

## DOCKETED

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## **Response to securitization / financeability question**

At about 1406 I think I heard Commissioner McAllister ask "How do you securitize the system"?. "How do you get a collateral that makes it financeable"?

Response by Kent Kernahan, Director, CHERP:

The Legacy business model for solar power relies on securitization / financeability based on the idea that each household is credit worthy and can use debt to invest in distributed energy resources which is paid for by savings. This model is based on high income household behavior where new disposable personal income is likely to be used for debt service, savings and investment.

Low income households that are close to or not meeting their essential needs tend to spend their first dollar of avoided utility cost in their local retail economy. The local retail economy is heavily taxed and subject to large economic multipliers. Distributed Energy Resources on low income households can generate more tax revenue than the tax revenues it takes to provide the resources to the households.

Recognizing the tax revenue potential of serving low income households eliminates the securitization / financeability barrier.

The new model is proposed by CHERP in a previously submitted white paper on Claremont Locally Grown Power and a submission sent to Bryan Early at 4:54PM 8/11/2016 "Enabling Sustainable Energy for Low Income Households: Economic Sustainability" I think both have been already added to the docket.

Best,

Kent