

SMUD Neighborhood SolarShares[®] Program Manual

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July 2023
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Revision log

Date	Revision Number	Details
June 2020	1.0	Original publication
August 2020	1.1	Minor revision to clarify eligibility of high-rise residential development and to update the Notice of Conveyance Restrictions template
January 2021	1.2	Minor revisions to executive summary and order of program mechanics that follows the application process.
November 2021	1.3	Minor revision to include rate eligibility requirement for participation
July 2023	1.4	Revisions to update code references and include the option to discontinue the participation of the building in the community shared solar (Opt-Out)

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1 Executive summary

- The Sacramento Municipal Utility District (SMUD) Neighborhood SolarShares program gives new home builders the opportunity to secure utility-scale solar power from SMUD to meet the Community Shared Solar Electric Generation system requirements of the 2022 California Building Standards Code.
- Neighborhood SolarShares delivers the same environmental benefit as rooftop solar by producing the same amount of carbon-free energy from existing and to-be-developed local solar farms in SMUD territory.
- For projects participating in Neighborhood SolarShares for code compliance, the amount of generation capacity in kilowatts (kW) is determined by California Energy Commission (Energy Commission) approved compliance software for the 2022 Building Energy Efficiency Standards (Energy Code). Builders apply for Neighborhood SolarShares concurrent with a building permit.
- Only home builders applying for a building permit are eligible for Neighborhood SolarShares. Residents of existing homes are not eligible for the program. Eligible home types include production homes, multi-family homes, custom homes and accessory dwelling units. All customers must be on SMUD's Time-of-Day Rate to be eligible for Neighborhood SolarShares.
- If a developer or builder wishes to express interest in Neighborhood SolarShares participation prior to the building permit stage, SMUD can sign a Letter of Intent (LOI) confirming the eligibility of a community and SMUD's ability to register the home(s) once they are ready. The LOI can be useful for developers in the entitlements phase of a development or for a community master plan.
- As part of the application, builders are required to record Covenants Conditions and Restrictions (CC&Rs) or a Notice of Conveyance Restrictions (NOCRs) that adds an explanation of the home's Neighborhood SolarShares registration. The purpose of CC&Rs or a modified deed is to ensure that the home's Neighborhood SolarShares registration passes from owner to owner throughout the 20-year term required by CA building standards code and the program. The participating building and all owners and tenants who occupy and take electrical service (participating customers) over the 20-year term will be required to participate in the Neighborhood SolarShares program, unless the owner of a participating building satisfies the Opt-Out Requirements as specified in Section 3.8 and thereafter discontinues participation in Neighborhood SolarShares. See Appendix A for an example of the Agreement and Application. Contact SolarShares@smud.org to obtain a fillable copy. Contracts must be completed electronically, signed and initialed in ink, and scanned to SMUD for review and execution.
- No provisions of the Agreement may be modified, waived or discharged.
- SMUD will review complete applications within four (4) weeks of receipt and respond with confirmation that the home has been registered.

- SMUD will provide an Attestation of Neighborhood SolarShares Premise Registration to the builder for verification purposes. The builder is responsible for providing the Attestation to local building officials.
- Builder is responsible for educating the customer of their participation in Neighborhood Solar Shares.

2 Introduction

As a community-owned, not-for-profit utility, SMUD's purpose is to enhance the quality of life for our customers and community through creative energy solutions. SMUD's innovative Neighborhood SolarShares program supports this mission. Neighborhood SolarShares:

- provides homebuilders, developers, and customers with a cost-effective, and easy to use method of meeting the solar mandate while ensuring equitable rates for all of SMUD customers.
- guarantees savings on homeowners' energy bills for twenty years with no upfront costs or credit arrangements.
- optimizes solar orientation and technology to ensure best fit panel, inverter, and design characteristics to reduce demand during peak hours when gas-fired plants are tapped to meet demand, grid harmonization, and increased energy harvest.
- puts the burden of maintenance, monitoring, and repairs on SMUD, rather than individual homeowners.
- supports additional renewable generation due to retired renewable energy credits (RECs) and reduces greenhouse gas (GHG) emissions in our community.

SMUD's Neighborhood SolarShares program gives new home builders the opportunity to secure Sacramento based solar generation from SMUD at no cost for 20 years. The California Energy Commission (CEC) approved Neighborhood SolarShares as a compliance option to meet the solar mandate in the 2022 California Building Standards Code (effective January 1, 2023) for all new residential buildings.

Neighborhood SolarShares program requires signed agreements between SMUD and interested developers/builders committing participating homes/communities to the program for 20 years. Customers will see SolarShares charges and receive SolarShares credits on their bills each month and are guaranteed an annual net benefit of \$10 per kW per year.



Builders and developers may also apply to SMUD's Smart Homes program, which includes financial incentives and design assistance for all-electric homes which can further reduce a new home's carbon footprint.

The purpose of this manual is to provide guidance to builders of new homes applying for Neighborhood SolarShares.

3 Program mechanics

3.1. Application and Agreement

A developer or builder participating in the Neighborhood SolarShares program will sign a legal agreement with SMUD registering a residential building or group of residential buildings in the Neighborhood SolarShares program. The agreement includes provisions governing assignment to new builders as the participating community is built out. The term of the agreement will extend from signing until at least 20 years after the last participating home in the participating community first receives electrical service and begins participation in the SolarShares program.

Refer to Appendix A for an example of the Application and Agreement, including instructions for completion. Email SolarShares@smud.org to obtain a fillable copy.

3.2. Sizing

As part of the standard building permit process in California, builders complete energy simulations using CEC approved software. If solar is required for the project, this software will determine the required Neighborhood SolarShares system size for each residence in kW. The kW of Neighborhood SolarShares may differ from the kW of behind-the-meter or rooftop solar due to technology differences and the generation profile. SMUD asks for a copy of the applicable registered Certificate of Code Compliance (Certificate) with the Application and Agreement. SMUD is only able to provide the kW amount listed on the Certificate. The SolarShares generation allocated will remain for the full SolarShares 20-year program timeframe for the participating home, regardless onsite electrical load changes. Reach out to your design professionals or to a Title 24 Energy Consultant to obtain a registered Certificate of Code Compliance.

3.3. CC&Rs or deed restrictions

To meet the 20-year durability requirement of the program, participating builders will be required to record Covenants Conditions and Restrictions (CC&Rs) or a Notice of Conveyance Restrictions committing the property to 20 years of participation. This enables new owners of the home to be informed of the builder's commitment for code compliance purposes, similar to a home disclosure report that details other aspects of building construction (e.g., quality of insulation, HVAC details).



CC&Rs are most applicable to new communities with homeowner's associations (HOAs). Deed restrictions are a more appropriate route for builders of new custom homes, multi-family developments, or accessory dwelling units (ADUs).

SMUD provides sample language for CC&Rs or a Notice of Conveyance Restrictions as attachments to the Application and Agreement in Appendix A.

3.4. Behind-the-meter generation

Neighborhood SolarShares participants are prohibited from installing behind-the-meter generation (i.e., rooftop solar). Refer to 3.7 Opt-Out requirement if on-site generation is installed.

3.5 Home occupant experience

Participating customers will pay for their Neighborhood SolarShares generation shares through a flat monthly fee, referred to as SolarShares Charge, on their SMUD bill. The participating customer's SMUD bills will also be reduced by the value of SolarShares generation in the billing period.

SolarShares pricing is designed to provide participating customers a net benefit over the 20-year term for the participating home. SolarShares charges are explicitly determined so that participating customers will receive a base net savings from participation of \$10 dollars per kW per year of participation. In other words, most homes will save \$15 to \$40 a year compared to homes without access to solar. See "Understanding Customer Billing" for more detail.

Customers will receive a welcome letter or welcome kit upon move-in and start of their SMUD bill to introduce the customer to Neighborhood SolarShares. Customers will also receive annual communications from SMUD regarding the performance of the Neighborhood SolarShares generation allocated to their home.

Per CEC requirements, program participation is for 20 years. SolarShares is considered a permanent fixture of the home just like insulation, windows, and framing techniques that similarly help meet the State of California's environmental goals.

3.5. Builder buy-down

Neighborhood SolarShares is a no-cost program. A participating builder may choose to buy down, or lower, the cost of the SolarShares charge to the participating home through an up-front origination fee paid to SMUD. The origination fee acts much like a down payment for a loan, reducing the price of the monthly payments. Refer to the buy-down section of this Program Manual for more detail.

3.6. Supply

Neighborhood SolarShares homes will be supplied from the 13 MW Wildflower in Northern Sacramento County. SMUD will add generation to this array as needed to ensure sufficient solar supply. The solar resources used to supply participating homes will be communicated to builders upon application and to customers upon enrollment. The solar generators used to supply participants will be located within [SMUD's service area](#). The allocation of SolarShares generation will not change for that participating home over the 20-year period.

Any SolarShares generation allocated to a registered home will not be otherwise allocated or used for any other purpose. The generation from the participating home resource portfolios will be metered, and the metered data will be tracked in the Western Renewable Energy Generation Information System (WREGIS) and associated bundled Renewable Energy Credits (RECs) will be properly retired in a dedicated WREGIS subaccount. RECs will only be retired from resources that are constructed after January 1, 2020, and that are 20 MW or less in size. The Neighborhood SolarShares program will also be certified by the Center for Resource Solutions or an equivalent third party and audited annually, as specified by the Green-e program requirements, or certified by an equivalent or stronger verification protocol.

3.7. Opt-Out

Building Opt-Out. At any time during the 20-year participation period, a participating building owner shall have the option to discontinue the participation of the building in the Neighborhood SolarShares Program (“Opt-Out”) if the building satisfies the Opt-Out Requirement.

Prior to Opt-Out, the building owner shall demonstrate that they have installed such an on-site solar electric generation system and met the Opt-Out Requirements by providing documentation from the installer of the on-site solar system or an attestation of the building owner with supporting documentation to SMUD. The building owner shall be responsible for all costs associated with documenting that the on-site solar generation system satisfies the Opt-Out Requirements.

Within 30 days of a building owner providing documentation, SMUD shall provide written confirmation to the building owner whether, based on SMUD's review of that documentation, the on-site solar generation system satisfies the Opt-Out Requirements. SMUD may, at its discretion, verify the documentation through a physical inspection. SMUD shall maintain record of the documentation that demonstrates and confirms the on-site solar generation system met the Opt-Out requirements for the remainder of the 20-year participation period.

Upon a building owner's exercise of the Opt-Out, all costs and benefits associated with participation in the Neighborhood SolarShares program shall cease. If any balance of costs or benefits is owed to either party at the time of Opt-Out, such balance shall be paid to that party.

SMUD will not impose any penalty related to a participating building's Opt-Out, or charge participants for recuperation of unrealized revenue that would have been expected to accrue beyond the end of participation.

4 Understanding customer billing

Pricing for SMUD's Neighborhood SolarShares program will consist of two main components:

- A SolarShares Charge that is applied to the participating customer's electric bills; and
- SolarShares Credits that reflect the value of SolarShares generation allocated to the participating home.

Participating customers' energy bills will show the monthly SolarShares impact on their bills, based on the calculated SolarShares Charges and the SolarShares Credits. Two mock customer bill examples are shown below – one summer month bill and one winter month bill – illustrating the SolarShares impact, based on the SolarShares credits and charges added to the customer bill.

Figure 1 – Mock summer SMUD bill with Neighborhood SolarShares

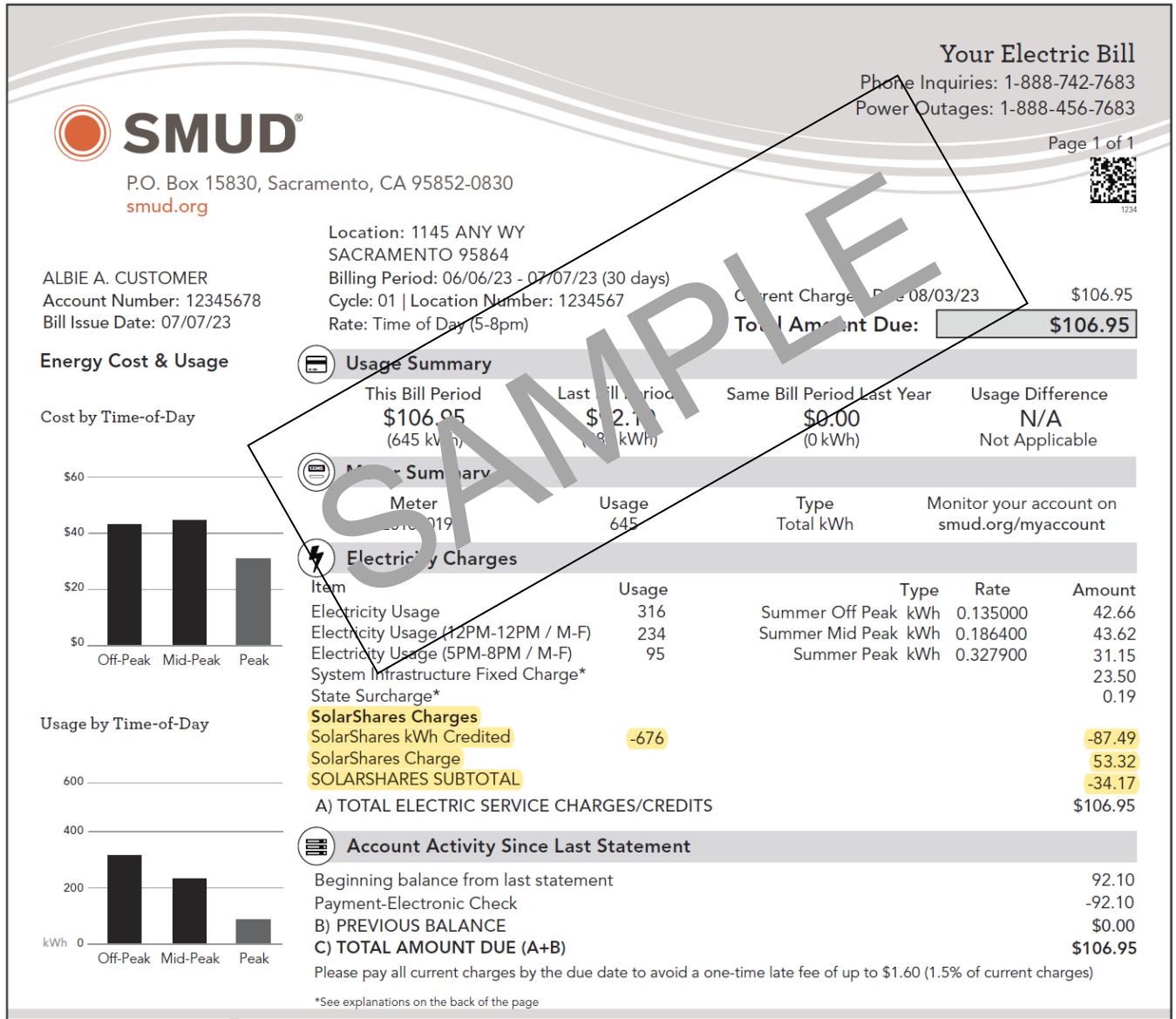
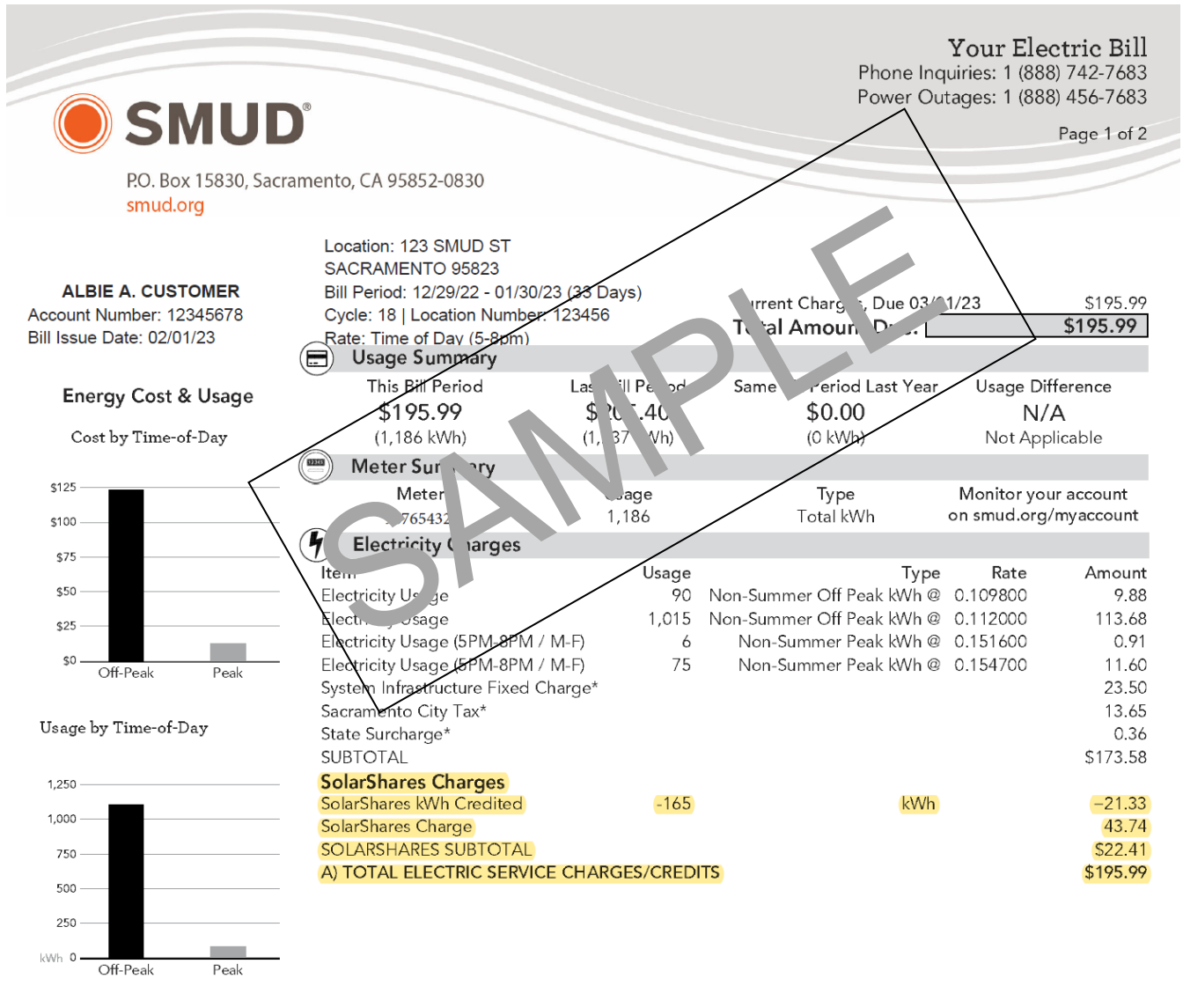


Figure 2 – Mock winter SMUD bill with Neighborhood SolarShares



Understanding the bills:

- **SolarShares Credit:** A negative number that represents the value of solar generated by the home’s Neighborhood SolarShares registration.
- **SolarShares Charge:** A flat monthly charge proportional to the size of the SolarShares program generation share allocated to the registered home.
- **SOLARSHARE SUBTOTAL:** The sum of the SolarShares Credits and the SolarShares Charge.

- **TOTAL ELECTRIC SERVICE CHARGES/CREDITS:** Shows the final monthly charges, including the charges and credits calculated elsewhere on the customer’s bill combined with the impact of the SolarShares subtotal for the month.

The Neighborhood SolarShares program in this example reduces the overall bill in the example summer month by about \$50 but increases the overall bill in the lower-generation winter months by about \$37. Since the SolarShares charges are fixed per month, and allocated energy credits vary by month, participants are not guaranteed to see net benefit in each month they participate but are guaranteed to see net benefit of at least \$10/kW in each calendar year they participate, or at least \$200 per kW over 20 years. Actual customer usage and actual rates will change over time, but these changes are disconnected from the SolarShares pricing, which guarantees a net benefit even as rates differ from expectations. *If the SolarShares generation exceeds a participating customer’s monthly usage, the participating customer will accrue a net credit that can be applied to future bills.*

5 Program eligibility

Only new residential construction permitted under the 2022 Building Standards Code is eligible for Neighborhood SolarShares. Customers with existing SMUD accounts must be on SMUD’s Time-of-Day Rate to be eligible for Neighborhood SolarShares. Builders apply for Neighborhood SolarShares concurrent with their building permit. Developers or builders may express interest in the program prior to the building permitting process as part of master planning or entitlements for a new community. High-rise multifamily developments are not eligible to participate in Neighborhood SolarShares.

6 Optional builder buy-down

Neighborhood SolarShares, by default, is a no-cost program. Builders may elect to buy-down, or lower, the program charge for customers by paying a one-time origination fee upon completion of the home. The origination fee will be applied to the home’s Neighborhood SolarShares charges throughout the 20-year duration.

There are two buy-down options available to builders.

	No Buy-Down (Default)	Buy-Down Option 1	Buy-Down Option 2
Builder origination fee	\$0	\$ 200 per kW	\$ 400 per kW
Neighborhood SolarShares charge to the customer	\$0.1242 per kWh generated	\$ 0.1166 per kWh generated	\$ 0.1122 per kWh generated
Annual net benefit to the customer	\$10/kW per year in utility bill savings	Approximately \$20/kW per year in utility bill savings	Approximately \$30/kW per year in utility bill savings

Example Buy-Down and Customer Benefit (3 kW NSS home)	Origination Fee: \$0 Customer savings: \$30 per year	Origination fee: \$600 Customer savings: \$60 per year	Origination fee: \$1,200 Customer savings: \$90 per year
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For instance, by default (i.e., No buy-down), a home requiring 3 kW of Neighborhood SolarShares would save the utility bill holder \$30 per year on their SMUD bill compared to an identical home without Neighborhood SolarShares participation. If the builder wanted to increase that savings, the builder could pay a one-time payment of \$600 (3 kW * \$200/kw). The \$600 payment (Option 1) would be applied to the customer’s Neighborhood SolarShares charges over the 20-year term of the home’s registration and result in a savings of approximately \$60 per year on their utility bill.

Builders may choose to buy-down the Neighborhood SolarShares charge for many reasons. The origination fee may be less than the cost of rooftop solar, the alternative code compliance option. A lower program charge could also address specific buyer or renter needs like those of low- or moderate-income families or seniors with fixed incomes.

Details on the buy-down:

- Origination fees apply at the project level to all plan types and homes included in one application and agreement.
- If a builder wishes to apply a buy-down to only a portion of the community, for instance a senior living center, then this portion of the community should be included under a separate application and agreement with SMUD than the rest of the homes in the community.
- SMUD will invoice the builder at least quarterly for homes as they are constructed and approximately around the time when SMUD sets the meter for the new home.
- If a builder elects to pay an origination fee, the fee must be paid prior to receiving an Attestation from SMUD.

7 Application and enrollment process

7.1. Overview of the application process

Builders apply to *register* a home for Neighborhood SolarShares. Once registered, the home’s owner or occupant (i.e., whoever holds the SMUD bill) will be automatically *enrolled* in Neighborhood SolarShares with no further action.

There are 3 primary steps for a builder to register a home for the program:



1. Plan for Neighborhood SolarShares participation (voluntary step) – If a builder or developer wishes to express interest in using the program for building code compliance prior to the building permit stage, SMUD can issue a Letter of Intent (LOI) addressed to the lead agency (e.g., County of Sacramento or a City). Letters of Intent will confirm if the community is eligible for Neighborhood SolarShares and confirm that SMUD can accommodate registration of the home(s). Letters of intent are non-binding and cannot be used for building code compliance purposes.

2. Apply for Neighborhood SolarShares concurrently with your building permit – All builders regardless of size complete an application package concurrently with their building permit. The state’s code compliance software, also known as CBECC-Res, determines the capacity of solar in kW required by the new home. CBECC-Res is a free computer program developed by the California Energy Commission for use in demonstrating compliance with the California Residential Building Energy Efficiency Standards (Registered Certificate of Compliance, Part 5).

3. Confirm Neighborhood SolarShares registration – SMUD issues an Attestation of Neighborhood SolarShares Premise Registration for building inspectors to verify the home is officially registered for the program

7.2. Application and Agreement process

The Application and Agreement is a combined document (See Appendix A) that initiates the Neighborhood SolarShares registration process for a development or home. Builders may submit one Application and Agreement for a whole community with multiple plan types. The same Application and Agreement will be used for all developments regardless of size (e.g., An ADU will submit the same paperwork as a 200-home subdivision).

Complete applications must consist of the following submitted supporting documents:

1. An application cover page
2. A signed copy of the Neighborhood SolarShares Builder Agreement, including Exhibit A, which outlines any buy-down
3. One Certificate of Compliance per plan type
4. A copy of the recorded Covenants Conditions and Restrictions (CC&Rs) or submitted Notice of Conveyance Restrictions

- NOTE: SMUD requires evidence that the CC&Rs or Notice of Conveyance Restrictions have been accepted and recorded by the County Clerk/Recorder. Sacramento County sends confirmations within 10-14 days of receiving the signed and notarized Notice via USPS. SMUD will accept application packages without confirmation from the County Clerk/Recorder, but will not issue an Attestation (See section 7.3) without first receiving a copy of the County Clerk/Recorder confirmation from Builder.
5. (Multiple addresses only) A list of addresses by plan type, if applicable and finalized

A fillable version of the Application and Agreement form can be requested by emailing SolarShares@smud.org. Please review the instructions carefully regarding how to sign and submit complete documents to SMUD.

7.3. Attestation process

SMUD will review submitted application packages and, if complete, respond within four (4) weeks with one of two types of confirmation by SMUD:

1. **Attestation:** If the address(es) exist in SMUD's billing system, meaning that it is a parcel that has had previous electric service or a request has been made for new service, then SMUD will issue an Attestation of Premise Registration in Neighborhood SolarShares (Attestation) along with a copy of the executed Agreement for your records. Your Neighborhood SolarShares registration is now complete. Provide the Attestation to your local building department for inspections. The owner/occupant of the home will automatically be enrolled and have Neighborhood SolarShares allocated to their bill as soon as they start electrical service with SMUD. Please note that any origination fees (See Agreement Exhibit A) must be paid prior to SMUD issuing an Attestation.
2. **Reservation, then Attestation:** If the addresses are not in SMUD's billing system, meaning that they are newly created or subdivided parcels and the applicant has not yet contacted SMUD to start electrical service on the new parcel, then SMUD will respond with a Neighborhood SolarShares Reservation and a copy of the executed Agreement. This signifies that the solar resources have been reserved on your behalf, but we have yet to register the specific units/houses. Provide the Reservation to your local building department as proof of your successful registration for Neighborhood SolarShares. Request an Attestation at a later date by emailing SolarShares@smud.org. An Attestation is required for local building department inspections.

7.4. On-site solar option for the first buyer of the home

Builders may offer the first buyer of a new home on-site solar in lieu of Neighborhood SolarShares. SMUD must be informed of the customer's choice to

install on-site solar as early as possible and at least one week prior to the final building inspection. Please note that on-site solar requires different energy modeling for code compliance. Builder is responsible for demonstrating compliance with the solar mandate to the lead agency. If SMUD has already issued an Attestation, SMUD will inform the lead agency that the Attestation has been canceled.

8 For more information

Please contact SolarShares@smud.org for more information and to apply.

Appendix A – Sample Application and Agreement

Neighborhood SolarShares® Builder Application and Agreement:

This application initiates the Neighborhood SolarShares (NSS) registration process for a development or home. It is intended for builders of new homes in SMUD territory who are beginning the building permitting process with their local lead agency (e.g., City or County) and have decided they will comply with the solar photovoltaic requirement in the Title 24 Building Energy Standards utilizing NSS.

SMUD will review submitted application packages and, if complete, respond within four (4) weeks with one of two types of confirmation by SMUD:

1. **Attestation:** If the address(es) exist in SMUD's billing system, meaning that it is a parcel that has had previous electric service or a request has been made for new service, then SMUD will issue an Attestation of Premise Registration in Neighborhood SolarShares (Attestation) along with a copy of the executed Agreement for your records. Your Neighborhood SolarShares registration is now complete. Provide the Attestation to your local building department for inspections. The owner/occupant of the home will automatically be enrolled and have Neighborhood SolarShares allocated to their bill as soon as they start electrical service with SMUD. Please note that any origination fees (See Agreement Exhibit A) must be paid prior to SMUD issuing an Attestation.
2. **Reservation, then Attestation:** If the addresses are not in SMUD's billing system, meaning that they are newly created or subdivided parcels and the applicant has not yet contacted SMUD to start electrical service on the new parcel, then SMUD will respond with a Neighborhood SolarShares Reservation and a copy of the executed Agreement. This signifies that the solar resources have been reserved on your behalf, but we have yet to register the specific units/houses. Provide the Reservation to your local building department as proof of your successful registration for Neighborhood SolarShares. Request an Attestation at a later date by emailing SolarShares@smud.org. An Attestation is required for local building department inspections.

Complete applications must include the following supporting documents (please check all that apply):

- 1. This application cover page**
- 2. A signed copy of the Neighborhood SolarShares Builder Agreement, including Exhibit A**
- 3. One [Registered Certificate of Compliance](#) CEC approved energy compliance software per plan type showing the Neighborhood SolarShares kW size in the Photovoltaic Requirements section
- 4. A copy of the recorded Covenants Codes and Restrictions (CC&Rs) or submitted Declaration of Deed Restrictions
- 5. A list of addresses by plan type, if applicable, and finalized.

Please refer to the Program Manual for further guidance and details.

****Signatures may be signed in ink or electronic. Typed signatures will not be accepted. Please complete the Application and Agreement, sign it, and submit a scanned or PDF version to SMUD.**

APPLICANT INFORMATION		
The following contact person will receive all future communications from SMUD.		
Company Name (if applicable)	Primary Contact	Phone
Address	City / State / Zip	Email

PROJECT INFORMATION				
Project Name		Project location		City and Zip
Anticipated Construction Start		Anticipated Construction End		Number of Homes/Units
Project Type (Check all that apply)*:				
<input type="checkbox"/> New subdivision / community		<input type="checkbox"/> Single-Family		
<input type="checkbox"/> Custom home(s)*		<input type="checkbox"/> Accessory Dwelling Unit (ADU)**		
*If this home is being built on behalf of a homeowner (e.g., An owner of a home has hired you to build an ADU or custom home), please provide his/her contact information.				
Name		Email		Phone
NEIGHBORHOOD SOLARSHARES PV SIZE(S)				
Plan Type	Number of Homes/Units	Buy-down per home	PV Size (kW) per Home/Unit	Total kW per Plan Type
Total kW Requested				
VOLUNTARY OPTIONS				
<p>Builders may reserve the right to offer the first buyer of a new home rooftop solar in lieu of Neighborhood SolarShares. If the Builder reserves this right, SMUD must be informed of the Neighborhood SolarShares cancellation prior to the final building inspection. Please note that since Neighborhood SolarShares solar capacity is calculated differently than rooftop solar, rooftop solar options require different energy modeling for code compliance. Builder is responsible for demonstrating compliance with the solar mandate to the lead agency. SMUD will inform the lead agency of any Neighborhood SolarShares cancellations.</p>				
Builder intends to offer a rooftop solar option to the first buyer of a new home in lieu of Neighborhood SolarShares? <input type="checkbox"/> Yes <input type="checkbox"/> No				
Comments:				
Builder wishes to buy-down with an Origination Fee the Neighborhood SolarShares charge for customers. <input type="checkbox"/> Yes <input type="checkbox"/> No				
Applicant Acknowledgement				
I, the undersigned, acknowledge that:				
<ol style="list-style-type: none"> 1. I have reviewed the Program Manual and understand the application process 2. Only complete application packages will be reviewed by SMUD within four (4) weeks 3. Neighborhood SolarShares resources are not officially reserved until SMUD co-signs the Agreement and provides either a Reservation or Attestation 4. It is my responsibility to obtain and keep record of the Attestation from SMUD, which is necessary for final inspections 5. Only the primary contact will receive a copy of the Attestation. The Attestation is an emailed electronic file. 				
Name		Title		Company
Signature				Date

NEIGHBORHOOD SOLARSHARES[®] PROGRAM BUILDER AGREEMENT

This Builder Neighborhood SolarShares[®] program Agreement (“Agreement”), entered into and made effective on date of last signature below (“Agreement Date”), by and between “BUILDER/ DEVELOPER (“BUILDER”)", and the Sacramento Municipal Utility District (“SMUD”) – each a “Party” and, collectively, the “Parties” – states the nature and extent of the agreement between the Parties.

RECITALS

This Agreement is entered into with reference to the following facts:

- A. WHEREAS, SMUD is an electric utility serving homes in Sacramento County and small adjoining portions of Placer and Yolo Counties that owns and operates an electric power system; and
- B. WHEREAS, BUILDER is a builder that sells/rents new homes to buyers/occupants (participating customers) that will be served electricity by SMUD; and
- C. WHEREAS, the California Energy Commission (CEC) Title 24 building energy standards (Title 24 Building Energy Standards) require newly constructed residential buildings either to be equipped with onsite, photovoltaic solar systems or alternatively, to be served by a CEC-approved community shared solar electric generation program; and
- D. WHEREAS, SMUD and BUILDER wish to establish a partnership to facilitate the provision of solar generation to participating homes, in compliance with the CEC Building Energy Standards; and
- E. WHEREAS, SMUD, as an approved Administrator under the Building Standards, conducts an innovative Neighborhood SolarShares program that provides shares of solar generation that are allocated to meet the electricity needs of each participating home; and
- F. WHEREAS, BUILDER wishes to use the SMUD’s Neighborhood SolarShares program to achieve compliance with the CEC Building Energy Standards by requiring the participating buildings to enroll in SMUD’s Neighborhood SolarShares program.

NOW, THEREFORE, in consideration of the above-mentioned recitals and the obligations herein, the Parties mutually agree as follows:

AGREEMENT

1. Purpose. The purpose of this Agreement and the intent of the Parties is for SMUD to allocate shares of solar generation to participating buildings in communities built by BUILDER, and BUILDER to require all SMUD customers who occupy participating homes to purchase the allocated shares of solar generation under SMUD's Neighborhood SolarShares program. SMUD will allocate the shares of solar generation to SMUD's participating customers within Participant Account(s). The allocated shares of solar generation will be established for each participating home based on Title 24 requirements. This Agreement is required as a condition of BUILDER'S participation under SMUD's Neighborhood SolarShares program.
2. Rooftop Solar Option for First Home Buyer. BUILDER may offer rooftop solar in lieu of Neighborhood SolarShares for the first owner of the building and use the rooftop solar alternative for complying with the Building Energy Standard solar compliance requirements.
3. SolarShares[®] Allocation. Under its Neighborhood SolarShares program, SMUD will allocate shares of solar energy generation to the participating buildings, hereinafter referred to as the "SolarShares Allocation." The Neighborhood SolarShares generation credits associated with the Neighborhood SolarShares Allocation are distributed to the participating customer's electric bills or account based on the applicable time-of-day periods. Upon request, SMUD will provide the BUILDER with the SolarShares Allocation tables for each participating building.

The SolarShares Allocation tables are applicable for a term of 5 years from the Agreement Date. After this 5-year vintage period, any buildings that have not commenced electrical service with SMUD will be subject to new SolarShares Allocation table(s) and Origination Fee(s).
4. Renewable Energy Credits. The SolarShares Allocation includes the renewable and environmental attributes associated with the solar generation allocated to each participating building including, but not limited to, the Renewable Energy Credits (RECs). All claims to renewable and environmental attributes may be made with respect to the participating building, including that the participating customer occupying that participating building uses solar power. The RECs associated with SolarShares Allocation(s) will be retired by SMUD on behalf of the participating building. In the event the laws or regulations for renewable/ environmental attributes or Building Energy Standards change in a manner that impacts this Agreement, the Parties will meet and confer to update this Agreement to be consistent with the law/regulation. If either Party is unable to fulfill its obligations under this Agreement due to a change in law/regulation, the affected Party shall not be in breach of this Agreement.
5. Buydown. The BUILDER has the option of reducing the cost of the SolarShares electricity charge (or commensurately increasing SolarShares Credits, at SMUD's

option) on the SMUD bill of participating customers through a one-time buydown, hereinafter referred to as an Origination Fee. The amount of the Origination Fee, if any, is a charge based on the home's SolarShares Allocation, and is described in Exhibit A. When opting for a buydown, BUILDER commits to not passing on the cost of the Origination Fee to the buyer of the building. In the event BUILDER breaches this Section 4 of the Agreement by passing any portion of the cost of the Origination Fee to the buyer of the building, BUILDER shall reimburse building buyer the said value of the Origination Fee that was passed onto the buyer.

6. Builder Commitment.

- A. BUILDER shall disclose to all prospective buyers that the participating building is participating in SMUD's Neighborhood SolarShares program, and that each owner or tenant that occupies the participating building for the 20-year period, beginning with the first occupancy of the participating building, must take electricity service under SMUD's Neighborhood SolarShares program, unless the prospective buyer later installs and interconnects an on-site solar electric generation system that meets or exceeds the requirements of the Building Energy Code in effect at the time that BUILDER applied for the original building permit for the participating building and discontinues participation in (i.e., opts out of) SMUD's Neighborhood SolarShares program as described herein. Each participating customer is automatically enrolled in SMUD's Neighborhood SolarShares program. Each participating customer will be obligated to receive energy bill credits resulting from the Allocation of SolarShares generation for that participating building and pay the charges to participate in the Neighborhood SolarShares program. The BUILDER shall cooperate with SMUD in the distribution of Neighborhood SolarShares marketing materials to be used for communication to prospective buyers. Consistent with SMUD's Neighborhood SolarShares program provisions, SMUD will assist in developing this information upon request by the BUILDER.
- B. BUILDER shall ensure owners/tenants who occupy BUILDER'S participating buildings are enrolled in SMUD's Neighborhood SolarShares program by imposing this requirement as an equitable servitude through a properly recorded declaration of covenants, codes, and restrictions ("CC&Rs") or other deed restrictive covenant referenced in each deed transferring title for each participating building. The BUILDER shall provide constructive notice of the CC&Rs to prospective buyers of the participating building before the BUILDER sells any participating building to a prospective buyer(s). This equitable servitude shall run with the land and obligate the original owner(s)/tenant(s) and all subsequent owner(s)/tenant(s) who occupy the participating building, to enroll and take electrical service under SMUD's Neighborhood SolarShares program. BUILDER shall ensure that the CC&Rs provide SMUD with the right to enforce the applicable CC&Rs. This equitable servitude shall remain in force for a period of twenty (20) years from the date

that the first SMUD electrical service occurs for the participating building, subject to the opt-out provisions as set forth in the Building Energy Standards.

BUILDER shall submit draft CC&Rs to SMUD and shall obtain SMUD's approval of the CC&Rs before they are recorded. Sample CC&Rs are attached herein as Exhibit C. The sample CC&Rs are intended as guidance to demonstrate the material substance of acceptable CC&Rs but may reflect a BUILDER's specific CC&R practice as long as the material substance for Title 24 compliance is conveyed, running with the land and binding the property to participation in Neighborhood SolarShares for 20 years from the start of electrical service. Builder shall provide SMUD a copy of recorded CC&Rs.

7. Non-Compliance with CEC Requirements. BUILDER shall comply with Building Energy Standards in effect at the time of permit application for the participating building, and indemnify and hold SMUD, its directors, employees, and officers harmless against all loss, damage, expense, or liability resulting from BUILDER's non-compliance with such standards.
8. "Behind-the-Meter" Generation and Opt-out. If at any time during the Term of this Agreement a "behind-the-meter" on-site solar electric generation system is installed for a participating building, and interconnected consistent with SMUD's applicable interconnection requirements, and if such system meets or exceeds the TDV energy generation for the on-site PV solar generation system required by the Building Energy Standards in effect at the time the builder applied for the original building permit for the participating building, and if the building owner satisfies all conditions necessary to discontinue participation (opt-out) in Neighborhood SolarShares as determined and communicated by SMUD consistent with the Building Energy Standards, the building owner may thereafter opt out of SMUD's Neighborhood SolarShares program.
9. Term and Termination. This Agreement shall commence on the date that BUILDER records the CC&Rs described in paragraph 5 above and expires 20 years from the date that the last participating building begins SMUD electrical service.
10. Limitation of Liability. In no event shall one Party be liable to the other Party for any indirect, special, consequential or incidental damages, regardless of whether the Party has been informed of the possibility of such damages or is negligent, and whether or not such damages were reasonably foreseeable.
11. Relationship of the Parties. This Agreement does not constitute, create nor give effect to a partnership, joint venture, or any agency between the Parties.
12. Data Sharing. BUILDER acknowledges that SMUD will provide a list of addresses of participating buildings enrolled in Neighborhood SolarShares, the SolarShares capacity (kW), and the registration and enrollment dates to local lead agencies on a regular basis for compliance verification purposes.

13. Applicable Law. Each Party shall comply with all applicable federal, state and local laws, regulations or ordinances in effect or hereafter adopted. This Agreement shall be governed by and construed and interpreted in accordance with the substantive laws of the State of California, and federal rules and regulations as applicable.
14. Assignment. Builder shall transfer this Agreement to subsequent builders with advance notice provided to SMUD. Subsequent builders shall be obligated to comply with all provisions of this Agreement. Other than that specified transfer, this Agreement, or any interest herein, shall not be transferred or assigned – in whole or in part - by either Party, without the prior written consent of the other.
15. Notice. Any notice or other writing required or permitted by this Agreement, including but not limited to changes/updates to Exhibit(s), shall be deemed to have been sufficiently given either when personally delivered, emailed or mailed by certified or registered United States mail with postage prepaid to the individual representatives and addresses of the Parties specified herein. The individuals designated below shall, unless and until otherwise specified in writing by another authorized representative of the Party, be the only individuals eligible to receive any and all written notices under this Agreement:

For SMUD: Neighborhood Solar Shares
Dept Name: Advanced Energy Solutions
Dept Email: Solar.Shares@smud.org
Attn:
Address: 6301 S Street, M.S. A203
Sacramento, CA 95817-1899
Telephone: 1-888-742-7683

For Builder:
Dept Name:
Dept Email:
Attn:
Address:

Telephone:

16. Changes. No modification or amendment to this Agreement shall be binding upon the Parties unless made in writing and signed by a duly authorized official of both Parties. Changes that cause participating buildings to fail to comply with the Building Energy Standards in effect at time of permit application are prohibited.
17. Severability. In the event any portion of this Agreement is deemed invalid or unenforceable for any reason by a court of competent jurisdiction, the remaining portions of this Agreement shall remain in full force and effect.
18. Ambiguities. This Agreement is a product of negotiation and the Parties have agreed to each term of it, and as such, ambiguities, if any, in the terms of this Agreement shall not be construed against any Party.
19. Counterparts/Electronic Delivery. This Agreement may be signed in counterparts, each of which shall be deemed an original, but all or which

together shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile or electronic transmission, and the Parties agree that such facsimile or electronic (e.g., .pdf) execution and delivery shall have the same force and effect as delivery of an original document with original signatures, and that each Party may use such facsimile or electronic signatures as evidence of the execution and delivery of this Agreement by the Parties to the same extent that an original signature could be used.

20. Entire Agreement. This Agreement constitutes the entire understanding between the Parties with regards to Neighborhood SolarShares. Each Party covenants that there is no agreement between itself and any other person, firm, or corporation which would impair the full force and effect of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the dates indicated below.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: _____

Name: _____

Title: _____

Date: _____

BUILDER

By: _____

Name: _____

Title: _____

Date: _____

Exhibit A

A.1 Neighborhood SolarShares BUILDER Origination Fee

The BUILDER Origination Fee, if any, is based on the buydown amounts established for this Agreement, determined by SMUD and the BUILDER for each participating building based on Title 24 Building Energy Standards requirements and the Neighborhood SolarShares allocation table for that participating home. The Origination Fee for the participating homes shall be consistent with Option 1 or Option 2 below. Origination Fees apply at the project level to all plan types and homes subject to this Agreement.

	No Buy-Down (Default)	Buy-Down Option 1	Buy-Down Option 2
Builder origination fee	\$0	\$ 200/kW	\$ 400/kW
Neighborhood SolarShares charge to the customer	\$0.1242/kWh generated	\$ 0.1166/kWh generated	\$ 0.1122/kWh generated
Annual net benefit to the customer	\$10/kW per year in utility bill savings	Approximately \$20/kW per year in utility bill savings	Approximately \$30/kW per year in utility bill savings
Example Buy-Down and Customer Benefit (3 kW NSS home)	Origination Fee: \$0 Customer savings: \$30 per year	Origination Fee: \$600 Customer savings: \$60 per year	Origination Fee: \$1,200 Customer savings: \$90 per year

BUILDER agrees to pay SMUD the following Origination Fee(s)

Home or Plan Type Name w/ Number of Homes	kW of NSS	No buy-down	Option 1: \$200/kW	Option 2: \$400/kW	Origination Fee per Home	Total Origination Fee
TOTAL					\$	

SMUD will invoice BUILDER at least quarterly as homes are completed. SMUD will only issue an Attestation after payment of the Origination Fee.

A.2 Mutual Agreement

The Parties, upon mutual agreement, may revise this Exhibit A as appropriate to modify the Origination Fee, and issue a new Exhibit A, which shall then become part of this Agreement. No formal amendment of the Agreement is required to update this Exhibit A.



Signature of SMUD



Signature of Builder

SAMPLE

Exhibit B – Legal Description of Property

[ENTER LEGAL DESCRIPTION AS WRITTEN ON MOST RECENT DEED. THIS IS THE FULL DESCRIPTION OF THE PROPERTY, NOT JUST THE ADDRESS.]



Exhibit C – Sample CC&R Provisions

Exhibit C

Sample CC&R Provisions

Article 5. Utilities – SolarShares

Section 1, Obligation to Enroll. Each Owner and/or Tenant occupying a registered SolarShares home shall obtain electrical service by usual means of applying for SMUD service. The Owner and/or Tenant will automatically be enrolled in Neighborhood SolarShares with no additional effort on the Owner or Tenant's part. SMUD's Neighborhood SolarShares program shall be the exclusive provider of off-site electrical service for participating homes. Nothing in this Declaration shall be construed to effectively prohibit or unreasonably restrict the installation or use of a "behind-the-meter" solar energy system to serve the electricity demand of participating homes.

Section 2, Term of Obligation. The Covenants, Conditions and Restrictions to enroll in SMUD's Neighborhood SolarShares program specified in Section 1 shall be required for each participating home from the date electrical service is first established for that home. The Covenants, Conditions and Restrictions specified in Section 1 shall be required for a period of twenty (20) years from the date electrical service is first established by a residential customer for each participating home and then automatically terminate.

Section 3, Building Opt-Out. Any Owner shall be excused from its obligation to enroll or continue participation in Neighborhood SolarShares under Sections 1 and 2 of this Article if the participating building Owner satisfies the Opt-Out Requirements of section 10-115(a)(4)(D) of Title 24 of the California Code of Regulations, as confirmed by SMUD pursuant to section 10-115(a)(4)(D)(ii), and thereafter discontinues participation in SMUD's Neighborhood SolarShares program. Any Tenant occupying a building that was previously enrolled in Neighborhood SolarShares shall be excused from its obligation under Section 1 of this Article if the Owner of the building would also be excused under this Section.

Article 15. General Provisions

Section 1, Enforcement. Any Owner (or the community Association if applicable), shall have the rights to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now and hereafter imposed by the provisions of this Declaration. The community Association (if applicable) shall have a non-discretionary duty to enforce the restrictions and covenants contained in Article 5 of this Declaration. SMUD shall have the right to enforce, by any proceeding at law or in equity, the restrictions, conditions and covenants contained in Article 5. Any failure to enforce any covenant or restriction herein contained shall in no event be deemed a

waiver of the right to do so thereafter. The prevailing party in any legal action is entitled to recover legal fees as provided in current California law and elsewhere in the Declaration.

Section 2. Term of Declaration and Amendment. The Covenants, Conditions and Restrictions of this Declaration shall run with and bind the land. This Declaration may be amended by approval of at least fifty-one percent (51%) of the Lot Owners; provided that the restrictions and covenants contained in Article 5 are irrevocable and may not be amended in any way. Any amendment must be properly recorded to be effective.

Exhibit D – Sample Notice of Conveyance Restrictions

A Notice of Conveyance Restrictions may be used for any Neighborhood SolarShares registered property for which CC&Rs and HOAs are inapplicable. Examples include:

- Many types of infill developments
- Custom homes
- Accessory dwelling units
- Multifamily developments

The following is a sample. Please email SolarShares@smud.org to receive an editable and most up-to-date template.

Recording Requested by:
Sacramento Municipal Utility District (“SMUD”)

Submitted to:
Sacramento County Clerk/Recorder
P.O. Box 839
Sacramento, CA 95812-0839

When Recorded Mail to:
PROPERTY OWNER NAME/ADDRESS

Exempt from recording fees
Pursuant to Gov’t Code § 27383

NOTICE OF CONVEYANCE RESTRICTIONS (Government Code § 27281.5)

THIS NOTICE OF CONVEYANCE RESTRICTIONS (“Notice”) is executed on **MONTH DATE, YEAR**, by **PROPERTY OWNER NAME**, a **PROPERTY OWNER TYPE (E.G., INDIVIDUAL, CORPORATION, LLC)** (“Declarant”).

RECITALS

WHEREAS, Declarant is the owner of certain real property located in the **LOCAL AGENCY NAME**, County of Sacramento, California commonly known as **NAME OF CENSUS DEFINED PLACE, CITY, COUNTY AREA, OR OTHER** with an Assessor’s Parcel Number of **_____**, which is more particularly described in the attached and incorporated Exhibit A (“the Property”); and

WHEREAS, the **LOCAL AGENCY NAME** (“City/County”) approved **an accessory dwelling unit / single family home / multi-family development / multiplex** (“Structure”) on the Property subject to the conditions set forth in the applicable City/County Code; and

WHEREAS, Section 27281.5 of the California Government Code requires a recorded document in the event a governmental entity imposes a restriction on the ability of an owner of real property to convey the real property; and

WHEREAS, Declarant has elected to comply with the solar mandate condition of the permit by ensuring that the Structure receives power through the Sacramento Municipal Utility District's ("SMUD") Neighborhood SolarShares program; and

WHEREAS, this Notice is being recorded in compliance with Section 27281.5 of the California Government Code and the City/County Code.

NOW, THEREFORE, Declarant declares as follows:

1. Covenant Running with Land

In consideration of the approval of the Structure, the Declarant does hereby covenant and agree to restrict, and does by this instrument intend to restrict, the future use of the Property as set forth below, by the establishment of this covenant running with the land.

2. Restrictive Covenants

The following restrictive covenants shall apply to the Property:

- a. The Structure shall obtain electrical service from SMUD. Electric service for the Structure will automatically include enrollment in SMUD's Neighborhood SolarShares program with no action required on the part of the customer. SMUD's Neighborhood SolarShares program shall provide off-site electrical solar generation for the Structure. Nothing in this Notice shall be construed to effectively prohibit or unreasonably restrict the installation or use of a "behind-the-meter" energy system to serve the Structure's electricity demand.
- b. This restriction shall be binding for a period of twenty (20) years from the date electrical service is first established for the Structure and then automatically terminate. Lack of compliance with this Notice may result in legal action against the property owner, including revocation of any right to maintain a Structure on the Property. The City/County and SMUD shall have the right to enforce this Notice and the conditions contained herein by appropriate action at law or suit in equity against Declarant and any persons claiming an interest in the Property.

3. Declarant's Reserved Rights

Declarant reserves to itself, and to its representatives, heirs, successors, assigns, transferees, agents, and lessees, all rights inuring from ownership of the Property not otherwise restricted or prohibited by virtue of this Notice, including, but not limited to, the right to engage in or permit others to engage in all uses of the Property that are not expressly prohibited by this Notice, and are not inconsistent with the purposes of this Notice.

4. Successors and Assign Bound

Declarant hereby agrees and acknowledges that the Property shall be held, sold, conveyed, owned, and used subject to the applicable terms, conditions and obligations imposed by this Notice relating to the use of the Property, and matters incidental thereto. Such terms, conditions, and obligations are a burden and restriction on the use of the Property, as applicable.

The provisions of this Notice shall (subject to the limitations contained in this Notice and without modifying the provisions of this Notice) be enforceable as equitable servitudes and conditions, restrictions and covenants running with the land, and shall be binding on the Declarant and upon each and all of its respective heirs, devisees, successors, and assigns, grantees, mortgagees, lienors, officers, directors, employees, agents, representatives, executors, trustees, successor trustees, beneficiaries, administrators, any person who claims an interest in the Property, and upon future owners of the Property and each of them.

5. No Other Restrictions

This Notice imposes no other obligations or restrictions on Declarant, and neither its successors, nor any other person or entity claiming under them, shall be in any way restricted from using the Property except as provided herein or as otherwise provided in the **City/County Code**.

6. General Provisions

- a. **Controlling Law.** The interpretation and performance of this Notice shall be governed by the laws of the State of California and applicable federal law.
- b. **Liberal Construction.** Any general rule of construction to the contrary notwithstanding, this Notice shall be liberally construed to effect the purposes of this Notice. If any provision in this Notice is found to be ambiguous, an interpretation consistent with the purposes of this Notice that would render the provision valid shall be favored over any interpretation that would render it invalid.
- c. **Severability.** If any provision of this Notice or the application thereof is found to be invalid, the remaining provisions of this Notice or the application of such provisions other than that found to be invalid shall not be affected thereby.
- d. **Termination of Rights and Obligations.** A party's rights and obligations under this Notice terminate upon transfer of the party's interest in the Notice or Property, except that liability for acts, omissions or breaches occurring prior to transfer shall survive transfer.

7. Modification

This Notice shall not be amended, released, terminated, or removed from the Property without the prior written consent of the **LOCAL AGENCY NAME**.

8. Recordation

This Notice shall be recorded in the Sacramento County Recorder's Office.

DECLARANT:

By _____

Print Name. _____

Title: PROPERTY OWNER

By _____

Print Name. _____

Title: PROPERTY OWNER

[Notarization Required]