

## **2021 Long-Term Renewable Resources Procurement Plan Update – PosiGen Solar Comments # 2**

PosiGen Solar is the largest low-income solar provider in the United States, with more than 18,000 homes installed, the majority of which are homeowners at or below area median incomes. Our company offers 100% lease financing approval to 100% of rooftop solar-feasible homeowners, regardless of income or credit score, with no upfront costs, interest, financing charges, or increases in monthly lease prices over our 20-year lease term, and guaranteed net savings in the first year.

PosiGen enabled Louisiana to become #1 in the nation in low income solar adoption,<sup>1</sup> despite that state's status of being among the country's least rooftop solar-friendly due to lack of net metering or any public incentives.<sup>2</sup> Through our ongoing partnership with the State of Connecticut's first-in-the-nation Green Bank, we took that state to beyond solar parity in less than 5 years, meaning low income homeowners are more likely to have rooftop solar than wealthier ones.<sup>3</sup> Our average customer is net positive more than \$500 per year, even with zero public incentive in Louisiana and Mississippi, and in Connecticut, with a well-structured solar incentive program, independent analysis shows that our average homeowner is net positive more than \$1300 per year.<sup>4</sup> PosiGen includes a free Building Performance Institute-certified audit and energy efficiency upgrade for all solar leasing customers, ensuring not just exceptional net energy savings, but healthier, more comfortable and more durable homes for all of our customers. When allowed, PosiGen utilizes all available utility efficiency programs to maximize the energy savings and additional benefits of energy efficiency, especially focusing on deeper dive energy upgrades for our lower income customers.

PosiGen prepared to enter the Illinois market in 2020 to serve low income ratepayers through the Solar for All Low-Income Distributed Generation (LIDG) Sub-Program. However, multiple and intractable programmatic challenges led us to abandon our entry plans in late 2020 to instead open market in Mississippi. PosiGen would immediately enter the Illinois market to serve lower income ratepayers if critical programmatic obstacles were addressed.

To date, it is our understanding that fewer than 50 LIDG ratepayers have been served in the 4 years that the program has existed, evidencing that all solar providers have been prevented from serving low income families at any meaningful scale. After navigating extreme project durations and administrative obstacles to take those few projects through to completion, we understand that the few successful providers have now determined that it will be easier to simply offer their products and/or services for free, effectively turning the LIDG program into a charitable offering.<sup>5</sup> PosiGen is a for-profit company that leverages modest public incentives to attract significant private social impact investments, and cannot operate in a market that is restricted to the point of requiring charitable solar services.

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<sup>11</sup> <https://emp.lbl.gov/publications/income-trends-among-us-residential>

<sup>2</sup> <https://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=f940631d-6f56-4c34-847d-bbf6044636b7>, except for New Orleans, which still offers retail net metering.

<sup>3</sup> <https://www.ctgreenbank.com/sharing-solar-benefits-in-communities-of-color/>

<sup>4</sup> <https://www.ctgreenbank.com/ct-energy-transportation-costs-unaffordable/>

<sup>5</sup> <https://www.illinoissfa.com/app/uploads/2020/10/For-Owners-Handout-.pdf>. 3 of the 4 vendor offers are for \$0 rate, and the 4<sup>th</sup> offer for \$.025 to \$.059 appears designed to offset ongoing insurance, monitoring, maintenance and repair costs only.

Although the Solar for All LIDG Sub-Program has failed to successfully launch to date, there are adjustments that can sufficiently address the barriers to enable PosiGen and other interested solar vendors to rapidly scale low income solar in Illinois. To the requested comments on Slide 24: Low Income Distributed Generation Sub-Program, we respectfully respond:

1. What barriers are impeding participation?

PosiGen has not had the benefit of actively participating in the market given our decision in late 2020 to abandon our entry efforts given the multiple apparent barriers that we identified, and so fully acknowledges that we cannot provide granular recommendations. Of those barriers that we can here comment upon, we respectfully suggest that this program appears to have let perfection get in the way of progress by seeking to address multiple social goals instead of focusing solely on rapidly addressing low income ratepayers' need to reduce energy poverty through clean energy by fostering a competitive market environment.

a. Would adjusting REC prices be sufficient, or do other barriers still need to be addressed?

For PosiGen, overly generous LIDG REC prices have become a barrier to our successful market entry and service to the LIDG program, but other programmatic barriers placed upon both homeowners and vendors are of major concern. Given that 75% of Approved Vendors are now offering LIDG solar for free, against which PosiGen cannot profitably compete, the REC price is too generous to foster scalable for-profit competition, but instead has created a program most likely to continue to be restricted to a small volume of charitable installations. Adjusting REC prices downward at the same time as reducing other programmatic barriers would be the best way to foster actual market competition and scale for this critical underserved demographic.

b. Given the program's complexity, how can we streamline application requirements while maintaining consumer protections and other baseline heightened participation standards given the more lucrative ILSFA REC prices?

PosiGen recommends that the LIDG program be revised to mimic the ABP program to the maximum extent possible, given the speed, scale, and geographic breadth of that program, as well as vendor familiarity and satisfaction with the ABP program. The LIDG program administrator should work closely with the ABP program administrator to ensure that best practices are shared, adopted and normalized for the LIDG program, and also recommends consultation with the Connecticut Green Bank, which has extensive experience and success with managing low income solar programs, as well as their nonprofit spin-off Inclusive Prosperity Capital, which is advising numerous states on best practices in creating successful low income solar programs.

Consumers are adequately protected when 1) minimum solar production and net savings estimates are confirmed, 2) they have been well informed and given generous cancellation options in approved contracts, and 3) there are clear going forward quality and complaint protocols with regulatory oversight. Requirements that go beyond that may be overly paternalistic and impose undue and discriminatory burdens on lower income ratepayers that stifle

program participation. Heightened programmatic requirements that do not directly benefit and support scale of service to low income ratepayers do not belong in the LIDG program, but rather should be assigned to programs that have already attained scale and geographic reach, and that have a far higher profit margin for competitive vendors.

One critical clarification or amendment for PosiGen to enter the Illinois market relates to the 50% savings requirement. Specifically, the Plan should expressly allow (in fact, encourage or even require) that the 50% savings requirement can include BPI or other best practices energy efficiency protocols and practices so that quantifiable energy savings due to energy efficiency work can contribute to the net savings. Further, Approved Vendors should be allowed to participate in all utility energy efficiency programs to ensure the highest level of upgrade work for each LIDG customer, so that they can maximize their savings while enjoying healthier, more comfortable and durable homes. Low income homes that have accessed LIHEAP, WAP or relevant state energy services should be automatically referred for rooftop solar evaluations by Approved Vendors.

c. What soft costs for Approved Vendor/Designees can be reduced, and how?

Customer acquisition costs are generally the largest soft cost for vendors, so ensuring that all nonprofits engaged in outreach and education to homeowners are incentivized to deliver interested low income customers directly to Approved Vendors would both greatly reduce soft costs while eliminating the extreme frustration that has been reported from nonprofits who have identified interested homeowners and then been prohibited from helping them take the next step of talking to and getting bids from Approved Vendors.

d. What are the challenges related to marketing to and identifying customers?

Low income homeowners don't trust businesses that seek to improve their home, as 1) they or those they know have been victimized by predatory contractors, 2) their home is their most valuable asset and they are anxious about the value proposition of solar, especially one that sounds "too good to be true," and 3) a 20 year lease contract is intimidating, especially for older customers who are concerned about what happens if they sell or pass away before the term ends. Ongoing community marketing through media events, webinars, tabling at public buildings, canvassing with both state and local governments using co-branded materials with Approved Vendors would help overcome the inherent distrust that low income ratepayers have for for-profit businesses, further helping to reduce soft costs and scale adoption.

One final customer identification challenge that can be improved is to adopt less burdensome income verification practices. Recommendations for consideration:

- Allow Area Median Income by census tract qualification
- Automatically qualify and refer to Approved Vendors anyone who has utilized LIHEAP, WAP, or any other state or federal low income assistance programs within the past 3 years.

- Automatically qualify anyone who has been unemployed or significantly health impacted due to COVID, and is in arrears on their utility payments

Conclusion

PosiGen appreciates the opportunity to submit these Comments, as the LIDG Sub-Program has the potential to enable tens of thousands of low-income citizens to dramatically lower energy costs through rooftop solar in the coming years.

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