



# Community solar research shows policy change is needed to meet Justice40 goals

By SPW | February 16, 2023



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The Biden Administration quickly announced the Justice40 Initiative upon taking office in 2021, a program that set the goal of 40% of benefits from federal programs going to disadvantaged communities. As a step toward this goal, the Dept. of Energy (DOE) launched the National Community Solar Partnership with the objective of developing 20 GW of community solar by 2025 to provide up to \$1 billion in energy bill savings. However, this program has raised questions about how to ensure Justice40 principles are met as community solar expands. With funding from the DOE's Solar Energy Technologies Office (SETO), Energy Allies (formerly Solstice Initiative) sought to answer these questions and identify barriers and challenges associated with equitable access to community solar projects.

Community solar, unlike other avenues for renewable energy, was intentionally designed and developed to be a more equitable avenue for energy access because of its low upfront costs, bill-savings and accessibility to renters. Yet, community solar hasn't come close to meeting Justice40 principles thus far. NREL estimated that as of the end of 2020, while 3,253 MW<sub>AC</sub> of community solar capacity has been developed, only 65 MW, or 2%, is dedicated to low-to-



*A 7.3-MW community solar project in Farmingdale, Maine, owned by Nautilus Solar Energy.*



With input from community solar developers, community-based organizations, contract law experts, energy equity organizers, financiers, subscriber organizations, policy makers, researchers, other industry stakeholders and DOE SETO support, Energy Allies researched how members of climate-impacted communities feel about existing community solar programs commonly offered in this space. We sourced ideas from these communities on how these programs can be more accessible and valuable for different types of communities. Our research also looked into perceived risks associated with LMI subscribers and developer perspectives on barriers to including LMI participants in projects.

Research findings demonstrated the need for policy solutions to create the conditions for utilities and developers to serve more LMI customers to advance just clean energy transitions.

Our research demonstrated three key findings:

- From our developer and financier survey, the importance of policy requirements was key when deciding whether to include LMI folks in community solar projects. 63% of developers noted that policy requirements are very or extremely important. This was the highest-rated category compared to company interest, developer/financier interest, equity and inclusion, and community interest.
- Customer acquisition costs (CAC) were highlighted as the largest developer barrier compared to the risk of subscriber churn, risk of subscriber default, lack of project financing, difficulty qualifying LMI folks and difficulty communicating with LMI folks, with 55.5% of respondents highlighting this as very or extremely important. There were two key reasons why CAC affects LMI participation:
  - Developers often operate on thin margins, meaning that they don't have the resources to go through the costly qualification process needed to enroll LMI customers.
  - Utilities often delay interconnection, which drives up project costs and results in developers being less likely to offer inclusive terms.
- Our research found that bill savings alone are not enough to encourage LMI participation. We looked at several product offerings, including term length, saving rate, termination fee and length of contract. Using demographic data, we looked for correlations between demographic attributes and contract preferences, finding that the savings rate was not correlated with LMI participation in community solar. However, we did find that familiarity with community solar is the most important factor in whether someone signs up for community solar. In fact, relative to less informed participants, more informed participants were 4.4-times more likely to sign up.

## Implications

Policy is an instrument to incentivize and hold utilities accountable to the communities they work in. It is also important in ensuring developers include LMI folks, so we need to ensure policy pushes forward equitable



1. State and federal policy should push for streamlining the qualification process. For example, if someone is on a government assistance plan or in a zip code where average income is below a certain AMI percentage, qualification should be automatic. The National Community Solar Platform, piloted by SETO, could also serve as the qualification process.
2. Utilities need to be held accountable for interconnection delays. They cite challenges with capacity load and infrastructure, yet the data is kept behind closed doors and has often been proven to be incorrect. Utilities have a monopoly on the information needed to push back against lengthy delays, so democratized access to this information (that protects consumer information) can give communities power. The priorities of the just transition, which center on equitable solutions to the energy crisis in the face of climate change, are directly counter to the financial motivations of utility companies as they make less money on community solar projects. Without policies that require utilities to make their data publicly accessible and serious consequences for interconnection delays, utility companies will continue to delay and deter the development of equitable community solar.
3. Developers should work with communities to design projects. Developers cited community interest in community solar as the least important factor when considering including LMI participants, illustrating the lack of importance placed on LMI input. Government agencies should require robust community input and participation for state and federal solar incentive programs to push developers to prioritize LMI participation and ensure that communities receive the maximum benefit from private-sector clean energy projects.
4. More accessible information on community solar is key to improve LMI enrollment in community solar projects.

In an effort to make community solar more accessible, Energy Allies is leading the development of a community-led model. Our pilot project is taking place in the Dorchester, Mattapan, and Roxbury neighborhoods of Boston via a community advisory board that leads project development. Additionally, we are working to create resources for communities to learn more about energy and moving into policy work to advocate for more access to clean energy.

*Energy Allies, formerly known as Solstice Initiative, is a nonprofit led by women of color. In 2014, we were founded by Steph Speirs and Sandhya Murali on the belief that every household should be able to access affordable clean energy. Our goal is to co-design democratized clean energy systems that build wealth in climate-impacted communities via a decentralized energy grid.*

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