
Community Solar: A Good Option for LIHEAP Households



Expanding Access and
Safeguarding Low-Income Families

About NCLC



National
Consumer Law
Center

*Fighting Together
for Economic Justice*

Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. www.nclc.org.

Roadmap of the Presentation

1. Energy is unaffordable for low many income households.
2. Climate change will disproportionately harm low income people.
3. Traditional energy sources are volatile and expensive.
4. Community solar can help lower overall bills and address climate change.
5. Community solar programs must center strong consumer protections.

Energy (Un)Affordability Crisis: A Glance

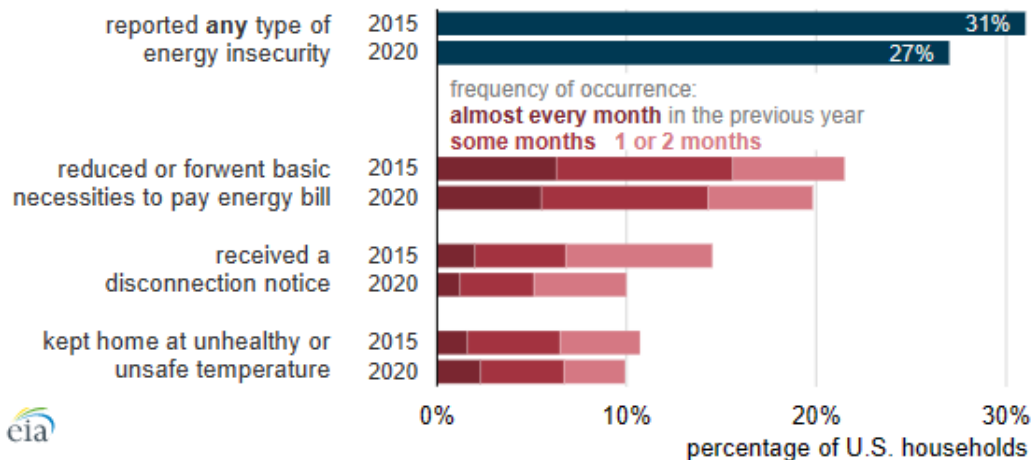
APRIL 11, 2022

In 2020, 27% of U.S. households had difficulty meeting their energy needs

More than a quarter of households struggle to meet their energy needs.

Source: [U.S. Energy Information Administration](#)

U.S. household energy insecurity measures (2015 and 2020)



Source: U.S. Energy Information Administration, [Residential Energy Consumption Survey \(RECS\)](#)



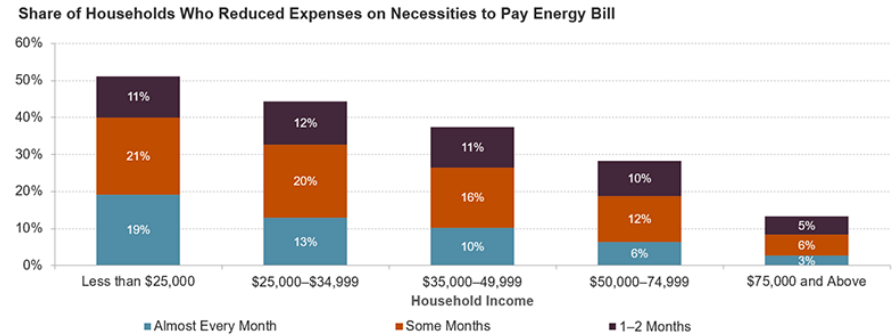
Energy (Un)Affordability Crisis: A Glance

The energy affordability crisis impacts low-income families disproportionately.

The average low-income household spends around 14% of their annual income on energy bills, compared to 3% for higher income households.

Source: [Weatherization Assistance Program \(U.S. Department of Energy\)](#)

FIGURE 1. LOWER-INCOME HOUSEHOLDS STRUGGLED TO PAY ENERGY BILLS AT THE BEGINNING OF 2022



Note: Households reduced expenses on basic household necessities such as medicine or food to pay their energy bill at least once in the year prior to survey. Source: JCHS tabulations of US Census Bureau, Household Pulse Survey, Q1 2022.

Source: [Joint Center for Housing Studies of Harvard University](#)

Climate Change & Extreme Weather: A Glance


Extreme weather conditions and events stemming from climate change disparately impact low-income communities, which are disproportionately people of color.

According [the EPA](#):

- Black individuals are projected to face higher impacts of climate change, compared to all other demographic groups.
- Hispanics and Latinos have high participation in weather-exposed industries, such as construction and agriculture.

These groups have fewer financial and material resources to handle the consequences of extreme weather events due to climate change.

Climate Change & Extreme Weather: A Glance

Climate Change and Social Vulnerability in the United States: A Focus on Six Impacts 

Findings on Disproportionate Risks of Climate Change to Low Income Individuals

This is a one-page summary of findings from EPA's report [Climate Change and Social Vulnerability in the United States: A Focus on Six Impacts](#) related to disproportionate risks of climate change to low income individuals. The report estimates the disproportionate risks to socially vulnerable populations (defined based on age, income, education, race, and ethnicity) associated with six impact categories:

- Air Quality and Health;
- Extreme Temperature and Health;
- Extreme Temperature and Labor;
- Coastal Flooding and Traffic;
- Coastal Flooding and Property; and
- Inland Flooding and Property.

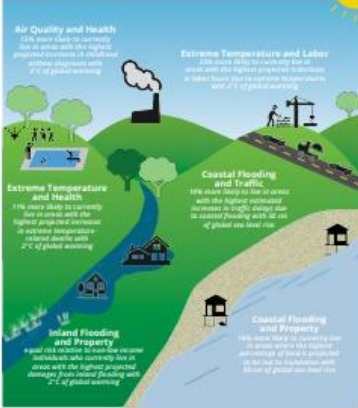
Risks are calculated for each socially vulnerable group relative to its "reference population" (all individuals outside of each group) for scenarios with 2°C of global warming of 50 cm of sea level rise. The estimated risks are based on current demographic distributions in the contiguous United States.

The report finds that low income individuals are more likely than their reference population to currently live in areas with:

- the highest increases in childhood asthma diagnoses from climate-driven changes in PM_{2.5};
- the highest percentage of land lost to inundation;
- the highest increases in mortality rates due to climate-driven changes in extreme temperatures;
- the highest rates of labor hour losses for weather-exposed workers due to extreme temperatures; and
- the highest increases in traffic delays associated with high-tide flooding.

For more information, please refer to the [report and accompanying appendices](#).

EPA 430-R-21-003 | September 2021



Air Quality and Health
16% more likely to currently live in areas with the highest projected increases in PM_{2.5} of global warming.

Extreme Temperature and Labor
20% more likely to currently live in areas with the highest projected increases in labor hour losses from heat of global warming.

Coastal Flooding and Traffic
10% more likely to live in areas with the highest projected increases in traffic delays due to high-tide flooding of global sea level rise.

Coastal Flooding and Property
16% more likely to currently live in areas where the highest percentage of lands projected to be lost to inundation of global sea level rise.

Inland Flooding and Property
16% more likely to currently live in areas with the highest projected increases in land lost to inundation of global sea level rise.

Extreme Temperature and Health
17% more likely to currently live in areas with the highest projected increases in extreme temperatures of global warming.

This report estimates the risks to low income individuals living in the contiguous United States. Results are based on current demographic distributions and projected changes in climate hazards.

The [EPA's report](#) examines six types of impacts, including those to health from changes in air quality and extreme temperature, disruptions to weather-exposed workers, and flooding threats to property.

Low-income families are disproportionately affected in all examined impact categories.

Household Energy: Pricey and Volatile

- Propane and oil often most expensive heating source. Dealers may have virtual monopolies/engage in unfair practices.
- Electric prices expected to rise, esp. in decarbonizing states: major infrastructure \$\$
- Gas prices expected to rise quite sharply in those same states: 2- to 5-fold increase in MA.

Importance of Community Solar Access

Why expand community solar to low-income communities?

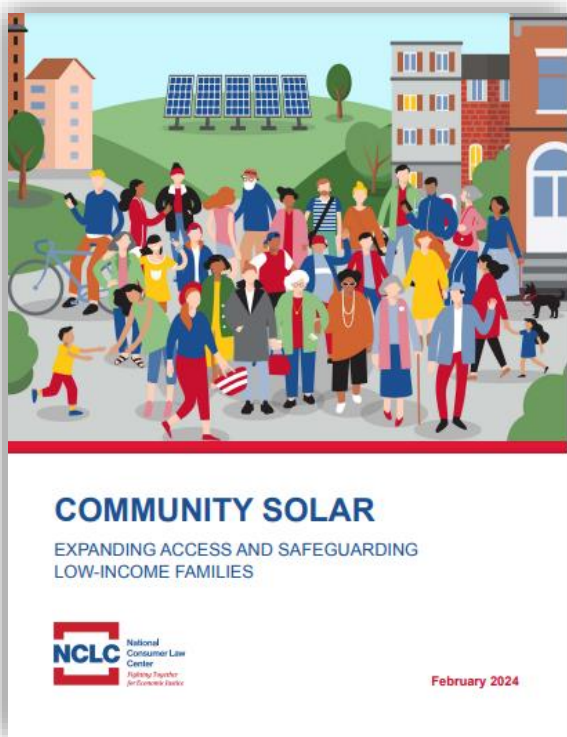
- Community solar can make bills more affordable & reduce GHG emissions.
- Low-income families lack ability to afford rooftop solar. CS requires no capital investment.
- Many low-income families are renters, and do not own a roof on which solar can be installed.
- Low-income households should not be left out of the transition to a clean energy economy.



NCLC-DOE Collaboration

- DOE has launched a “Clean Energy Connector” project, <https://tinyurl.com/ya3f93za> Since 2022, NCLC has provided technical assistance and expertise, especially on needed consumer protections. Now live in D.C., IL, NM.
- NCLC initially drafted an internal guidance document containing a broad list of consumer protections for low-income community solar.
- We later drafted a full report, available on the web (next slide).

New NCLC Report on Community Solar



[Community Solar: Expanding Access and Safeguarding Low-Income Families](#) looks at existing community solar models, best practices, and state policies and examines the U.S. Department of Energy’s effort to advance community solar through a state-managed low-income subscription software. The report highlights examples of key guardrails to protect low-income subscribers or participants and ensure substantial bill savings.

LIHEAP Can Support CS Charges

- “The purpose of this grant recipient information is to 1) confirm that LIHEAP funds can be used for solar energy use through new and existing electric payment mechanisms, such as community solar subscription fees, and 2) provide LIHEAP grant recipients with recommendations to consider when utilizing LIHEAP funds for community solar subscriptions.” LIHEAP IM 2023-04
<https://tinyurl.com/54k6y522>

Most States Have Community Solar

- 22 states have legislation, a CS program, and actual projects.
- 11 states have projects (even if no legis. or formal programs)
- Only 7 states have no legislation, programs or projects.
- Many states have set asides and/or subsidies for LMI.
- EXCELLENT summary of all activity in states:
<https://data.nrel.gov/submissions/234>

Importance of Robust Consumer Protections

Without robust protections, community solar programs could present significant risks for low-income families:

- Disadvantageous contract terms, including hidden fees and unreasonably long terms;
- Predatory marketing, including lack of contract disclosure;
- Potentially adverse effects on LIHEAP enrollment and utility allowances.

Models for Protection in Community Solar

After a review of community solar programs around the country, we found the programs with the strongest protections for low-income households adhered to these few broad principles.

General Principles For Protecting Low-Income Community Solar Subscribers

- Meaningful bill savings
- Transparent and reasonable contract terms
- Clear communication in appropriate formats
- No hidden or additional fees
- Accessible complaint mechanism and data disclosure
- Effective evaluation and enforcement process

Models for Protection in Community Solar

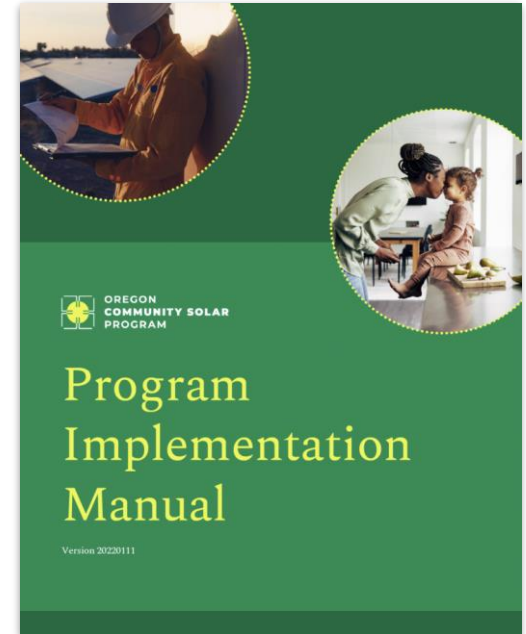
Illinois: Consumer Protection Handbook (Illinois Power Agency)

- The handbook contains language addressing:
 - Unfair and abusive business practices (e.g. “Approved Vendors...shall conduct business affairs with the goal of openness and transparency”)
 - Marketing rules for various channels
 - Required information in disclosure forms

Models for Protection in Community Solar

Oregon: Community Solar Program Implementation Manual

- Monthly cost to participate must not exceed value of bill credits
- No late fees on low-income participants
- No early termination fees for low-income participants
- No adverse impact on a household's LIHEAP benefits



Models for Protection in Community Solar

District of Columbia: Utility Assistance Form

- Combines the application for utility bill assistance and pre-qualification for community solar into one form to capture low-income customers
- Includes the terms and conditions of DC's Solar For All program in the utility bill assistance form

Models for Protection in Community Solar

New Mexico: Community Solar Program Best Practices

- Sales agent training and vetting (e.g. training on all federal, state, county requirements on door-to-door sales, training on ethical sales practices, and more)
- Marketing materials and communications (e.g. accurate estimates of savings, no misleading information, etc.)
- Reporting on subscription levels and more



Recommended Consumer Protections

States should set robust financial, marketing, and compliance requirements for marketers. *Including but not limited to:*

- Ensuring bill savings and providing an exit clause in contracts;
- Prohibiting flat fees, termination fees, late fees, sign-up fees, unreasonably long terms, etc;
- Requiring all documents are available electronically and in paper format before a customer signs;
- Using standardized marketing materials and disclosure forms.

Recommended Consumer Protections

States should commit to robust oversight, standardization, and coordination with existing low-income programs. Including but not limited to:

- Requiring plain language and concise contracts, forms, and marketing materials;
- Establishing a Code of Practice for marketing, especially for door-to-door sales;
- Developing standardized consumer education materials; develop standardized disclosure forms;
- Creating an accessible complaint process or mechanism.

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Questions?

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