



February 22, 2024

The Honorable C. T. Wilson
Chair, Economic Matters Committee
House Office Building, 6 Bladen St.
Annapolis, Maryland 21401

RE: HB 258 - Renewable Energy - Customer-Sited Solar Program

Dear Chairman Wilson, Vice Chair Crosby, and distinguished members of the committee,

PosiGen strongly supports HB 258 which creates a solar grant program that would increase accessibility for low-income households and communities. PosiGen is a certified B corp that provides rooftop solar and energy efficiency services with a focus on serving low-and-moderate income communities. We are able to deliver on making “Solar For All” a reality through our unique solar lease which makes solar affordable and accessible. We underwrite our customers based on expected savings, not FICO score or income, making solar available to every homeowner. We also provide energy efficiency services with every install to maximize energy savings, provide both savings and system performance guarantees, and partner with trusted community partners to reach the hard-to-reach households. PosiGen has been the low-income solar provider for programs such as Connecticut’s Solar For All program, the Philadelphia Energy Authority’s Solarize Philly, New Orleans Solar For All campaigns, and Rhode Island’s recently launched Affordable Solar Access Pathways program.

Third-party owned solar is critical for serving LMI households

HB 258 would allow customers with third-party owned (“TPO”) solar systems to participate in the grant program, which is not currently allowed for the Maryland Energy Administration’s Clean Energy Rebate program. TPO has been found by the Lawrence Berkeley National Lab to be one of the primary drivers behind increasing LMI solar adoption.¹ TPO models can be particularly beneficial for LMI households due to the following reasons:

- More accessible financing requirements (i.e. lower FICO scores or income)
- No upfront cost or need to take on debt
- Immediate utility bill savings
- Ability to monetize federal tax credits given potential lack of customer tax liability
- Access to other federal incentives including ITC bonus credits
- System owner, not customer, is responsible for maintenance and repairs

PosiGen’s 25,000 customer base is proof that the TPO model makes solar accessible. In our home state of Louisiana, nearly 40% of solar adopters have household incomes below \$50,000 and 72% have incomes below \$100,000. Through our partnership with the Connecticut Green Bank, 65% of our customers had incomes below the median household income and experienced average savings between \$700-\$1,000 in their first year - with those savings expected to grow each year. To date, we estimate

¹ See *The Impacts of Policies and Business Models on Income Equity in Rooftop Solar Adoption* by Eric O’Shaughnessy, Galen Barbose, Ryan Wiser, Sydney Forrester, and Naim Darghouth, November 2020 available at: <https://emp.lbl.gov/publications/impact-policies-and-business-models>

that our customers have received \$60 million in net savings through our solar and energy efficiency services.

The inclusion of tiers for income-qualified and geographic eligibility will increase equity

We also support the grant “adders” that provide a higher grant amount for income-qualified households and a lower grant amount for projects located in low-and-moderate income, overburdened and underserved communities (“LMIOU”). This approach is emerging as a best practice in equitable solar program design that recognizes that there are real benefits for increasing the deployment of clean energy in LMIOU communities in addition to all LMI households regardless of where they are located.

The purpose of the “Tier 1” grant for income-qualified households is clear - provide assistance to those in most need of support. This adder would allow for higher savings for program participants and would help overcome the challenges and added costs of serving low-income households. This bill corrects a gap in the current law to allow low-income households anywhere in the state to be eligible for the grant.

The “Tier 2” adder for geographically eligible LMIOU households also plays an important role in increasing equity and access. The grant will drive deployment of solar in LMIOU communities which has significant benefits for both the households and community more broadly. Installing solar and completing electrical work or roof work can help increase property values. When a LMIOU household saves money on their electric bills, that is more likely to get spent in the local community and therefore have an economic multiplier effect.

The Tier 2 grant is important because there are real additional costs and challenges with working in many LMIOUs. If these costs and barriers did not exist, then the communities would not be underserved in the first place. A grant would help offset those costs and remove any potential implicit bias against serving LMIOUs. In our experience serving both LMI and non-LMI communities in other states, we see these challenges every day. Systems in LMIOU communities are on average 15% smaller (meaning a higher per unit cost), have financing challenges and are perceived as more risky by lenders, and there are slightly higher payment delinquency rates. Additional work in order to install solar such as electrical upgrades or roof repairs are far more common. Due to these barriers and costs, attrition is also higher.

Examples of federal and state programs that have a geographic eligibility component include the federal Low-Income Communities Bonus Credit where eligibility is based on census tract, Connecticut which provides a modest incentive for households located in “economically distressed municipalities,” Rhode Island’s Affordable Solar Access Pathways program that requires participants live in certain Environmental Justice Focus Areas, and the Environmental Protection Agency’s Solar For All competition which covers projects located in specific census tracts or geographically dispersed low-income households. Maryland would be adopting a proven model to increase affordability and accessibility to households that stand to benefit the most from the savings provided by solar.

For these reasons, PosiGen asks this committee to issue a favorable report for HB 258.

Respectfully,
Kyle Wallace
VP, Public Policy & Government Affairs
PosiGen, PBC

