



## Research Based Best Practices for Designing Community Solar Contracts

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### **Background**

With funding from the Department of Energy's Solar Energy Technologies Office, Energy Allies researched how community solar contracts could be better suited to the needs of income-qualified communities. We collected survey data to assess the favorability of a range of conventional product offerings across a range of study participants. Our survey design utilized hypothetical community solar contracts to assess terms (contract length in years, contract length in pages, cancellation fee, savings rate) that are thought to influence adoption of community solar.

Respondents randomly received two of the twenty four possible contracts and were asked whether they'd like to participate in either program. We collected about 1500 individual responses, testing approximately 3000 contracts. Utilizing these results, we detail how community solar contracts can increase adoption of community solar.

### **Contract Length in Years**

Data: We tested contracts with lengths of 1 and 25 years. Contract length in years had a strong negative relationship on the probability of contract adoption, illustrating that 1 year contracts are more likely to be adopted than 25 year contracts.

Best Practice: Shorter contracts offer individuals like renters, who may move frequently, an option that works best for them. Since most contracts operate on a monthly billing cycle, month to month subscriptions are a good practice. This ensures that individuals have the opportunity to opt out if the program is not suitable for them. Developers can minimize the risk of customers leaving a program, while still offering a monthly contract length with optional automatic renewal by ensuring that the program design is appealing to its subscribers. To ensure community solar programs are a good fit for subscribers, it's important that there is community input from the beginning of the project.



### **Contract Length in Pages**

Data: We tested contracts with page lengths of 10 and 20. Contract length in pages had a small, non-statistically significant negative relationship on the probability of contract adoption, illustrating that 10 page contracts are more likely to be adopted than 20 page contracts. Although there was no statistically significant difference observed, the data trend indicates that the reduction of contract length pages could potentially be advantageous.

Best Practice: Contracts should remain as concise as possible and avoid unnecessary language and jargon.

### **Cancellation Fee**

Data: We tested contracts with no cancellation fee and with a \$250 cancellation fee. Contracts with no fee were more likely to be adopted than contracts with a fee, however the results were not statistically significant. While we did not observe a statistically significant difference, the trend in the data suggests it may be beneficial to remove cancellation fees.

Best Practice: Contracts should not have cancellation fees. This will deter clients from trying out community solar if they are new to it.

### **Savings Rate**

Data: We tested contracts with savings rates of 5%, 10% and 20%. Ultimately, changing the savings rate did not result in a substantial increase in contract adoption.

Best Practice: Avoid relying solely on savings rate as a panacea, yet offer savings that continue to incentivize participation. Energy justice advocates suggest that community solar programs should offer savings of at least 50%.



### **Conclusions: A Lesson in Process**

When assessing community solar contract terms, there is little consensus that will influence substantial adoption of community solar by income-qualified individuals. Nonetheless, these contracts can be improved to increase some uptake of community solar programs. Community solar developers should strive to offer the best product for communities to increase their reach across income levels.

Other variables from our survey indicated other factors influence adoption more than contract attributes. For example, respondents who had some familiarity with community solar were 4.4 times more likely to sign up for community solar than those who had no familiarity with community solar. Amongst study variables, familiarity with community solar was the most substantial factor to influence contract adoption. This illustrates the importance of educational outreach materials for potential community solar subscribers to understand the benefits and program design of community solar.

Finally, community input is critical to contract adoption. Respondents indicated having more trust with community based organizations, like nonprofits. It is critical for developers to consult communities about projects at stage zero to ensure that product terms align with community expectations.