



GRID Alternatives

3833 Manila Avenue, Oakland, CA 94609 • 510-652-4730 • www.gridalternatives.org

GRID Alternatives SASH Program Q3 2009 Status Report

GRID Alternatives, a non-profit solar contractor, is the Program Manager for the Single-family Affordable Solar Homes (SASH) Program. In Q3 2009, the SASH Program had significant progress in key areas including the Sub-Contractor Partnership Program; the passage of AB 1551 and updating P.U. Code 2852; marketing and outreach, and; program infrastructure development. The following Q3 2009 Status Report provides an overview of the program's implementation, achievements, challenges, and forecasts.

Marketing and Outreach:

Marketing Collateral:

In collaboration with marketing sub-contractors, GRID developed SASH Program informational brochures that were translated into Spanish, Tagalog, Chinese, Korean, and Vietnamese. These brochures will primarily be used for homeowner outreach and SASH promotion to potential institutional partners including city agencies, non-profit organizations, and developers. This is the second marketing brochure developed for the program.

Homeowner Outreach:

GRID is taking a multi-pronged approach to educating low-income communities about the benefits of solar energy and informing homeowner's about the SASH Program. Whenever possible, GRID is partnering with city agencies, affordable housing developers, or Homeowners Associations to jointly introduce the SASH Program within a particular development. We are finding this approach especially effective where an existing relationship exists between the homeowner and city agency or developer. GRID follows up on this introduction by either conducting a general information session for all interested homeowners or follows up directly with each homeowner. Every project requires developing a close and trusting relationship with the homeowner, especially through the application process. This outreach approach is labor intensive but necessary to build a professional and trusting relationship with the homeowner.

GRID is also identifying and working with outside partners to conduct homeowner outreach on GRID's behalf. For example, we are working with the Scotts Valley Band of Pomo Indians, their Tribal Council, and homeowner outreach team to develop a strategy to inform homeowners of the SASH Program and apply them to the program. We will continue identifying these types of partnerships to expand the reach of the SASH Program.

Affordable Housing Database:

GRID Alternatives and the California Housing Partnership Corporation (CHPC) continued working with local jurisdictions, non-profit organizations, and affordable housing developers

throughout California to identify P.U. Code 2852-eligible housing developments and homes. CHPC focused the majority of Q3 on identifying 2852-eligible homes in the SCE and PG&E service territories. To date every jurisdiction in SCE and SDG&E territories has been requested to provide GRID/CHPC with P.U. Code 2852 eligible addresses. Over 1400 homes have been identified and direct marketing to these homeowners is underway. CHPC and GRID will continue to work with each of these jurisdictions to determine if they have eligible homes. See table below for more details.

P.U. Code 2852 Qualified Homes

Outreach to Local Jurisdictions			
Territory	Total Jurisdictions in Territory	Total Jurisdictions Contacted	Percent Contacted
SCE	180	180	100.00%
SDGE	20	20	100.00%
PGE	214	35	16.35%
Total	414	235	56.76%

Closed Jurisdictions			
Territory	Jurisdictions with Addresses	Jurisdictions with No Qualifying Units	Total Closed
SCE	9	59	68
SDGE	5	11	16
PGE	9	15	24
Total	23	85	108

Addresses	
Territory	Number of Addresses
SCE	493
PGE	675
SDGE	256
Total	1424

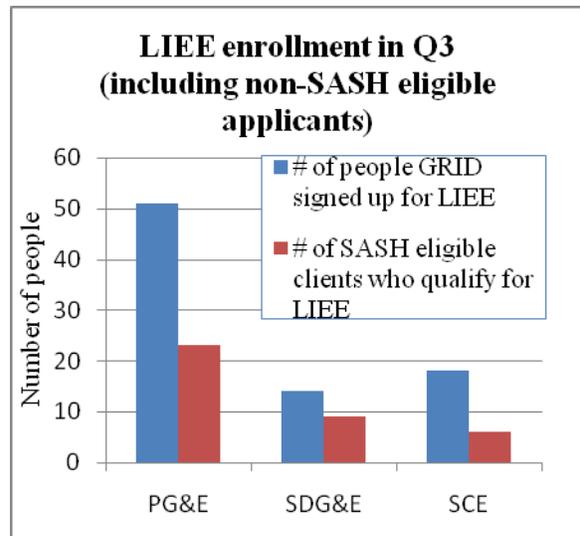
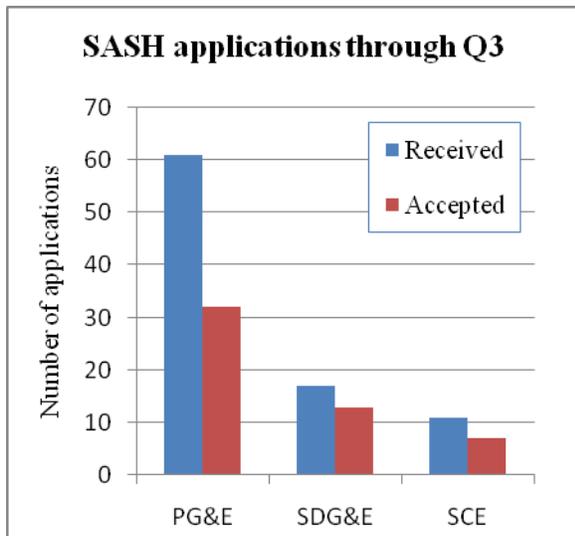
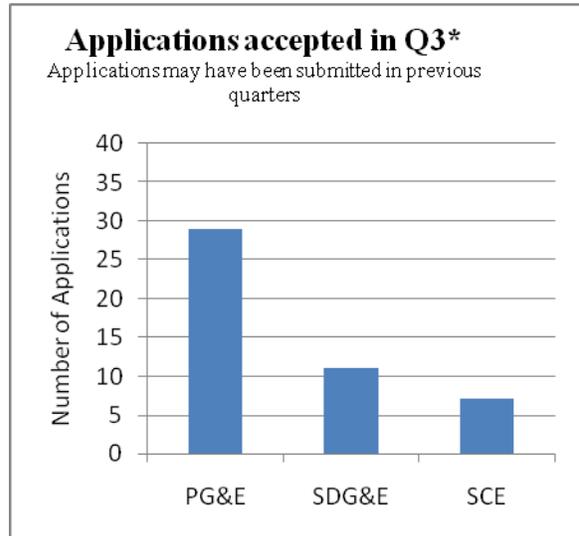
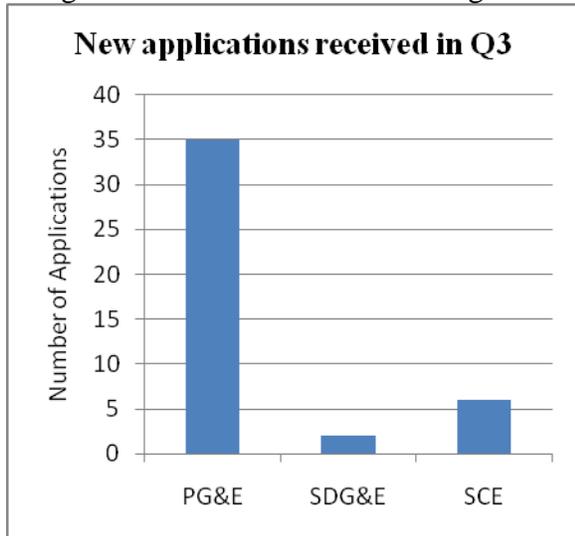
Applications, Inspections, and Energy Efficiency:

GRID received over 40 applications in Q3. Since the SASH Program’s inception, GRID has accepted 60 applications. Fifteen percent of all accepted applications were reviewed by a third-party Application Inspector (CCSE) and 100% of the applications passed inspection.

Out of the 60 applications that met all eligibility requirements (income, IOU territory, owner-occupied, 2852-compliant), 52 projects received reservations after the PV-system designs were confirmed to meet the 95% Design Factor requirement. Eight projects were declined (not given reservations) due to the Design Factor failure. GRID will continue to track projects that fail due to the SASH Design Factor requirement. If GRID continues to find that a significant number of

projects are being rejected on Design Factor alone, we may request that the CPUC reexamine this requirement.

Energy efficiency (EE) remains an important part of SASH. GRID conducts an energy efficiency audit (based on EE audit tools provided by IOUs) for every SASH applicant and enrolls that homeowner into LIEE, if eligible. In Q3, 38 SASH-eligible homeowners qualified and were signed up for LIEE. GRID also signed up an additional 40+ homeowners for LIEE though GRID found them to be ineligible for SASH.



Gap Financing:

GRID Regional Directors located in Oakland (Bay area), Fresno, Carson (Greater Los Angeles), and San Diego, continue to work with local jurisdictions, developers, non-profit organizations, and private entities to identify and secure financing options that homeowners can leverage if an

expense gap exists between the SASH incentive amount and the actual cost of the system. In the Q2 2009 SASH Report, GRID commented on the importance and challenges of identifying cost effective gap financing in order to make SASH projects cash flow positive from day one of the installation. This past quarter (Q3), it has become increasingly evident that the only gap financing acceptable to a vast majority of low-income homeowners is a grant. Any form of a loan, including low-interest loans that have a monthly payment lower than the expected savings from the solar system, are not acceptable options for most homeowners. With today's broader economic challenges and uncertainties, homeowners are less willing to take on any form of additional debt even if the debt is offset by savings in their electric bill. It is also challenging to identify private loan options since the homeowners typically have limited equity or poor credit history.

This reality may pose a significant challenge to SASH's longer-term implementation goals. To compound this problem, recent state and local budget cuts have adversely affected the availability of public grant and low-interest loan funding. To address these challenges, GRID continues to look into creative ways to fund gap expenses including direct fundraising, corporate project sponsorship, grants, and loans. GRID is also examining installation and equipment expenses to identify areas for project savings. We will monitor and track the effectiveness of the current incentive levels and their ability to meet the funding needs for the narrowly defined SASH-eligible homeowner. This data will help the CPUC make informed program updates if necessary for the success of the SASH Program.

Of the 27 completed SASH installations only one project required an out-of-pocket contribution from the homeowner. All other projects were made free to the homeowners by leveraging funding from local jurisdictions, project sponsorship, and general fundraising. Seven installations qualified for the fully subsidized 1kW system.

P.U. Code 2852 updated:

A significant achievement for the SASH Program was the passage of AB 1551 on October 11th. This law updates and more clearly defines the SASH (and MASH) Program's affordable housing requirements referenced in P.U. Code 2852. GRID anticipates this change will generally have a positive impact on the SASH Program by increasing the number of eligible homeowners. We will not know the extent of that impact until mid-2010 when we are able to reconnect with the local jurisdictions that previously provided qualifying addresses to GRID. It is important to note that even with this expanded client base, installation volume will be significantly driven by the availability of gap funding for these projects.

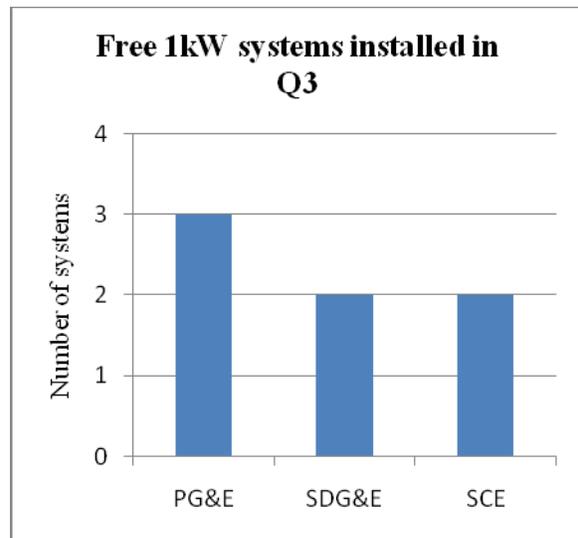
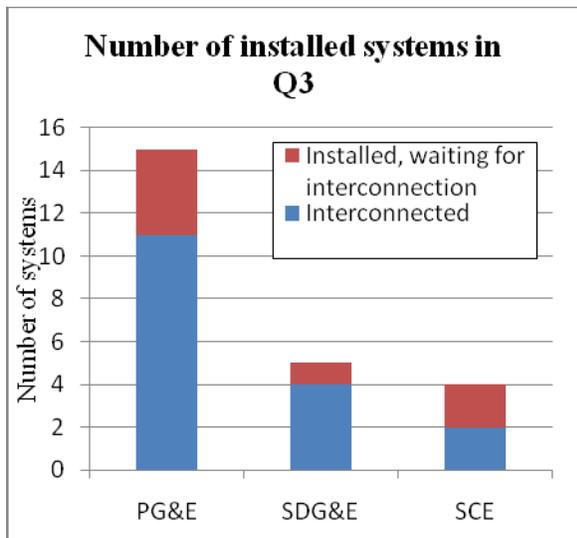
Installations and Sub-Contractor Partnership Program:

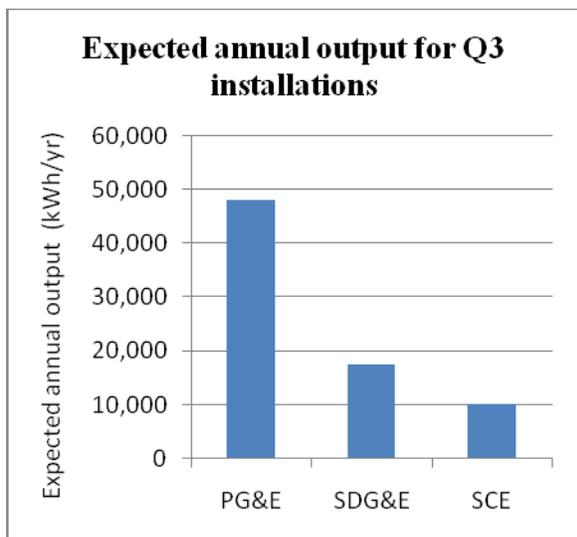
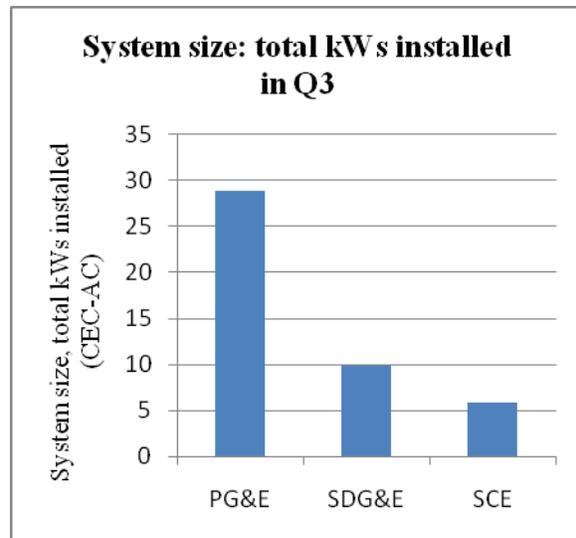
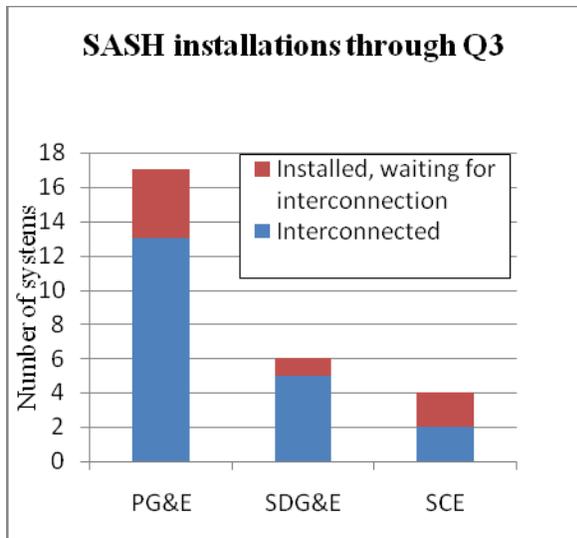
In Q3 2009, 24 SASH installations were completed bringing the program total to 27 systems with over 40kW (CEC-AC) installed. GRID anticipates 75 total SASH installations by the end of 2009. This updated projection accounts for the reality that gap financing will be the primary bottleneck to moving projects from application to installation for the remainder of 2009.

Sub-Contractor Partnership Program:

GRID Alternatives is the primary installer for the SASH Program. As SASH project volume surpasses GRID’s installation capacity, it will be essential to have sub-contractors in place to handle this increased volume. In Q3, GRID and the CPUC finalized the Sub-Contractor Partnership Program (SPP) guidelines, application, and ‘request for quotation’ forms and processes.

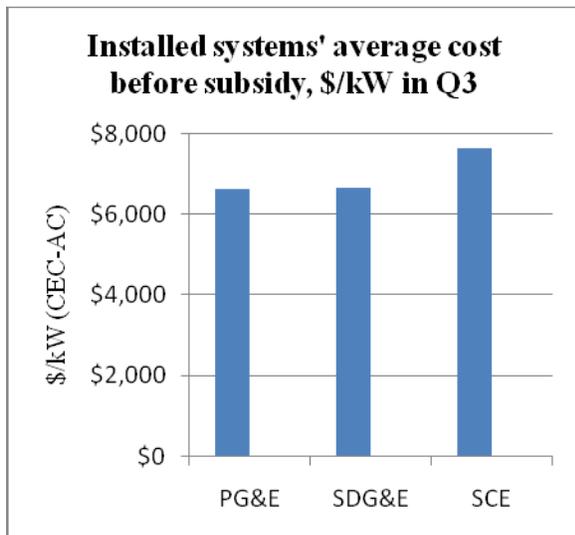
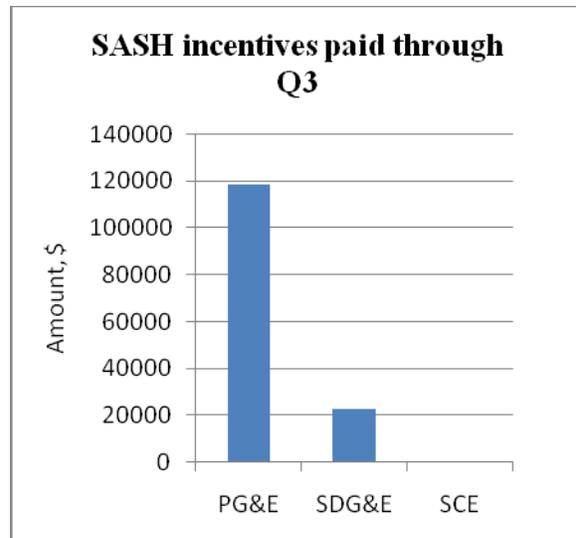
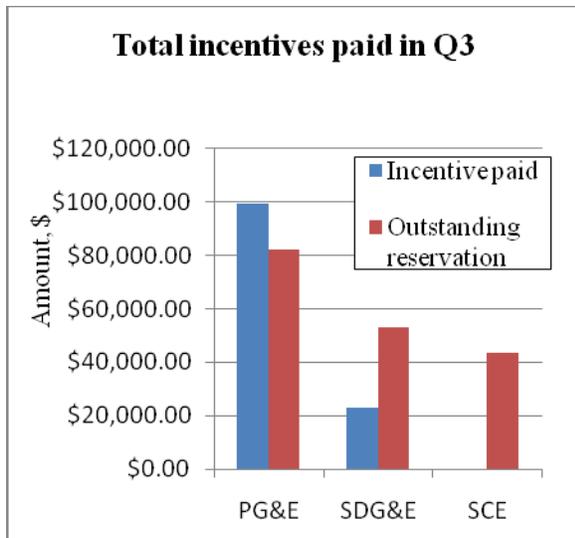
Contractors are invited to sign up to be part of the SPP program by filling out the SPP Application currently available on GRID’s website. Contractors that are part of the SPP program will be invited to provide quotes (bids) for specific SASH installations. Contractors that are not part of the SASH SPP program will not be allowed to perform installations for the SASH Program. The SPP program will be a critical part of the SASH Program expansion and overall success.





Incentives:

In Q3, the IOUs paid a total of \$122,273 in SASH incentives which brings the total program payments to \$141,512.50. An additional \$178,363.02 has been reserved and awaiting installation. See charts below for a breakdown by IOU service territory.



Budget Summary:

The following table breaks down Q3 2009 expenses by Task:

Task 2: Identify, establish, and generate partnerships with stakeholders

Continue developing program relationships with statewide housing departments, affordable housing non-profits, program inspectors, IOUs, installer community, equipment suppliers, and organizations providing homeowner funding assistance.

Task 3: Create & execute a targeted marketing and outreach campaign

Continue working with marketing subcontractor to develop statewide marketing strategy and program branding. Continue direct homeowner outreach. Work with CHPC to identify eligible affordable housing.

Task 4: Develop and regularly update a system for program monitoring and evaluation.

Establish overall project tracking tools and financial accounting procedures and reports. Update client/project database regularly.

Q3 2009 Expenses

Task 2	Task 3	Task 4	Total
\$254,453.44	\$39,370.70	\$13,642.38	\$307,466.52

To Date Program Expense Totals

Task 1	Task 2	Task 3	Task 4	Total
\$14,478.01	\$550,292.06	\$95,671.06	\$31,640.38	\$692,081.51

Projected Q4 2009 Activities

- Targeted outreach and partnership development to reach Q4 goal of >40 SASH installations.
- Since P.U. Code 2852 requirements changed in October, GRID will work with affordable housing partners to update and implement a strategy to collect eligible homes in SCE and SDG&E service territories. We will expand our search into PG&E territory in Q1 2010.
- Continue building Sub-Contractor Partnership Program database in order to serve all IOU territories.
- Identify “gap” financing sources with cities, counties, non-profit orgs, and the broader development community.
- Re-examine and update SASH implementation plan based upon the program’s current position and future projections.

Contact:

If you have any questions or comments, please contact Stan Greschner at (510)652-4730 x322 or by e-mail at sgreschner@gridalternatives.org.