24  
25

1 received from other governmental entities. Regardless of system generating capacity, no applicant may  
2 receive assistance in excess of ten thousand dollars (\$10,000).

3 (b) Limits for photovoltaic panel systems for residential property.

4 (i) Except as further provided in this clause (b), no residential applicant may  
5 receive assistance in excess of three thousand dollars (\$3,000) toward the cost to design, purchase and  
6 install photovoltaic panels. If the property is a multifamily residential project, the applicant may apply  
7 for and receive an incentive payment corresponding to each electricity meter served by the system, so  
8 long as the system provides each such electricity meter with a generating capacity from the energy  
9 generation system sufficient to satisfy the requirements of Section 18.3(a).

10 (ii) The limit of assistance shall be \$4,000 for systems installed by an individual,  
11 firm or organization with an whose principal office or offices are located within the City. If in  
12 implementing the program the Program Administrator determines that the terms of this clause do not  
13 provide the intended stimulus for the in-City installation industry, then the Program Administrator may  
14 establish new criteria that it deems more effective in achieving the in-City job creation and installation  
15 market objectives of the program.

16 (iii) The limit of assistance shall be \$5,000 for applicants residing in an  
17 Environmental Justice District, as such district or districts are determined by the Program  
18 Administrator.

19 (iv) The limit of assistance shall be \$6,000 for systems installed by an  
20 individual trained under the City workforce development program. If in implementing the  
21 incentive program the Program Administrator determines that the terms of this clause do not  
22 provide the intended stimulus for the succesful placement of workers trained under the City's  
23 workforce development program, then the Program Administrator may establish new criteria  
24 that it deems more effective in achieving such objectives of the program.

1           (c) Limits for photovoltaic panel systems for commercial, industrial or manufacturing  
2 property. No applicant may receive assistance in excess of \$1,500 per kilowatt of electric power a  
3 photovoltaic panel system is designed to generate.

4           (d) Adjustments in limits.

5           (i) The Program Administrator may adjust limits on the incentives paid for systems  
6 installed on commercial, industrial or manufacturing property upon a finding that such an adjustment  
7 advances the objectives of the program. Such adjustments may include an increase in the limit on the  
8 incentive paid in respect of (A) systems installed within an Environmental Justice District or (B)  
9 systems installed by an individual, firm or organization with an office or offices within the City (or  
10 bearing some other linkage to the in-City installation market as deemed appropriate by the Program  
11 Administrator).

12           (ii) Upon a demonstration of a reduction in average costs of solar improvements,  
13 including but not limited to an increase in incentives, rebates, tax credits or other payments provided  
14 by other government entities that serve to reduce the system costs borne by the consumer, the SFPUC  
15 shall have the discretion to decrease the limits set forth above by an amount reflective of the reduced  
16 need for the incentive payments.

17           (iii) With the concurrence of the Board of Supervisors, the Program Administrator  
18 may increase any of the limits set forth in this Section in connection with efforts to stimulate the  
19 development of a competitive in-City solar market, such as the establishment of an in-City photovoltaic  
20 panel manufacturing-production facility.

21           Section 18.5 ALLOCATION OF PROGRAM FUNDING AMONG TYPES OF BUILDINGS.

22           For each year of this program, available funds shall be allocated on a first come, first served  
23 basis regardless of the type of applicant.

24           Section 18.6 PROGRAM ADMINISTRATION.



1           (a) The program will be administered by the Program Administrator, which shall be the  
2 SFPUC, acting by and through its Power Enterprise. SFPUC shall coordinate administration of the  
3 Solar Energy Incentive Program with the implementation and administration of CCA to  
4 maximize its efficiency in achieving the renewable energy expansion goals contemplated  
5 under CCA.

6           (b) The Program Administrator shall develop rules and application procedures.

7           (c) The Program Administrator shall establish reasonable eligibility criteria for the  
8 incentive payments so that the program is available to all applicants within the City regardless  
9 of their customer relationship with any particular electric service provider. For ease of  
10 administration these criteria shall be deemed satisfied when an applicant provides appropriate  
11 evidence that the applicant is entitled to payments under the California Solar Initiative as  
12 authorized by the California Public Utilities Commission and the State of California under SB1  
13 (Chapter 132, Statutes of 2006) (as such program may be amended from time to time, the  
14 "California Solar Initiative"); provided, however, that demonstrating eligibility for the California  
15 Solar Initiative shall not be the sole means of establishing eligibility. The Program  
16 Administrator shall also establish reasonable and clear eligibility criteria for approving  
17 incentive payments to applicants who are not beneficiaries of the California Solar Initiative,  
18 which criteria shall include (but are not limited to) confirmation that the applicant has installed  
19 the system in compliance with all applicable laws, including Department of Building Inspection  
20 inspection and approvals. The Program Administrator shall not disburse any funds to an

21 ~~applicant unless the applicant provides appropriate evidence that the applicant is entitled to~~  
22 ~~payments under the California Solar Initiative as authorized by the California Public Utilities~~  
23 ~~Commission and the State of California under SB1 (Chapter 132, Statutes of 2006) (as such~~  
24 ~~program may be amended from time to time, the "California Solar Initiative"). In the event that~~  
25

1 the applicant is not eligible for the California Solar Initiative or such program is otherwise  
2 unavailable for the system in question the Program Administrator shall determine other  
3 reasonable eligibility criteria for approving incentive payments, including evidence that the  
4 applicant has installed the system in compliance with all applicable laws, including  
5 Department of Building Inspection inspection and approvals.

6 (d) If there are applications for assistance in excess of appropriated funds, the Program  
7 Administrator shall grant applications in the order they were filed. The Program Administrator shall  
8 develop a reservation system which will allow applicants to request that the Program Administrator  
9 reserve funds for a proposed project. Such reservation system may be patterned after that utilized by  
10 the California Solar Initiative.

11 (e) The Program Administrator shall maintain annual program funding as identified within  
12 the SFPUC Power Enterprise budget as the Solar Energy Incentive Fund. At the end of each fiscal  
13 year, any program funds that were not expended shall be carried forward to the next fiscal year. Upon  
14 a finding as to the continuing effectiveness of the Solar Energy Incentive program in achieving its  
15 objectives such funds shall be appropriated then or thereafter for the purposes specified in this  
16 Chapter.

17 (f) The Program Administrator shall determine and implement payment procedures for  
18 incentives under the program. Such payment procedures may include the option to make payments on  
19 applicants' behalf directly to installers or other contractors in connection with their work on the  
20 system. Such payments shall not be considered contracts or grants of the City for any City  
21 procedural contracting ordinances, and no requirements shall be imposed as a condition of  
22 receipt of such incentive payments aside from those specifically referenced in this ordinance  
23 and as necessary to protect the City from legal liabilities and promote the goals of this  
24 ordinance.

1           (g) The Program Administrator shall monitor the effective costs of renewable energy system  
2 installation and other related market information for purposes of making the adjustments described in  
3 Section 18.4(f)(i).

4           (h) The Program Administrator shall establish boundaries for any Environmental Justice  
5 District identified for purposes of Section 18.4(b)(iii). Any such district shall satisfy the goals,  
6 objectives and definitions of environmental justice and Environmental Justice Districts, as such  
7 concepts are set forth at any given time under state and local law.

8           (i) The Program Administrator shall submit to the Board of Supervisors a report  
9 evaluating the first year of program operation, within 90 days after the end of the first year.  
10 The report shall provide an analysis of the impacts of the program, including, without  
11 limitation, the number and location by district of the projects funded, the amount of energy  
12 generated by the projects, and the amount of time and money spent on program  
13 administration. The report shall evaluate the economic and other benefits of the program and  
14 provide a cost-benefit analysis. The data and analysis presented in this report shall inform  
15 future program funding, operation, and amendments.

16           (j) In the context of funding appropriations for this program in future years, the  
17 Board of Supervisors will

18                   (i) Consider the Program Administrator's first-year report, identified in  
19 subsection 18.6 (i) above;

20                   (ii) Review and approve the Environmental Justice District boundaries  
21 established by the Program Administrator pursuant to subsection 18.6 (h);

1                    (iii) Review and approve any new or modified criteria or incentives  
2 established by the Program Administrator.

3  
4 APPROVED AS TO FORM:  
5 DENNIS J. HERRERA, City Attorney

6 By: \_\_\_\_\_

7 Theresa L. Mueller  
8 Deputy City Attorney  
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ASSESSOR-RECORDER  
BOARD OF SUPERVISORS



# City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

## Tails

### Ordinance

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**File Number:** 071679

**Date Passed:**

Ordinance amending the Environment Code by adding Chapter 18 creating a Solar Energy Incentive Program; establishing limits on the incentive payments; providing eligibility criteria for the incentive payments; establishing limits on the amount of assistance available; allocating program funding among types of buildings; and imposing duties and responsibilities on the program administrator.

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February 26, 2008 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

Ayes: 10 - Alioto-Pier, Ammiano, Chu, Daly, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval  
Excused: 1 - Dufty

February 26, 2008 Board of Supervisors — PASSED ON FIRST READING AS AMENDED

Ayes: 7 - Alioto-Pier, Ammiano, Chu, Elsbernd, Maxwell, Peskin, Sandoval  
Noes: 3 - Daly, McGoldrick, Mirkarimi  
Excused: 1 - Dufty

March 4, 2008 Board of Supervisors — RE-REFERRED: Rules Committee

Ayes: 7 - Ammiano, Daly, Dufty, Maxwell, McGoldrick, Mirkarimi, Peskin  
Noes: 4 - Alioto-Pier, Chu, Elsbernd, Sandoval

June 3, 2008 Board of Supervisors — PASSED ON FIRST READING

Ayes: 7 - Alioto-Pier, Ammiano, Chu, Dufty, Elsbernd, Maxwell, Sandoval  
Noes: 4 - Daly, McGoldrick, Mirkarimi, Peskin

June 10, 2008 Board of Supervisors — FINALLY PASSED

Ayes: 8 - Alioto-Pier, Ammiano, Chu, Dufty, Elsbernd, Maxwell, Mirkarimi, Sandoval  
Noes: 3 - Daly, McGoldrick, Peskin

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File No. 071679

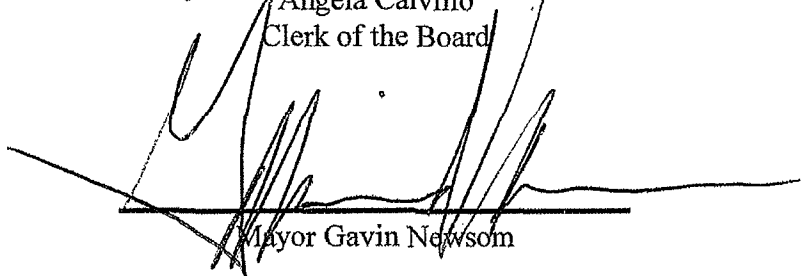
I hereby certify that the foregoing Ordinance  
was **FINALLY PASSED** on June 10, 2008 by  
the Board of Supervisors of the City and  
County of San Francisco.



Angela Calvillo  
Clerk of the Board

6-18-08

Date Approved



Mayor Gavin Newsom

FILE NO. 090100

1 [Solar Energy Incentive Program.]

2  
3 **Ordinance amending the San Francisco Environment Code by amending Sections 18.3,**  
4 **18.4, 18.6, 18.7-1, 18.7-2, 18.7-3, 18.7-4, and 18.7-6, and by repealing Section 18.7-7, to**  
5 **increase the incentives available to low-income and non-profit applicants under the**  
6 **Solar Energy Incentive Program and to make technical changes to program**  
7 **requirements.**

8 Note: Additions are single-underline italics Times New Roman;  
9 deletions are ~~striketthrough italics Times New Roman~~.  
10 Board amendment additions are double underlined.  
Board amendment deletions are ~~striketthrough normal~~.

11 Be it ordained by the People of the City and County of San Francisco:

12 Section 1. The San Francisco Environment Code is hereby amended by amending  
13 Sections 18.3, 18.4, and 18.6, to read as follows:

14 **SEC. 18.3. TYPES OF SYSTEMS ELIGIBLE FOR ASSISTANCE.**

15 (a) **Photovoltaic panel systems.** Photovoltaic panel systems that produce electricity  
16 from sunlight, installed on ~~existing~~ single and multifamily residential, commercial, and industrial  
17 buildings, with generating capacity of at least one (1) kilowatt are eligible for assistance under  
18 this program.

19 (b) **Other systems.** The Program Administrator may extend program eligibility to  
20 other types of customer-owned distributed renewable energy generation systems, so long as  
21 such an extension is accompanied by publication of criteria for allocating incentive payments  
22 for such purpose and the limits on such incentives. Such an extension must be accompanied  
23 by analysis demonstrating that the projected positive market effects of the incentive on the in-  
24 City market for the development of renewable energy and energy efficiency are comparable to  
25 those attributes of the photovoltaic panel program.

1 (c) **No limit on generating capacity.** There shall be no maximum generating  
2 capacity limitation on systems that are eligible for the incentive.

3  
4 **SEC. 18.4. LIMITS ON AMOUNTS OF ASSISTANCE.**

5 (a) **Limits for all types of systems.** No applicant may receive assistance in excess  
6 of the cost to design, purchase and install the system, net of incentives, rebates, tax credits or  
7 other payments received from other governmental entities. *Regardless of system generating*  
8 *capacity, no applicant may receive assistance in excess of ten thousand dollars (\$10,000).*

9 (b) **Limits for photovoltaic panel systems for residential property.**

10 (i) Except as further provided in this clause (b), no residential applicant may  
11 receive assistance in excess of three thousand dollars (\$3,000) toward the cost to design,  
12 purchase and install photovoltaic panels. If the property is a multifamily residential project, the  
13 applicant may apply for and receive an incentive payment corresponding to each electricity  
14 meter served by the system, so long as the system provides each such electricity meter with a  
15 generating capacity *of at least one (1) kilowatt or financial credits that result from a generating*  
16 *capacity of at least one (1) kilowatt* from the energy generation system *sufficient to satisfy the*  
17 *requirements of Section 18.3(a).*

18 (ii) *The limit of assistance shall be \$4,000 for systems installed by an individual, firm or*  
19 *organization whose principal office or offices are located within the City. If in implementing the*  
20 *program the Program Administrator determines that the terms of this clause do not provide the*  
21 *intended stimulus for the in-City installation industry, then the Program Administrator may establish*  
22 *new criteria that it deems more effective in achieving the in-City job creation and installation market*  
23 *objectives of the program.*

24 (iii)(ii) The limit of assistance shall be \$5,000 for applicants residing in an  
25 Environmental Justice District, as such district or districts are determined by the Program



1 Administrator, or for applicants that are recipients of the California Public Utilities Commission's  
2 CARE (California Alternative Rates for Energy) rates that provide rate discounts for qualified low or  
3 fixed income households, or for building owners that are recipients of the California Department of  
4 Housing and Community Development's CalHome loan program, which provides low-interest, deferred  
5 rehabilitation loans to low-income homeowners.

6 (iii) CARE and CalHome participants or participants in the CPUC Low Income  
7 program under CSI, as well as households with incomes that are certified by the Mayor's Office of  
8 Housing pursuant to Section 18.7-5, shall be eligible for an additional \$5000 if the application for the  
9 low income incentive is received before February 1, 2009.

10 (iv) CARE and CalHome participants or participants in the CPUC Low Income  
11 program under the CSI, as well as households with incomes that are certified by the Mayor's Office of  
12 Housing pursuant to Section 18.7-5, shall be eligible for an additional \$7000 if the application for the  
13 low income incentive is received by the Program Administrator on or after February 1, 2009.

14 (iv)(v) The limit of assistance shall be \$6,000 for systems installed by an  
15 individual trained under the City workforce development program. The Department of Economic  
16 & Workforce Development, which directs the City's overall workforce development efforts, will be  
17 responsible for developing and ensuring compliance with workforce criteria for this incentive program.  
18 These criteria may include, but are not limited to: a minimum requirement for hours worked on the  
19 solar installation by an individual hired through the City workforce development system; a requirement  
20 that individuals hired through the City workforce development system perform skilled work on the  
21 installation; workforce training program or system prioritization of San Francisco residents who are  
22 low income and/or have barriers to employment; and other standards for workforce system programs.  
23 If in implementing the incentive program, the Program Administrator and the Department of Economic  
24 and Workforce Development determine that the terms of this clause do not provide the intended  
25 stimulus for the successful placement of workers trained under local workforce development programs.

1 then the Program Administrator in coordination with the Department of Economic and Workforce  
2 Development may establish new criteria that it deems more effective in achieving such objectives of the  
3 program. If in implementing the incentive program the Program Administrator determines that the  
4 terms of this clause do not provide the intended stimulus for the successful placement of workers  
5 trained under the City's workforce development program, then the Program Administrator may  
6 establish new criteria that it deems more effective in achieving such objectives of the program.

7 (vi) An incentive applicant whose system is installed by an individual, firm or  
8 organization whose principal office or offices are located within the City shall be eligible for an  
9 additional incentive up to \$1000, subject to the limitations of Section 18.3. If in implementing the  
10 program the Program Administrator determines that the incentive identified in this paragraph does not  
11 provide the intended stimulus for the in-City installation industry, then the Program Administrator may  
12 amend the terms of this incentive to make it more effective in achieving the in-City job creation and  
13 installation market objectives of the program.

14 **(c) Limits for photovoltaic panel systems for commercial, industrial or**  
15 **manufacturing property.** No applicant may receive assistance in excess of \$1,500 per  
16 kilowatt of electric power a photovoltaic panel system is designed to generate. Regardless of  
17 system generating capacity, no applicant may receive assistance in excess of ten thousand dollars  
18 (\$10,000). In order to receive assistance, an applicant must use installers trained through the  
19 City's workforce development system.

20 **(d) Adjustments in limits.**

21 (i) The Program Administrator may adjust limits on the incentives paid for  
22 systems installed on commercial, industrial or manufacturing property upon a finding that such  
23 an adjustment advances the objectives of the program. Such adjustments may include an  
24 increase in the limit on the incentive paid in respect of (A) systems installed within an  
25 Environmental Justice District or (B) systems installed by an individual, firm or organization

1 with an office or offices within the City (or bearing some other linkage to the in-City installation  
2 market as deemed appropriate by the Program Administrator).

3 (ii) Upon a demonstration of a reduction in average costs of solar  
4 improvements, including but not limited to an increase in incentives, rebates, tax credits or  
5 other payments provided by other government entities that serve to reduce the system costs  
6 borne by the consumer, the SFPUC shall have the discretion to decrease the limits set forth  
7 above by an amount reflective of the reduced need for the incentive payments.

8 (iii) With the concurrence of the Board of Supervisors, the Program  
9 Administrator may increase any of the limits set forth in this Section in connection with efforts  
10 to stimulate the development of a competitive in-City solar market, such as the establishment  
11 of an in-City photovoltaic panel production facility.

#### 12 13 **SEC. 18.6. PROGRAM ADMINISTRATION.**

14 (a) The program will be administered by the Program Administrator, which shall be the  
15 SFPUC, acting by and through its Power Enterprise. SFPUC shall coordinate administration of  
16 the Solar Energy Incentive Program with the implementation and administration of CCA to  
17 maximize its efficiency in achieving the renewable energy expansion goals contemplated  
18 under CCA.

19 (b) The Program Administrator shall develop rules and application procedures.

20 (c) The Program Administrator shall establish reasonable eligibility criteria for the  
21 incentive payments so that the program is available to all applicants within the City regardless  
22 of their customer relationship with any particular electric service provider. For ease of  
23 administration these criteria shall be deemed satisfied when an applicant provides appropriate  
24 evidence that the applicant is entitled to payments under the California Solar Initiative as  
25 authorized by the California Public Utilities Commission and the State of California under SB1

1 (Chapter 132, Statutes of 2006) (as such program may be amended from time to time, the  
2 "California Solar Initiative"); provided, however, that demonstrating eligibility for the California  
3 Solar Initiative shall not be the sole means of establishing eligibility. The Program  
4 Administrator shall also establish reasonable and clear eligibility criteria for approving  
5 incentive payments to applicants who are not beneficiaries of the California Solar Initiative,  
6 which criteria shall include (but are not limited to) confirmation that the applicant has installed  
7 the system in compliance with all applicable laws, including Department of Building Inspection  
8 inspection and approvals.

9 (d) If there are applications for assistance in excess of appropriated funds, the  
10 Program Administrator shall grant applications in the order they were filed. The Program  
11 Administrator shall develop a reservation system which will allow applicants to request that  
12 the Program Administrator reserve funds for a proposed project. Such reservation system  
13 may be patterned after that utilized by the California Solar Initiative.

14 (e) The Program Administrator shall maintain annual program funding as identified  
15 within the SFPUC Power Enterprise budget as the Solar Energy Incentive Fund. At the end of  
16 each fiscal year, any program funds that were not expended shall be carried forward to the  
17 next fiscal year. Upon a finding as to the continuing effectiveness of the Solar Energy  
18 Incentive program in achieving its objectives such funds shall be appropriated then or  
19 thereafter for the purposes specified in this Chapter.

20 (f) The Program Administrator shall determine and implement payment procedures for  
21 incentives under the program. Such payment procedures may include the option to make  
22 payments on applicants' behalf directly to installers or other ~~contractors entities, in connection~~  
23 ~~with their work on the system.~~ Such payments shall not be considered contracts or grants of the  
24 City for any City procedural contracting ordinances, and no requirements shall be imposed as  
25 a condition of receipt of such incentive payments aside from those specifically referenced in

1 this ordinance and as necessary to protect the City from legal liabilities and promote the goals  
2 of this ordinance.

3 (g) The Program Administrator shall monitor the effective costs of renewable energy  
4 system installation and other related market information for purposes of making the  
5 adjustments described in Section 18.4(d)(ii).

6 (h) The Program Administrator shall establish boundaries for any Environmental  
7 Justice District identified for purposes of Section 18.4(b)(iii). Any such district shall satisfy the  
8 goals, objectives and definitions of environmental justice and Environmental Justice Districts,  
9 as such concepts are set forth at any given time under state and local law.

10 (i) The Program Administrator shall submit to the Board of Supervisors a status report on the  
11 first six-months of the program, within 45 days of the end of the first six months of the program. The  
12 Program Administrator may submit an interim status report upon the exhaustion of either of the  
13 funding pools described in Section 18.7-5 and shall otherwise provide written monthly status reports.

14 The Program Administrator shall submit to the Board of Supervisors a report evaluating the  
15 first year of program operation, within 90 days after the end of the first year. The report shall  
16 provide an analysis of the impacts of the program, including, without limitation, the number  
17 and location by district of the projects funded, the amount of energy generated by the projects,  
18 and the amount of time and money spent on program administration. The report shall  
19 evaluate the economic and other benefits of the program and provide a cost-benefit analysis.  
20 The data and analysis presented in this report shall inform future program funding, operation,  
21 and amendments.

22 (j) In the context of funding appropriations for this program in future years, the Board  
23 of Supervisors will

24 (i) Consider the Program Administrator's first-year report, identified in  
25 subsection 18.6 (i) above;

1 (ii) Review and approve the Environmental Justice District boundaries  
2 established by the Program Administrator pursuant to subsection 18.6 (h);

3 (iii) Review and approve any new or modified criteria or incentives established  
4 by the Program Administrator.

5  
6 Section 2. The San Francisco Environment Code is hereby amended by naming  
7 Chapter 18.7 the "Solar Energy Incentive Pilot Program," and by amending Sections 18.7-1,  
8 18.7-2, 18.7-3, 18.7-4, and 18.7-6, to read as follows:

9  
10 **Section 18.7-1. FINDINGS**

11 A. California has set a goal to create 3,000 megawatts (MW) of new, solar-  
12 produced electricity by 2017, moving the state toward a cleaner energy future and helping  
13 lower the cost of solar systems for consumers.

14 B. The California Public Utilities Commission, through its California Solar Initiative  
15 (CSI), provides \$2.2 Billion in incentives over the next decade for existing residential homes  
16 and existing and new commercial, industrial, and agricultural properties of which 10% will be  
17 set aside to assist installation of solar for low-income residents and affordable housing  
18 developments.

19 C. On November 17, 2007, the CPUC adopted the CSI Single-Family Low-Income  
20 Incentive Program. The Single-Family Low-Income Incentive Program will provide incentives  
21 for solar PV systems from \$4.75 to \$7.00 per watt to qualifying low-income homeowners. The  
22 Program will also provide full-subsidy systems to very low-income households who financed  
23 their home through local, state and federal housing assistance programs and whose  
24 household income is at or below the 50 percent of the area median income.

1 D. The CSI Single-Family Low-Income Program will not begin accepting  
2 applications until after a statewide Program Manager has been selected. A Request For  
3 Proposals for the CSI Single-Family Low-Income Program Manager was released on April  
4 16th, 2008 and the final date for Proposal submission is May 28th, 2008. Once the Program  
5 Manager is selected, the Single-Family Low-Income Program will be implemented throughout  
6 the state of California and will assist applicants in determining their individual eligibility.

7 E. Establishing a ~~one-year~~ pilot program will enable the City to immediately  
8 implement this program and evaluate the effectiveness of the program and determine the best  
9 policy for allocation of public funds before deciding how or whether to continue the program.

10  
11 **SEC. 18.7-2. INCENTIVE PAYMENTS.**

12 (a) A pilot program is established for a period of one-year from the date of this  
13 ordinance or until funds allocated under Section 18.7-5 are expended. The incentives paid under  
14 this program shall not exceed the amounts set forth in Section 18.7-5 below.

15 (b) Applicants must be the owner of a system installed on or after December 11,  
16 2007, to be eligible to receive the incentive.

17  
18 **SEC. 18.7-3. TYPES OF SYSTEMS ELIGIBLE FOR ASSISTANCE.**

19 (a) **Photovoltaic panel systems.** Photovoltaic panel systems that produce electricity  
20 from sunlight, installed on ~~existing~~ residential buildings, with generating capacity of at least one  
21 (1) kilowatt are eligible for assistance under this program.

22 (b) **Other systems.** The Program Administrator may extend program eligibility to  
23 customer-owned distributed renewable energy generation systems other than photovoltaic  
24 panel systems, so long as such an extension is accompanied by publication of criteria for  
25 allocating incentive payments for such purpose and the limits on such incentive. Such an

1 extension must be accompanied by analysis demonstrating that the projected positive market  
2 effects of the incentive on the in-City market for the development of renewable energy and  
3 energy efficiency are comparable to those attributes of the photovoltaic panel program.

4 (c) **No limit on generating capacity.** There shall be no maximum generating  
5 capacity limitation on systems that are eligible for the incentive.  
6

7 **SEC. 18.7-4. LIMITS ON AMOUNTS OF ASSISTANCE.**

8 (a) **Limits for all types of systems.** No applicant may receive assistance in excess  
9 of the cost to design, purchase and install the system, net of incentives, rebates, tax credits or  
10 other payments received from other governmental entities.

11 (b) **Limits for photovoltaic panel systems.**

12 (i) Except as further provided in this clause (b), no residential applicant may  
13 receive assistance in excess of three thousand dollars (\$3,000) toward the cost to design,  
14 purchase and install photovoltaic panels. If the property is a multifamily residential project, the  
15 applicant may apply for and receive an incentive payment corresponding to each electricity  
16 meter served by the system, so long as the system provides each such electricity meter with a  
17 generating capacity of at least one (1) kilowatt or financial credits that result from a generating  
18 capacity of at least one (1) kilowatt from the energy generation system ~~sufficient to satisfy the~~  
19 ~~requirements of Section 18.7-3(a).~~

20 ~~(ii) The limit of assistance shall be \$4,000 for systems installed by an individual, firm or~~  
21 ~~organization whose principal office or offices are located within the City. If in implementing the~~  
22 ~~program the Program Administrator determines that the terms of this clause do not provide the~~  
23 ~~intended stimulus for the in-City installation industry, then the Program Administrator may establish~~  
24 ~~new criteria that it deems more effective in achieving the in-City job creation and installation market~~  
25 ~~objectives of the program.~~



1                   ~~(iii)~~(ii) The limit of assistance shall be \$5,000 for applicants residing in an  
2 Environmental Justice District, as such district or districts are determined by the Program  
3 Administrator, or for applicants that are recipients of the California Public Utilities  
4 Commission's CARE (California Alternative Rates for Energy) rates that provide rate  
5 discounts for qualified low or fixed income households, or for building owners that are  
6 recipients of the California Department of Housing and Community Development's CalHome  
7 loan program, which provides low-interest, deferred rehabilitation loans to low-income  
8 homeowners.

9                   ~~(iv)~~(iii) CARE and CalHome participants or participants in the CPUC Low  
10 Income program under CSI, as well as households with incomes that are certified by the  
11 Mayor's Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$5000  
12 if the application for the low income incentive is received before February 1, 2009, subject to the  
13 limitations of Section 18.7-4(a) above.

14                   ~~(v)~~(iv) CARE and CalHome participants or participants in the CPUC Low Income  
15 program under the CSI, as well as households with incomes that are certified by the Mayor's Office of  
16 Housing pursuant to Section 18.7-5, shall be eligible for an additional \$7000 if the application for the  
17 low income incentive is received by the Program Administrator on or after February 1, 2009, subject to  
18 the limitations of Section 18.7-4(a) above.

19                   (v) The limit of assistance shall be \$6,000 for systems installed by individuals  
20 trained through the City's workforce development system. The Department of Economic &  
21 Workforce Development, which directs the City's overall workforce development efforts, will  
22 be responsible for developing and ensuring compliance with workforce criteria for this  
23 incentive program. These criteria may include, but are not limited to: a minimum requirement  
24 for hours worked on the solar installation by an individual hired through the City workforce  
25 development system; a requirement that individuals hired through the City workforce

1 development system perform skilled work on the installation; workforce training program or  
2 system prioritization of San Francisco residents who are low income and/or have barriers to  
3 employment; and other standards for workforce system programs. If in implementing the  
4 incentive program, the Program Administrator and the Department of Economic and  
5 Workforce Development determine that the terms of this clause do not provide the intended  
6 stimulus for the successful placement of workers trained under local workforce development  
7 programs, then the Program Administrator in coordination with the Department of Economic  
8 and Workforce Development may establish new criteria that it deems more effective in  
9 achieving such objectives of the program.

10 (v) (vi) An incentive applicant whose system is installed by an individual, firm or  
11 organization whose principal office or offices are located within the City shall be eligible for an  
12 additional incentive up to \$1000, subject to the limitations of Section 18.3. If in implementing the  
13 program the Program Administrator determines that the incentive identified in this paragraph does not  
14 provide the intended stimulus for the in-City installation industry, then the Program Administrator may  
15 amend the terms of this incentive to make it more effective in achieving the in-City job creation and  
16 installation market objectives of the program.

17 (c) Limits for photovoltaic panel systems for non-residential buildings owned by non-  
18 profits and non-residential buildings occupied by non-profits and owned by governmental entities. No  
19 applicant may receive assistance in excess of \$1,500 per kilowatt of electric power a  
20 photovoltaic panel system is designed to generate.

21 (d) Limits for photovoltaic panel systems for multi-unit residential buildings that are  
22 owned and operated by non-profit organizations. No applicant may receive assistance in  
23 excess of \$4,500 per kilowatt of electric power a photovoltaic panel system is designed to  
24 generate, up to a total of \$150,000. An applicant may receive up to an additional \$100,000 in  
25 matching funds on a dollar per dollar basis, subject to a maximum of \$4,500 per kilowatt.

1 Regardless of system generating capacity or matching funds, no applicant may receive  
2 assistance in excess of ~~thirty~~ two-hundred fifty thousand (\$~~30,000~~ 250,000). Buildings owned by  
3 for-profit entities may be eligible for the incentive designated in this paragraph if at least 75% of the  
4 residential units, excluding a manager's unit, are designated as affordable housing units under a  
5 Federal, State, or local government restriction recorded against the property on which the building is  
6 located in a manner that maintains affordability for a term no less than ~~50~~ 30 years.

7 **(e) Adjustments in limits.**

8 (i) If the program is continued after the one-year pilot, the Program  
9 Administrator may adjust limits on the incentives paid for systems installed on commercial,  
10 industrial or manufacturing property upon a finding that such an adjustment advances the  
11 objectives of the program. Such adjustments may include an increase in the limit on the  
12 incentive paid in respect of (A) systems installed within an Environmental Justice District or  
13 (B) systems installed by an individual, firm or organization with an office or offices within the  
14 City (or bearing some other linkage to the in-City installation market as deemed appropriate  
15 by the Program Administrator).

16 (ii) Upon a demonstration of a reduction in average costs of solar  
17 improvements, including but not limited to an increase in incentives, rebates, tax credits or  
18 other payments provided by other government entities that serve to reduce the system costs  
19 borne by the consumer, the SFPUC shall have the discretion to decrease the limits set forth  
20 above by an amount reflective of the reduced need for the incentive payments.

21 (iii) With the concurrence of the Board of Supervisors, the Program  
22 Administrator may increase any of the limits set forth in this Section in connection with efforts  
23 to stimulate the development of a competitive in-City solar market, such as the establishment  
24 of an in-City photovoltaic panel production facility.

1     **SEC. 18.7-6. PROGRAM ADMINISTRATION.**

2           (a) The program will be administered by the Program Administrator, which shall be the  
3     SFPUC, acting by and through its Power Enterprise. SFPUC shall coordinate administration of  
4     the Solar Energy Incentive Pilot Program with the implementation and administration of CCA  
5     to maximize its efficiency in achieving the renewable energy expansion goals contemplated  
6     under CCA.

7           (b) The Program Administrator shall develop rules and application procedures.

8           (c) The Program Administrator shall establish reasonable eligibility criteria for the  
9     incentive payments so that the program is available to all applicants within the City regardless  
10    of their customer relationship with any particular electric service provider. For ease of  
11    administration these criteria shall be deemed satisfied when an applicant provides appropriate  
12    evidence that the applicant is entitled to payments under the California Solar Initiative as  
13    authorized by the California Public Utilities Commission and the State of California under SB1  
14    (Chapter 132, Statutes of 2006) (as such program may be amended from time to time, the  
15    "California Solar Initiative"); provided, however, that demonstrating eligibility for the California  
16    Solar Initiative shall not be the sole means of establishing eligibility. The Program  
17    Administrator shall also establish reasonable and clear eligibility criteria for approving  
18    incentive payments to applicants who are not beneficiaries of the California Solar Initiative,  
19    which criteria shall include (but are not limited to) confirmation that the applicant has installed  
20    the system in compliance with all applicable laws, including Department of Building Inspection  
21    inspection and approvals.

22           (d) If there are applications for assistance in excess of appropriated funds, the  
23     Program Administrator shall grant applications in the order they were filed. The Program  
24     Administrator shall develop a reservation system which will allow applicants to request that  
25

1 the Program Administrator reserve funds for a proposed project. Such reservation system  
2 may be patterned after that utilized by the California Solar Initiative.

3 (e) The Program Administrator shall determine and implement payment procedures for  
4 incentives under the program. Such payment procedures may include the option to make  
5 payments on applicants' behalf directly to installers or other ~~contractors entities in connection~~  
6 ~~with their work on the system.~~ Such payments shall not be considered contracts or grants of the  
7 City for any City procedural contracting ordinances, and no requirements shall be imposed as  
8 a condition of receipt of such incentive payments aside from those specifically referenced in  
9 this ordinance and as necessary to protect the City from legal liabilities and promote the goals  
10 of this ordinance.

11 (f) The Program Administrator shall monitor the effective costs of renewable energy  
12 system installation and other related market information for purposes of making the  
13 adjustments described in Section 18.7-4(e)(i).

14 (g) The Program Administrator shall establish boundaries for any Environmental  
15 Justice District identified for purposes of Section 18.7-4(b)(iii). Any such district shall satisfy  
16 the goals, objectives and definitions of environmental justice and Environmental Justice  
17 Districts, as such concepts are set forth at any given time under state and local law.

18 (h) The Program Administrator shall submit to the Board of Supervisors a status report  
19 on the first six-months of the pilot program, within 45 days of the end of the first six months of  
20 the program. The Program Administrator may submit an interim status report upon the  
21 exhaustion of either of the funding pools described in Section 18.7-5 and shall otherwise  
22 provide written monthly status reports.

23 (i) The Program Administrator shall submit to the Board of Supervisors a report  
24 evaluating the one-year pilot program, within 90 days after the end of the first year. The  
25 report shall provide an analysis of the impacts of the program, including, without limitation, the

1 number and location by district of the projects funded, the amount of energy generated by the  
2 projects, and the amount of time and money spent on program administration. The report  
3 shall evaluate the economic and other benefits of the program and provide a cost-benefit  
4 analysis. The data and analysis presented in this report shall inform future program funding,  
5 operation, and amendments.

6 (j) In the context of considering appropriations for a solar incentive program in future  
7 years, the Board of Supervisors will

8 (i) Consider the Program Administrator's first-year report, identified in  
9 subsection 18.7-6(i) above;

10 (ii) Review and approve the Environmental Justice District boundaries  
11 established by the Program Administrator pursuant to subsection 18.7-6(h);

12 (iii) Review and approve any new or modified criteria or incentives established  
13 by the Program Administrator.

14  
15 Section 3. The San Francisco Environment Code is hereby amended by repealing  
16 Section 18.7-7 in its entirety.

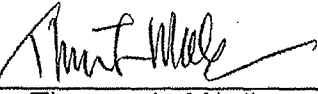
17 ~~**SEC. 18.7-7. MODIFICATIONS TO THE LONG-TERM SOLAR ENERGY INCENTIVE**~~  
18 ~~**PROGRAM.**~~

19 ~~(a) This one-year pilot program shall be in addition to the long-term solar energy incentive~~  
20 ~~program established by Ordinance No. 102-08, in File No. 071679.~~

21 ~~(b) The monthly and six-month reports established in Section 18.7-6(h) of this Ordinance shall~~  
22 ~~be applicable to the long-term solar energy incentive program established by Ordinance No. 102-08, in~~  
23 ~~File No. 071679.~~

1           ~~(c) The incentive payment limits established in Sections 18.7 4(b)(iii), (iv), and (v) of this~~  
2     ~~Ordinance shall be applicable to the long term solar energy incentive program established by~~  
3     ~~Ordinance No. 102-08, in File No. 071679.~~

4  
5  
6     APPROVED AS TO FORM:  
7     DENNIS J. HERRERA, City Attorney

8     By:   
9           Theresa L. Mueller  
10          Deputy City Attorney



## City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

### Tails Ordinance

**File Number:** 090100

**Date Passed:**

Ordinance amending the San Francisco Environment Code by amending Sections 18.3, 18.4, 18.6, 18.7-1, 18.7-2, 18.7-3, 18.7-4, and 18.7-6, and by repealing Section 18.7-7, to increase the incentives available to low-income and non-profit applicants under the Solar Energy Incentive Program and to make technical changes to program requirements.

March 17, 2009 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell, Mirkarimi

March 17, 2009 Board of Supervisors — PASSED ON FIRST READING AS AMENDED

Ayes: 10 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Mar, Maxwell, Mirkarimi

Noes: 1 - Elsbernd

March 24, 2009 Board of Supervisors — FINALLY PASSED

Ayes: 10 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Mar, Maxwell, Mirkarimi

Noes: 1 - Elsbernd



File No. 090100

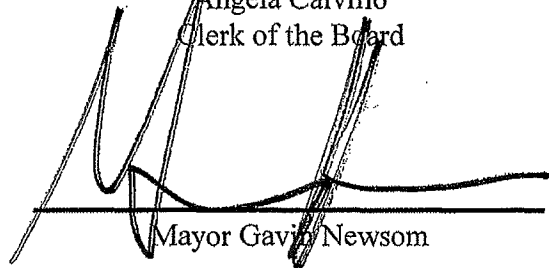
I hereby certify that the foregoing Ordinance  
was **FINALLY PASSED** on March 24, 2009  
by the Board of Supervisors of the City and  
County of San Francisco.

4/2/09

Date Approved



Angela Calvillo  
Clerk of the Board



Mayor Gavin Newsom

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Mawuli Tugbenyoh, Liaison to the Board of Supervisors, Mayor's Office  
Harlan Kelly, Jr., General Manager, Public Utilities Commission  
Todd Rufo, Director, Office of Economic and Workforce Development  
Ben Rosenfield, City Controller, Office of the Controller  
Olson Lee, Director, Mayor's Office of Housing and Community Development  
Tom Hui, Director, Department of Building Inspection

FROM: Erica Major, Assistant Clerk, Government Audit and Oversight Committee,  
Board of Supervisors

DATE: November 22, 2016

SUBJECT: HEARING MATTER INTRODUCED

---

The Board of Supervisors' Government Audit and Oversight Committee has received the following hearing request, introduced by the Public Utilities Commission on November 15, 2016:

**File No. 161179**

**Ordinance amending the Environment Code to adjust the incentives in the Solar Energy Incentive Program and revise certain program requirements; and affirming the Planning Department's determination under the California Environmental Quality Act.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

C:

Juliet Ellis, Public Utilities Commission  
Donna Hood, Public Utilities Commission  
Ken Rich, Office of Economic and Workforce Development  
Lisa Pagan, Office of Economic and Workforce Development  
Todd Rydstrom, Office of the Controller  
Eugene Flannery, Mayor's Office of Housing and Community Development  
Sophie Hayward, Mayor's Office of Housing and Community Development  
William Strawn, Department of Building Inspection  
Carolyn Jayin, Department of Building Inspection

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

November 22, 2016

**File No. 161179**

Lisa Gibson  
Acting Environmental Review Officer  
Planning Department  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

Dear Ms. Gibson:

On November 15, 2016, the Public Utilities Commission introduced the following legislation:

**File No. 161179**

**Ordinance amending the Environment Code to adjust the incentives in the Solar Energy Incentive Program and revise certain program requirements; and affirming the Planning Department's determination under the California Environmental Quality Act.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Board of Supervisors

Attachment


c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning



San Francisco  
**Water Power Sewer**  
Services of the San Francisco Public Utilities Commission

525 Golden Gate Avenue, 13th Floor  
San Francisco, CA 94102  
T 415.554.3155  
F 415.554.3161  
TTY 415.554.3488

**TO:** Angela Calvillo, Clerk of the Board

**FROM:**  John Scarpulla, Policy and Government Affairs

**DATE:** October 28, 2016

**SUBJECT:** Environment Code – Revisions to the Solar Energy Incentive Program


---

Attached please find an original and one copy of a proposed ordinance amending the Environment Code to adjust the incentives in the Solar Energy Incentive Program and revise certain program requirements; and affirming the Planning Department's determination under the California Environmental Quality Act.

The following is a list of accompanying documents (2 sets):

1. Board of Supervisors Ordinance
2. Legislative Digest
3. SFPUC Resolution No. 08-0102
4. Board Ordinance No. 102-08
5. Board Ordinance No. 106-08
6. Board Ordinance No. 109-10
7. SFPUC Resolution No. 09-0149
8. Board Ordinance No. 42-09
9. SFPUC Resolution No. 16-0220

Please contact John Scarpulla at (415) 934-5782 if you need additional information on these items.

  
2016 OCT 28 PM 2:13  
SAN FRANCISCO  
SFPUC

Edwin M. Lee  
Mayor

Francesca Vietor  
President

Anson Moran  
Vice President

Ann Moller Caen  
Commissioner

Vince Courtney  
Commissioner

Ike Kwon  
Commissioner

Harlan L. Kelly, Jr.  
General Manager

