



State of California

M e m o r a n d u m

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CC: Leanne Hoadley, Amy Reardon

From: Peter Biermayer P.E., Utilities Engineer, EE Planning & Forecasting Section, Energy Division, CPUC

Subject: REVISED CPUC GUIDANCE ON DOCUMENTATION REQUIREMENTS FOR SB1414, TITLE-24 AND PERMITTING COMPLIANCE – REVISED GUIDANCE.

Background:

The purpose of this memo is to clarify documentation requirements for SB1414, Title-24, and permitting compliance for deemed and all types of custom projects including NMEC and SEM.

The requirements set forth in Senate Bill (SB) 1414. Cal Pub Utilities Code Section 399.4.(b)(1) states that “the public utility shall provide the rebate or incentive only if the customer or contractor certifies that the improvement or installation has complied with any applicable permitting requirements, including any applicable specifications or requirements set forth in the California Building Standards Code (Title 24 of the California Code of Regulations),

and, if a contractor performed the installation or improvement, that the contractor holds the appropriate license for the work performed.”¹

Additionally, the requirements set forth in Senate Bill (SB) 1414. Cal Pub Utilities Code Section 399.4.(b)(2) states that “if a customer or contractor is the recipient of a rebate or incentive offered by a public utility for the purchase or installation of central air-conditioning or a heat pump, and their related fans, the public utility shall provide the rebate or incentive only if the customer or contractor provides proof of permit closure. The public utility is not responsible for verifying the proof of permit closure documentation provided by the customer or contractor.”

Guidance:

CPUC Guidance is to provide clarity on each of the issues identified in the background section of this memo and is effective for 2024 claims. The CET 2024 claims spec will add shipment and sales date fields to allow for better tracking of midstream and upstream programs. Midstream and upstream programs cannot consistently collect installation dates for claims but can get shipment or sales date fields depending on the program. The addition of the shipment and sales date tracking data fields will be added as part of the 2024 claim spec. See Table 1 for more detailed information.

Guidance for Deemed and Custom – The following guidance (excluding Table 1) applies to both Deemed and Custom Projects including NMEC and SEM.

Guidance for Upstream, Midstream, Downstream, and Downstream Direct Install - CPUC staff interprets this statute to apply to the downstream (DnDeemed, DnCust) and downstream direct install (DnDeemDI, DnCustDI) Delivery Types, where the program administrator (IOU, REN, CCA, or third-party implementer funded by PA) directly provides the incentive or rebate to the customer or contractor that performs the installation. Starting in 2026 these delivery types will be consolidated to Delivery Types “Down” and “DI”. This interpretation is supported by the Energy Division’s analysis of Senate Bill 454, the precursor to SB 1414, that required customers or contractors to certify that the energy efficiency improvement complied with all applicable permitting requirements. That analysis states, “moreover, the bill would only affect “downstream” incentive programs (i.e., where rebates or incentives are paid to a customer or that customer’s contractor) and not “upstream” or “midstream” programs, where the incentive is paid to manufacturers, distributor, or retailer who agree to stock designated high efficiency products in the California marketplace.”² The reason for this is because upstream and mid-stream programs do not have any direct contact with the end-use customer or even the contractor.

Guidance for (SB) 1414. Cal Pub Utilities Code Section 399.4.(b)(1) and T 24 Compliance - CPUC staff interprets this statute to at minimum require any one of the following documents:

1. An attestation from the customer and/or contractor that states the improvement or installation has complied with any applicable permitting requirements, including any applicable specifications or requirements set forth in the California Building Standards Code (Title 24 of the California Code of Regulations)*
2. A copy of the closed permit or exception letter from Authorities Having Jurisdiction (AHJ)
3. Established contractual terms and conditions that states the improvement or installation has complied with any applicable permitting requirements, including any applicable specifications or requirements set forth in the California Building Standards Code (Title 24 of the California Code of Regulations)*

*At this time the CPUC views future-looking (i.e. “will comply”, etc.) customer-contractor-IOU contract language as meeting the intent of SB1414 compliance for direct install programs only. Downstream programs should comply with the above language as written by SB1414.

¹ Senate Bill 1414, Page 3

² [HTTPS://DOCS.CPUC.CA.GOV/PUBLISHED/REPORT/136637.HTM](https://docs.cpuc.ca.gov/published/report/136637.htm)

This interpretation is supported by the Energy Division’s analysis of Senate Bill 454, the precursor to SB 1414, that required customers or contractors to certify that the energy efficiency improvement complied with all applicable permitting requirements.

Guidance for (SB) 1414. Cal Pub Utilities Code Section 399.4.(b)(1) Contractor Licenses - CPUC staff interprets this statute to be satisfied with an attestation from the customer and/or contractor that states the contractor that performed the improvement or installation holds an appropriate and current license for the work performed. This may also be satisfied by ensuring that terms and conditions in the contract and/or agreement with the contractor specify that they must have the appropriate licenses.

Guidance for (SB) 1414. Cal Pub Utilities Code Section 399.4.(b)(2) HVAC Permitting - CPUC staff believes that this language is clearly written and specifies that customer or contractor must provide proof of permit closure. The public utility is not responsible for verifying the proof of permit closure documentation provided by the customer or contractor. SB1414 399.4.(b)(2) applies to the purchase or installation of central air-conditioning or a heat pump, and their related fans. CPUC staff clarifies that this requirement is limited to central air-conditioning; thus, non-central air-conditioning measures such as smart thermostats or other HVAC controls do not apply. CPUC staff clarifies that this requirement does not apply to Heat Pump Hot Water Heater or non-space conditioning heat pump technology purchases or installations.

HVAC Deemed Measures Data Collection for CEDARS Reporting – The permit issuance date will be available for CEDARS records and EM&V. This datapoint will be tracked at the reporting level to address the long-standing issue of a project permitted in the last quarter of one year and installed in the first quarter of the following year. While the savings begin to accrue based on installation date, the permit issuance date in CEDARS will set the baseline for the savings. For example, a project with a permit issuance date in December 2023 and installed in January 2024 will use the PY 2023 measure package version baseline and savings values, even if there is a new measure package revision for PY 2024. Please see the below table outlining reporting dates and validation rules, which was first shared at the Reporting PCG call on May 4, 2023.

Table 1. Reporting Validation Summary only for Deemed Applications

Delivery Type	Valid Measure Package Version for Savings Claim	Installation Date Definition
Downstream (excluding Design-Stage NC Programs) or Downstream Direct Install	PY2024 and beyond: Permit Issuance Date* for HVAC equipment The earlier of Installation Date or Application Date for non-HVAC equipment	Permit Closure Date for HVAC equipment Installation Date for non-HVAC equipment
** Design-Stage New Construction Programs Downstream	PY2023 and beyond: The earlier of Application Date or Date of Certificate of Compliance***	Use later of: Date of Issuance of Certificate of Occupancy or Completion of Post-Installation Verification
Midstream	PY2023 and beyond: Sales date* by distributor or retailer	Installation Date (if known) ELSE Sales date plus 60 or 90 days (depending on the program)
Upstream	PY2023 and beyond: Shipment date***** from manufacturer to recipient	Shipment date from manufacturer to recipient plus 60 or 90 days (depending on the program)

* Field will be added to CEDARS for PY2023 claims, but not required until PY2024.

** This includes programs that intervene & influence participants at the design stage of long lead time projects, including but not limited to new building construction, additions, renovations, & alterations.

*** The certificate of compliance document must be provided in the project package for the date to be used.

**** Until PY2026, the midstream delivery type is categorized as an upstream delivery type; subsequently, midstream will be its own delivery type.

***** Field will be added to CEDARS for PY2024 claims.

Claimed savings will begin to accrue on the installation date.

Definitions

Permit Issuance Date = The AHJ's issuance date of the permit.