SOLSTICE

Product Innovation to Increase Low-to-Moderate-Income
Customers' Adoption of Community Solar PV

Low-to-moderate income (LMI) households are often excluded from community solar programs due to information asymmetries, prohibitively high credit score requirements, and restrictive contract terms. Developers and financiers have shown reluctance to engage in LMI community solar due to the perceived, elevated risk associated with enrolling and managing LMI customers. Increasing LMI access to community solar requires innovating programs that incentivize LMI participation while navigating any associated financial risk.

With support from the Department of Energy Solar Energy Technologies Office, Solstice is in the midst of pursuing research on designing community solar products that increase LMI participation. Amongst the end products of this research will be a "best practice" contract that weighs LMI customer preferences against developer price sensitivities. Through this research, Solstice will also quantify the risk of LMI community solar and assess alternative methods of mitigating project risk outside of the use of restrictive community solar products. By developing a product that incentivizes LMI participation without elevating the risk taken on by financiers and developers, we plan to pitch the industry on a more inclusive community solar product.

To effectively quantify the risk of LMI community solar projects, we plan to acquire churn and default data from developers and compare the rate of these events across income groups. Prior to the execution of this research beginning in October of 2020, we plan to secure MOUs with developers for at least 4 MW worth of churn and default data, 90% of which will be from projects that came online prior to 2018. We will be acquiring both market-rate and LMI participant data for this analysis. Through executing this comparison, program designers and policymakers will gain a better understanding of the costs associated with incorporating LMI customers in community solar programs.