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Response of the Florida State Conference of Branches of the NAACP to the Florida Public Service Commission's Information Request: Policies or Programs Most Effective at Promoting Demand- or Supply-Side Solar Energy Systems

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Introduction

On April 23, 2015, the Commission issued a request for comments regarding enhancing the development of solar technologies in Florida. As part of its information gathering initiative, the Commission seeks to encourage individuals, businesses, and utilities to provide input on demand-side and supply-side policies and programs, and any other information that would be useful to the Commission.

In its information request, the Commission posed these three questions:

1. What policies or programs would be most effective at promoting demand-side solar energy systems (i.e., programs effective on the customer side of the meter)?
2. What policies or programs would be most effective at promoting supply-side solar energy systems (i.e., utility or third-party owned)?
3. Are there any other policies or programs that could promote the development and deployment of solar energy systems in Florida?

The Florida State Conference of Branches of the NAACP ("Florida NAACP") welcomes the opportunity to address these questions. The Florida NAACP provides a voice for low-income and minority consumers of energy on national and state issues impacting safety, affordability, and environmental pollution. Therefore, we have framed our recommendations to focus on their value to low-income and minority consumers.[1]

[1] *See* National Association for the Advancement of Colored People,

Discussion

We strongly support the further development of solar energy for the benefit of all Floridians. We believe that the best approach to furthering the development of solar is to ensure that any policies adhere to the principles of equitability, access, and affordability for all consumers.

For some Floridians, rooftop solar is an option that they can pursue. As supporters of solar energy, we recognize and welcome the choice this provides to some consumers. But it is not available to all. Our concern isn't with rooftop solar as much as it is with the underlying economics related to the net metering policy that, in some states including Florida can, unless properly structured, be regressive.[2] We believe that Florida's administration of net metering can be improved to ensure affordability by low-income consumers, eliminate cost-shifting to non-solar users, and enhance consumer protections in this relatively new and largely unregulated industry.[3]

Unlike in some states, Florida's current approach to solar technology is premised on affluent customers' ability to leverage property values, income, and tax credits to purchase and install solar panels. While this is

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Resolution on Environmental and Climate Justice, February 20, 2015 ("Therefore be it resolved, that the National Association for the Advancement of Colored People will continue to support the deployment of clean energy sources, specifically solar and wind power, especially distributed solar located within local communities, and will advocate for pricing structures that are fair and do not unduly burden low income ratepayers; and Be it further resolved that the NAACP will continue to support programs and policies that ensure affordable access to clean energy options for all[.]"); *see also* NAACP Press Statement, "NAACP Board Passes Clean Energy Resolution," March 11, 2015 (making note of "our 106-year tradition of opposing regressive impacts on low-income consumers" and noting that "[w]hile regulatory circumstances in each state will differ, all state conferences of branches have pursued and will continue to pursue the NAACP's dual objectives of advancing renewable energy while ensuring that it is not developed in a manner that is burdensome to the poor."

[2] *Id.*

[3] *Id*.

unobjectionable, it is insufficient both as a means of ensuring equity and as a means of reducing pollution. The Commission should focus more attention on encouraging a supply-side approach that leverages larger economies of scale to provide much more solar-generated electricity at a lower cost and to the benefit of all consumers.

The Florida NAACP believes that concerns about whether all customers are benefiting from solar[4] could largely be addressed with large central station or community-scale, projects that benefit all customers using the utility grid.

Central station solar is similar to traditional large generating plants. Community-scale solar is defined as a solar electric system that provides power and/or financial benefit to or is owned by multiple community members. There are three models of community-scale solar. Under a **special purpose entity model**, individual investors join in a business enterprise to develop a community solar project.[5] A **utility-sponsored model** is one where a utility owns or operates a project that is open to voluntary ratepayer participation.[6] Finally, the **non-profit "buy a brick"**

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[4] *See* Massachusetts Institute of Technology, *The Future of Solar* (2015), available at http://mitei.mit.edu/futureofsolar (last accessed June 23, 2015), p. xviii ("In an efficient and equitable distribution system, each customer would pay a share of distribution network costs that reflected his or her responsibility for causing those costs. Instead, most U.S. utilities bundle distribution network costs, electricity costs, and other costs and then charge a uniform per-kWh rate that just covers all these costs. When this rate structure is combined with net metering, which compensates residential PV generators at the retail rate for the electricity they generate, the result is a subsidy to residential and other distributed solar generators that is paid by other customers on the network. This cost shifting has already produced political conflicts in some cities and states; conflicts that can be expected to intensify as residential solar penetration increases."

[5] Id., p 12. An example of a special purpose entity model is University Park Community Solar, LLC. The company, located in University Park, Maryland, placed a 22 kwh unit on the roof of a church to which it sells electricity. The company also sells electricity to the utility grid.

[6] *See* Jason Coughlin and Jennifer Grove, U.S. Department of Energy, A Guide to Community Solar, November 2010, p. 7. Participants in a utility-sponsored project either contribute to the project upfront or make ongoing payments to the project. In return, customers receive a credit on their electric bills that may be proportional to the amount they contribute to the solar project and the amount of electricity the project produces. The

model has donors contributing to a community installation owned by a charitable non-profit corporation.[7] Each of these models has promise both as a means of reducing pollution and as a platform for revenue-producing entrepreneurship and job creation. Each model helps address the economic and energy divide that we find troublesome.

As staff determined in its conservation and numerical goals dockets last year, participation in Florida's current solar panel projects is a realm for the wealthy. For example, in Duke Florida's service territory, the average household income for solar photovoltaic customers was $100,926.[8] The average house value of solar PV program participants was $350,903. Seventy-six percent of solar PV participants in Gulf Electric's service territory had annual incomes exceeding the median income of $47,800 in northwest Florida.[9] Installation costs for solar panels can be in the tens of thousands, amounts that are beyond the reach of Florida's low-income, fixed income, and minority consumers.

Central station and community solar projects are inclusive projects. All consumers may participate in the benefits regardless of a consumer's wealth or income.

Central station and community solar are less expensive methods for providing solar-generated electricity to consumers versus residential solar. For example, the average installation price for residential PV was $3.48 per watt in 2014, while the average installation price for utility-scale solar in 2014 was $1.55 per watt.[10] Taking advantage of community solar's economy of

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consumer is, in other words, buying rights to the benefits of the electricity produced by the solar project. An example of a utility-sponsored solar program is the Sacramento Municipal Utility District's Solar Shares Program. The program allows customers to purchase output from its solar project on a monthly basis.

[7] Id., p. 19. An example of the "buy a brick" model is Community Energy Solutions' Solar for Sakai project, located on Bainbridge Island, Washington. Community Energy Solutions raised capital to install a solar facility at Sakai Intermediate School.

[8] Order No. PSC-14-0696-FOF-EU. Florida Public Service Commission. 14 December 2014, p.58.

[9] *Id.*

[10] Munsell, Mike. "Solar PV Pricing Continues to Fall During a Record Breaking 2014", GreentechMedia.com, March 13, 2015, available at

scale, the welfare of low-income, fixed income, and minority consumers may increase when these cost savings are passed on to them.

The Commission should not be hesitant in pursuing a supply-side solution to promoting solar energy. A broad reading of the description of Florida's renewable energy policy as described in Section 366.92(1), Florida Statutes, demonstrates that community solar is not excluded from the State's policy:

> (1) It is the intent of the Legislature to promote the development of renewable energy; protect the economic viability of Florida's existing renewable energy facilities; diversify the types of fuel used to generate electricity in Florida; lessen Florida's dependence on natural gas and fuel oil for the production of electricity; minimize the volatility of fuel costs; encourage investment within the state; improve environmental conditions; and, at the same time, minimize the costs of power supply to electric utilities and their customers.

Finally, the Florida NAACP believes that it is essential to address the "energy divide" between the wealthy and the poor, and to build an "energy bridge" enabling the very poor, who are not participating in or benefitting directly from clean energy.[11] Consequently, the Florida NAACP has adopted a resolution calling for the use of Low Income Home Energy Assistance Program (LIHEAP) funds for solar:[12]

> BE IT FINALLY RESOLVED that the NAACP support extending LIHEAP to provide renewable energy initiatives, thereby ensuring greater economic freedom as well as reducing the impact of climate change that disproportionately affects the underserved in our country.

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http://www.greentechmedia.com/articles/read/solar-pv-system-prices-continue-to-fall-during-a-record-breaking-2014 (last accessed June 23, 2015).

[11] Florida State Conference of Branches, National Association for the Advancement of Colored People, Resolution, Support and Expansion of the Low Income Home Energy Assistance Program (LIHEAP**),** April 11, 2015 (declaring, *inter alia*, that "increased funding for LIHEAP could provide opportunities to implement sustainable energy solutions, such as retrofitting existing homes and developments with solar and other renewable energy, thereby creating immediate relief to homes that may reduce monthly energy bills.")

[12] *Id.*

In this way, very low-income families will be able to receive the many benefits of solar technology. Initiatives such as this should be structured to incentivize utilities to make affordable clean energy more available to the poor.

Conclusion

The Florida NAACP believes that solar technology should play an increasingly vital role in Florida's energy future. As the NAACP's National Board stated in its February 2015 Resolution:[13]

> Therefore, be it resolved that the National Association for the Advancement of Colored People will support the continued deployment of clean energy resources to include solar and wind[.]

It is important that low-income, fixed-income, and minority consumers share in the benefits of solar-generated electricity. For this to happen, barriers to affordability must come down. A solar energy policy built on sound economics is one approach that the Commission should use to achieve this goal. All consumers can participate in and benefit from central station and community solar regardless of wealth or income. Installation costs are less per consumer under these models versus a residential rooftop model. With high reliance on community solar, Florida would more rapidly reduce its reliance on fossil fuels, and the environment will benefit.

Respectfully submitted,

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[13] National Association for the Advancement of Colored People. Resolution on Environmental and Climate Justice, Promoting Equitable Access to Clean Energy Alternatives, February 20, 2015, p. 2.