



## Institute for Energy and the Environment

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## **Christa Shute, February 15, 2018, Senate Finance Committee Executive Summary of Forthcoming VLITE Sponsored Report by the Vermont Law School Energy Clinic on Low-Income Solar Ownership in Vermont: Overcoming Barriers to Equitable Access**

Solar energy has become part of the Vermont landscape and the economy. For the second year this State led the country in solar jobs per capita. With lower costs, solar installations bring an economic as well as environmental benefit. Putting in place legislation that can help low-income Vermonters participate is an important policy objective for social justice and our economy. Three things are needed to enable equitable access to solar by Vermonters with lower incomes: understand the needs of the demographic; acknowledge the barriers; and implement solutions.

**Demographic.** Though there are a number of ways to define the low-moderate income (LMI) demographic, it generally comprises about 40% of our population. One thing remains constant – they are in energy poverty – carrying the highest energy burden as a ratio of energy cost to income. With very little or no disposable income, many live week to week. This demographic lives in a large variety of housing situations and moves on average every two years compared to an average of ten years for middle and higher income Vermonters.

**Barriers.** There are four categories of barriers:

1. *Upfront capital costs* create an inability to pay for solar when there is a) a difficulty *accessing financing* due to low or no credit score, or b) lack of interest or unwillingness to take the risk of additional debt.
2. *Unsuitable housing* due either to the age and type of the home or to the individual being a renter. A large portion live in rental situations where they pay the electric bill but have no control over investment in the property by the landlord, referred to as the split incentive.

3. *Lack of information, time and trust* play a large role. This includes assumptions that the measures are unaffordable or beyond reach, a lack of time to review or understand opportunities, and a simple unawareness of potential programs.
4. *Existing incentives* increase the challenge for LMI participation in solar. The federal Income Tax Credit (ITC) is geared to those with disposable income and inaccessible to more than 45% of the population. Recent changes in state net-metering incentives have increased the difficulty of creating community solar projects in which the LMI population can participate.

**Solutions.** The implementation of solutions should be approached in a comprehensive manner that provides long-term policy. This approach should consist of incentives, financing and education/training/workforce development. These form three legs of a stool that can create a solid structure for successful implementation and adaptation of sustainable energy for our most vulnerable neighbors. Highlights of solutions that address the barriers identified above are:

### **1. Incentives**

- a. Create *low-income specific adders to net-metering projects*.
- b. Reversal or modification of harmful 2017 changes to net-metering, including the punitive REC adjuster.

### **2. Financing**

- a. Legislative mandate for PUC and utility implementation of an *on-bill tariff* program that lends to the meter instead of the person. This addresses three primary barriers: the split incentive in rental homes, access to financing, and an aversion to risk additional debt.
- b. Support existing financing programs with increased access to loan guarantees and funding sources.

### **3. Informing**

- a. Collaboration with community partners, utilities and providers is necessary to create a successful program that is promoted statewide.
- b. Identify and inform targeted demographic based on volunteer answer to one question on state tax return.
- c. Motivate citizens to inform neighbors on ways to save money and stay warm.

Vermont has an opportunity to advance its energy and climate goals, strengthen the economy and assist those with the highest energy burden. We can bring the benefits of solar ownership to a larger portion of the population by creating market specific incentives, leveraging that investment through financing, and informing them of opportunities.