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Comments of Vote Solar on the Draft SB 350 Barriers Report

Additional submitted attachment is included below.

September 29, 2016

Via Electronic Filing

California Energy Commission Dockets Office, MS-4
Re: Docket No. l6-0IR-02
1516 Ninth Street
Sacramento, CA 95814-5512

Ref: Vote Solar's Comments on the California Energy Commission Draft Report on A Study of Barriers and Solutions to Energy Efficiency, Renewables, and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities

Dear Commissioners:

In response to the Commission's September 1, 2016 Notice of Energy Commission Workshop Regarding Barriers of Low-Income and Disadvantaged Communities to Energy Efficiency and Renewable Energy, Vote Solar submits these comments on the Commission's Draft Report titled "A Study of Barriers and Solutions to Energy Efficiency, Renewables, and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities" ("Draft Report"), issued September 9, 2016.

Vote Solar is a non-profit, non-partisan grassroots organization with members throughout the U.S. Vote Solar aims to foster economic opportunity and support a cleaner, healthier environment by bringing solar energy into the mainstream. Vote Solar is not a trade group and does not have corporate members. Since 2002, Vote Solar has worked in more than 20 states to remove market barriers and implement key policies needed to bring solar to scale. We have played a leadership role on shared clean energy programs across the country, and, along with the Interstate Renewable Energy Council, have published Model Rules for Shared Renewable Energy programs.

In recent years, Vote Solar has stood with community and equity groups to advance solar programs with low-income provisions in California, Colorado, Massachusetts, and New York. Earlier in 2016, Vote Solar formally launched a Low-Income Solar Access Program, designed to expand access to solar technology, savings and jobs to the approximately 22 million low-income households nationwide. Vote Solar's program puts a particular focus on engaging and empowering low-income families and communities of color who are disproportionately impacted by the negative effects of the fossil fuel economy and have the most to gain from a transition to affordable clean energy. An initial program offering is a Low-Income Solar Policy Guide, which Vote Solar developed in conjunction with GRID Alternatives and the Center for Social Inclusion, and which the Commission included in the docket log for this report.[1]

Vote Solar commends the Commission for the thoughtful approach it has taken in conducting the SB 350 Study, engaging with various stakeholders and holding several public workshops. As a result, the Draft Report is comprehensive in scope. Vote Solar is encouraged that many barriers and recommendations outlined in the Draft Report echo those identified in our Low-Income Solar Policy Guide. And the Draft Report goes even further, pointing to unique barriers facing California's disadvantaged communities and minority business community.

Vote Solar's comments are based on the policy principles outlined in the Low-Income Solar Policy Guide. While there are numerous solutions to overcoming barriers to clean energy, all programs that seek to expand access to solar should adopt the following principles:

- **Accessibility and Affordability**. An effective low-income solar program combines opportunities to participate with real financial benefits through a combination of deep energy cost savings and direct support to overcome some of the financial and other challenges to access.
- **Community Engagement**. A successful program requires partnership with communities through local partners such as community development corporations, housing organizations or other service providers to ensure

[1] Center for Social Inclusion, GRID Alternatives, Vote Solar, Low-Income Solar Policy Guide (2016) *available at* www.lowincomesolar.org.

that community needs and challenges are addressed and assets utilized. These partners can provide critical outreach, planning support, and engagement with low-income communities. Putting communities at the center ensures that programs are responsive and effective and helps maximize participation.

- **Consumer Protection**. Programs should not create incentives for predatory lending or exploitation of communities for financial gain. Programs should have adequate consumer protection measures, disclosures, and accountability measures to ensure that financially vulnerable customers are not taken advantage of or otherwise compromised.

- **Sustainability and Flexibility**. A successful low-income solar program must encourage long-term market development and be flexible in order to best serve the unique low-income market segment over time and as conditions and circumstances change.

- **Compatibility and Integration**. Low-income solar programs and policies should be additive to existing renewable energy and energy efficiency programs, not undermine them. They should also integrate well with synergistic programs, such as low-income energy efficiency, workforce development, healthy home programs and others that address the intersection of equity, energy, and infrastructure.[2]

I. The Draft Report's Discussion of Community Solar Options Should Be Enhanced.

Vote Solar is optimistic about the ability of community shared solar programs to make solar more attainable for low-income customers. Community shared solar provides renewable energy access for those who are renters or otherwise cannot host an onsite system. It can make the most of siting potential in an area to maximize production and lower costs. It can facilitate participation in smaller increments that might not be financially viable as a stand-alone installation, which in turn requires a smaller financial commitment.

While the Draft Report addresses community shared solar, the discussion of this topic should be strengthened. First, the discussion of California's Green Tariff Shared Renewables ("GTSR") Program in Chapter Two is incorrect. In that chapter, the Draft Report states, "The GTSR program enables customers to invest in community-scale (up to 20 MW) renewable projects and receive a bill credit on

[2] Id. *at* 11.

their utility bill *similar to, but not the same as, the NEM rate structure*."[3] (emphasis added) The last portion of this description is not accurate. Under a typical NEM structure, the customer's experience is that his or her meter simply "runs backwards." In other words, the NEM customer's compensation for generation fed back into the grid is equal to what they pay for energy consumption. The GTSR program is materially different from the NEM rate structure, in that it credits only a portion of the full retail rate, specifically the generation portion of the rate. In addition, the GTSR program differs from net metering in that it includes program fees and a Power Charge Indifference Adjustment ("PCIA"), a fee imposed for departing from the utility's service. These charges currently add up to a significant premium; for example, PG&E's GTSR program currently charges a premium of over 3.5 cents/kWh to subscribe.[4] The description of the GTSR program in Chapter Two should not claim that GTSR is similar to net metering.

Vote Solar strongly agrees with the Draft Report's finding that, "for a community solar project to be appealing to low-income customers, it would have to be organized such that it required little or no up-front investment, eased credit check requirements, and lowered the household's electric utility bill."[5] Unfortunately, the GTSR program does not meet this standard because it increases rather than lowers a participating household's utility bill; we encourage the Commission to call out this problem more clearly in the report.

In addition, we note that the discussion of community shared solar in Chapter Four is confusing. In that chapter, the Draft Report references a mention of GTSR in Chapter Three; however, the Draft Report does not appear to include such a discussion in that chapter.[6]

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[3] Draft Report *at* 15.

[4] *See* PG&E's rate calculator *at* https://www.pge.com/en_US/residential/solar-and-vehicles/options/solar/solar-choice/rate-calculator.page

[5] Draft Report *at* 39.

[6] Id.

II. The Draft Report's Discussion of Community Engagement Should Address Concepts of Energy Democracy and Energy Justice.

The Draft Report's discussion concerning Community Access Barriers is thorough and well-informed. Vote Solar commends the Commission for including topics such as the need for education and outreach, language barriers, and customer skepticism.[7] The discussion of solutions such as innovative framing, targeted outreach, and delivery is very comprehensive. Vote Solar particularly supports outreach solutions that involve community-based organizations.

To fully round out the discussion of community engagement, Vote Solar suggests that the Commission include a discussion of concepts, and possible solutions, that relate to principles behind energy justice and energy democracy. These principles emphasize outreach not just for educational purposes, but also for inclusiveness in decision-making. Further, these principles contemplate community ownership of distributed energy projects. The National Association for the Advancement of Colored People stresses in the NAACP's Just Energy Policies report, "Community involvement in paving new energy pathways is especially important because our energy system is broken and communities of color are paying the highest price."[8]

Chapter Four of the Draft Report should include ideas like utilizing community-based organizations to convene discussions of disadvantaged communities' desired path forward toward a clean energy future, with discussion of how these communities can be part of the decision-making process. Further, the Draft Report should include options for disadvantaged communities to engage in ownership of clean energy projects. One example of this level of engagement with disadvantaged communities takes place in Oakland, California. As outlined in a report by the Center for Social Inclusion, "People Powered Policy: Communities of Color Lead on Climate Change and Solar Energy in

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[7] Draft Report *at* 31-32.

[8] National Association for the Advancement of Colored People, Just Energy Policies: Reducing Pollution and Creating Jobs (2013), *available at* http://www.naacp.org/pages/just-energy-policies-report

Oakland, California," the City of Oakland engaged in extensive conversations with its communities of color, and communities in the city are pursuing options for community solar projects.[9] This type of outreach and engagement will enhance California's success in reaching underserved communities.

III. The Draft Report's Discussion of Barriers and Solutions to Energy Efficiency and Renewable Energy Minimizes Barriers Facing Actors in Private Industry Who Seek to Serve Low-Income Customers.

The Draft Report's discussion of barriers facing low-income families is remarkably comprehensive. It is clear that throughout the course of its investigation, the Commission delved deeply and listened closely to stakeholders in an attempt to paint an accurate picture of the multiple, and often intertwined barriers to low-income participation. However, the Draft Report minimizes discussion of barriers facing businesses in the energy efficiency and renewable energy industries, which make it difficult for them to serve these customers. Greater recognition that some of the barriers affecting low-income customers also affect the businesses that wish to serve them would provide a richer discussion of how to reach solutions.

For example, in Chapter 3, the Draft Report outlines "Difficulty Securing Financing" as a significant barrier facing low-income customers who wish to install energy efficiency or renewable energy measures.[10] Here, the Draft Report is correct in pointing out that low-income customers face challenges in securing financing arrangements, which negatively impacts their ability to make energy improvements to their homes. However, the Draft Report barely hints at the role financing plays in allowing energy efficiency and renewable energy *providers* to serve these customers. Many solar companies wish to deliver the benefits of solar to low-income customers, but the companies themselves must obtain financing for projects; the financial community is averse to perceived risks associated with

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[9] Center for Social Inclusion, People Powered Policy: Communities of Color Lead on Climate Change and Solar Energy in Oakland, California (2013), *available at* http://www.centerforsocialinclusion.org/wp-content/uploads/2013/07/People-Powered-Policy-Solar-Mosaic-Case-Study.pdf

[10] Draft Report *at* 19-21.

installation of rooftop or community shared solar projects that will serve customers with lower or no credit scores under a pay-as-you-go model like a PPA or a lease. So, when the Draft Report lists Power Purchase Agreements and Leases as a potential solution, the discussion is incomplete.[11] This solution as drafted fails to recognize that solar companies must obtain cost-effective financing or order to offer the PPAs and leases at all. Accordingly, the solution here should include a reference to financing tools that can allow solar providers to offer these solutions, such as loan loss reserves or other tools provided by Green Banks.

Other barriers apply to businesses seeking to serve low-income customers, as well. For example, "Insecure, Inadequate, or Inequitable Program Funding" is a significant barrier for businesses. As noted in the Draft Report, high employee turnover is one result of funding uncertainty.[12] However, funding uncertainties can result in businesses choosing not to pursue opportunities to serve low-income customers at all, because of fear that time and resources spent developing opportunities may be lost due to funding inadequacies that come to light late in the life of a project's development, after investment has been made. If a business were to choose to pursue these opportunities in the face of funding uncertainty, it could result in higher-cost financing.

The Low-Income Solar Policy Guide emphasizes that, in order to fully serve the low-income solar market sector, competitive and vibrant industry opportunities must be provided.[13] The Draft Report will provide a richer discussion by including discussion of barriers and solutions that will result in marketplace investment.

[11] Id. at 35.
[12] Id. at 28.
[13] Low-Income Solar Policy Guide at 11.

IV. Conclusion

Vote Solar is grateful for the opportunity to submit these comments on the Draft Report, and looks forward to further opportunities to help California reach its clean energy goals.

Respectfully submitted,

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