



July 20, 2021

Dr. Joy Wang
Michigan Public Service Commission
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Re: Comments of Soulardarity and the Abrams Environmental Law Clinic for Consideration in the Staff Report on the MI Power Grid New Technologies and Business Models Workgroup

On behalf of Soulardarity and the Abrams Environmental Law Clinic at the University of Chicago Law School, we submit this comment to the MI Power Grid New Technologies and Business Models Workgroup. This comment builds upon and incorporates both the presentation by Soulardarity and the Abrams Environmental Law Clinic at the May 19, 2021 meeting of this Workgroup, and the email comments submitted by Mark Templeton to Dr. Joy Wang on June 6, 2021, each of which is attached hereto

Soulardarity is an organization based in Highland Park, Michigan that works on many issues through education and organizing and was originally organized after DTE repossessed more than 1,000 streetlights in the Highland Park community. One of Soulardarity's main goals is improving access to affordable, clean energy for low-income communities and communities of color. Its particular focus is on energy democracy and the idea that the people most impacted by energy decisions should have the greatest say in shaping them.¹ Energy democracy helps correct the imbalance of power and the resulting inequities that are at the core of how the energy system was built. The Abrams Environmental Law Clinic is based at the University of Chicago Law

¹ *Why Energy Democracy?*, Soulardarity, https://www.soulardarity.com/why_energy_democracy.

School. The clinic represents Soulardarity to further its goals in Commission proceedings and workgroups and assists in Soulardarity’s advocacy more generally.

This comment will discuss how community solar provides benefits to communities in Michigan and is consistent with Soulardarity’s efforts to develop community solar projects and advocate for policies that promote access to community solar for low-income communities and communities of color. “Community solar” refers to solar energy generation resources located within the community that it serves and provides electricity and financial benefit to, or is owned by, community members.² These dual aspects of community siting and community ownership are especially important as distinguished from other forms of Distributed Generation (DG) resources. Community solar puts decision-making power in the hands of the community, which improves energy democracy and helps to transform the unequal dynamics of the energy system. This comment expands on our May 19th presentation, elaborating on: (A) benefits of community solar, (B) different ownership models of community solar, (C) particular advantages of non-utility ownership models, and (D) current barriers to implementing equitable and accessible community solar projects in Michigan. We specifically address the regulatory and business model barriers to the deployment and utilization of community solar to aid Staff in crafting recommendations to the Commission that address the goals of the Workgroup and to make widespread accessibility to reliable clean energy a reality in Michigan.

² Jason Coughlin et al., A Guide to Community Solar: Utility, Private and Non-profit Project Development (2010).

(A) Benefits of Community Solar

Community solar offers many benefits,³ and it can deliver differently on those benefits depending on how the model is structured and implemented in particular circumstances. Some of these benefits are shared throughout the entire distribution grid to which the community solar installation is connected; other benefits, such as energy supply and ownership, are focused within the community connected to the installation.

Three primary system-wide energy benefits result from community solar programs. First, because a community solar system is located in a community, it reduces the overall need for electricity generation by reducing line losses and the need for transmission from centralized generation. It eases upstream capacity constraints by meeting demand locally and reducing demand for central generation.⁴ Second, community solar helps prevent power outages and reduce the impacts of downed wire incidents by distributing generation resources throughout the grid. This is particularly important for low-income communities where utilities have historically underinvested in distribution infrastructure.⁵ Third, community solar can provide grid-wide financial benefits and cost savings, including reducing overall energy costs by reducing both overall energy demand and demand for centralized generation need as described above, by working around inherent system inefficiencies, and by providing a hedge against variable fuel commodity prices.⁶

The community where the solar project is sited also received benefits. First, community solar can provide local financial benefits, including job creation, reduced residential electric

³ See generally Gideon Weissman, Emma Searson & Rob Sargent, *The True Value of Solar: Measuring the Benefits of Rooftop Solar Power* (2019).

⁴ Elec. Innovation Lab, Rocky Mountain Inst., *A Review of Solar PV Benefit & Cost Studies* 14 (2d ed. 2013).

⁵ *Id.*

⁶ *Id.*; Vibrant Clean Energy, LLC, *Minnesota's Smarter Grid 3* (2018).

bills, and rate relief from reducing the need for utility-owned projects.⁷ Second, community solar helps facilitate a shift away from fossil fuel generation, which provides many environmental benefits including improved air quality.⁸ Third, it can make renewable energy available to customers who would not otherwise be able to participate in solar generation, like renters or those without favorable roof access, or people who cannot access the capital necessary to install their own solar panels. Community solar can also serve to accelerate a broader transition to cleaner energy by causing contagious adoption of solar in nearby communities; a recent study from Scientific Reports showed that living within view of solar panels is the greatest single predictor of panel adoption, especially in low-income areas.⁹

The value of these benefits can vary widely across projects depending on a number of conditions. To learn more about these benefits¹⁰ and the methods for valuing these benefits, Staff should review closely the Electricity Innovation Lab of Rocky Mountain Institute's Review of Solar PV Benefit and Cost Studies.¹¹

Community-owned solar also provides several unique benefits that are unavailable under other ownership structures. Unlike utility-owned solar, community-owned solar can leverage new forms of capital, such as tax credits, grants, or donations.¹² Further, community ownership allows individuals and community organizations to build financial equity in the project and

⁷ Id; Elec. Innovation Lab, Rocky Mountain Inst., *A Review of Solar PV Benefit & Cost Studies* 16 (2d ed. 2013)).

⁸ Ihab Mikati et al., *Disparities in Distribution of Particulate Matter Emissions Sources by Race and Poverty Status*, 8 Am. J. Pub. Health 480 (2018); Adrian Wilson et al., Nat'l Ass'n for the Advancement of Colored People, *Coal Blooded: Putting Profits Before People* (2016).

⁹ Kelsey Barton-Henry, et. al., *Decay Radius of Climate Decision for Solar Panels in the City of Fresno, USA*, Scientific Reports 5–6 (April 2021).

¹⁰ [U-20713 and U-20851, Direct Testimony of Jackson Koeppel \(Dec. 23, 2020\)](#); [U-20471, Direct Testimony of Jackson Koeppel \(Aug. 20, 2019\)](#); [U-20561, Direct Testimony of Jackson Koeppel \(Nov. 6, 2019\)](#); [U-18232, Direct Testimony of Jackson Koeppel \(Apr. 28, 2020\)](#); [U-20162, Direct Testimony of Jackson Koeppel \(Nov. 7, 2018\)](#).

¹¹ Elec. Innovation Lab, Rocky Mountain Inst., *A Review of Solar PV Benefit & Cost Studies*, 14 (2d ed. 2013).

¹² See Jason Coughlin, *supra* note 2.

generate wealth for the community.¹³ Finally, community-owned solar helps to promote energy democracy because it gives local individuals decision-making power over the project. These projects also serve an educational purpose of increasing community members' familiarity with solar resources, helping them develop skills for the new renewable energy economy. Although some of these benefits can be or already are considered to some degree in current utility and Commission decision-making, others are not considered or are less easily quantified. It is important that benefits beyond those already taken into account by the Commission and energy providers are weighed in decisions going forward in order to effectively rethink how renewable energy is compensated more broadly and how community solar policies and programs are designed and improved.

(B) Ownership Models of Community Solar

Ownership models of community solar can vary, but there are three main types of community solar models.¹⁴

(i) The Utility-Sponsored Model

The utility-sponsored mode is one in which a utility owns or operates a project that is open to voluntary ratepayer participation. The first community solar projects in Michigan were built by municipal and cooperative utilities, with much slower adoption by the investor-owned utilities (IOUs). It is worth stating that, where we have seen utility adoption, it has come first and fastest from the utilities that have more direct accountability to their ratepayers, i.e. municipalities and cooperatives, unlike the IOUs, with their obligation to maximize shareholder returns.

¹³ John Farrell, Inst. for Loc. Self-Reliance, *Advantage Local: Why Local Energy Ownership Matters* (2014).

¹⁴ Coughlin, *supra* note 2.

(ii) The Special Purpose Vehicle (SPV) Model

When individual investors join in a business enterprise specifically created to develop a community solar project, they implement the special purpose vehicle model. One example would be Hope Village Revitalization in north-central Detroit and western Highland Park, as described by Hope Village Executive Director Debbie Fisher during the “Behind the Meter & Community Solar” session the Workgroup hosted on March 10, 2021.¹⁵ Hope Village Revitalization is currently seeking to structure a special purpose LLC in order to implement a community solar project and then transferring ownership of the LLC to a nonprofit run like a community land trust. This strategy would create value for the community by localizing energy generation, giving residents a chance to be part of the growing green movement and reducing energy costs. It would also promote ownership and vest decision rights in the community itself.¹⁶

(iii) The Non-Profit Model

The non-profit model involves donors contributing to a community-solar installation that a charitable non-profit corporation owns. These types of projects could be owned by faith-based organizations or governmental entities such as municipalities. One example would be Solar for Sakai in Bainbridge Island, Alaska. For that project, the non-profit Community Energy Solutions raised funds from donors for a solar installation at Sakai Intermediate School. The school now owns the photovoltaic system and all the resulting power and environmental attributes,¹⁷ the latter of which are any credits or benefits resulting from the avoidance of the emission of any fossil fuels, such as carbon credits.

¹⁵ See also U-20713 and U-20851, Direct Testimony of Debbie Fisher (Dec. 23, 2020).

¹⁶ *Id.*

¹⁷ Jason Coughlin, *supra* note et al., *A Guide to Community Solar: Utility, Private and Non-profit Project Development* (2010) 2.

(C) Advantages of Non-Utility Models

While utilities are likely to have the necessary legal, financial, and administrative infrastructure to implement community solar—and may have some economies of scale to leverage—non-utility owned projects have advantages in providing other important benefits of community solar.

Non-utility owned models have certain financial advantages. For example, participants in a utility sponsored model are not eligible for the federal investment tax credit.¹⁸ Non-utility projects could also use different project financing structures if the solar project is packaged into a broader development plan, such as in the housing context, and could leverage diverse funding streams, such as philanthropic donations.

In addition to the financial advantages non-utility models can benefit from, other models allow for greater cultivation of community relationships and generation of community wealth. One example is Cooperative Energy Futures (CEF) in Minnesota, which is for-profit, cooperatively owned, and committed to serving and empowering low-income communities.¹⁹ CEF forms strong bonds with local community organizations. For example, CEF partners with Minnesota Interfaith Power and Light, a non-profit organization dedicated to building the interfaith climate movement, to market and promote CEF's solar arrays, encourage community involvement, and attract subscribers.²⁰ As of November 2020, CEF had provided funding of almost \$600,000 to community-based organizations to engage subscribers for their first round of

¹⁸ *See id.*

¹⁹ Cooperative Energy Futures, <https://www.cooperativeenergyfutures.com/>.

²⁰ Mike Hughlett, *Solar Energy Co-op Sells Subscribers Energy – and a Piece of the Business*, Star Tribune (Dec. 7, 2018), <https://www.startribune.com/solar-energy-co-op-sells-subscribers-energy-and-a-piece-of-the-business/502206491/>.

projects.²¹ To generate community wealth further, CEF structures each project using a “partnership flip” financing structure. Regional banks own the majority stake in a project during construction and for a period of time upon completion to harness federal tax credits for solar projects and to recoup initial investments. After ten years, co-op members gain majority equity.²² This combination of strategies allows CEF to involve low-income customers meaningfully, who enjoy lower rates and other benefits of solar throughout the life of the project and who acquire equity stakes after the initial financing period.²³

Finally, non-utility owned models can also reduce the perceived credit risks of serving low-income customers. For example, CEF employs an anchor-tenant model, seeking large institutional subscribers, mainly public and nonprofit entities in a community, to anchor each of its projects. These large customers subscribe to a significant portion of a community solar array, and the remaining energy shares can be subscribed by or otherwise allocated to community members, including low-income residents. An anchor tenant acts as a fiduciary failsafe, committing to increase its subscription if other customers default. Having a large customer able to invest early can also facilitate offering alternative payment structures, such as pay-as-you-go, to help community members minimize their individual upfront investments.²⁴ This structure helps overcome financial barriers faced by low-income residents and residents of color.

²¹ Kayla Soren, *A Minnesota Cooperative Shares the Wealth While Advancing a Clean Energy Future*, Institute for Policy Studies (Nov. 30, 2020), <https://ips-dc.org/a-minnesota-cooperative-shares-the-wealth-while-advancing-a-clean-energy-future/>.

²² Mike Hughlett, *Solar Energy Co-op Sells Subscribers Energy – and a Piece of the Business*, Star Tribune (Dec. 7, 2018), <https://www.startribune.com/solar-energy-co-op-sells-subscribers-energy-and-a-piece-of-the-business/502206491/>.

²³ *Id.*

²⁴ Carla Skandier & Johanna Bozuwa, *An Anchor Strategy for the Energy Transition*, Democracy Collaborative (Sept. 3, 2018), <https://thenextsystem.org/learn/stories/anchor-strategy-energy-transition>; Jenny Heeter, Eric O’Shaughnessy & Gabriel Chan, Nat’l Renewable Energy Lab’y, *Sharing the Sun: Understanding Community Solar Deployment and Subscriptions* 19 (Apr. 28, 2020).

(D) Approaches to Increasing Low-Income and People-of-Color Access to Community

Solar

There are many ways to structure community solar projects, or a larger community solar program, to reduce barriers to participation from low-income communities and communities of color. Ensuring that these community members are included directly in discussions at every turn when developing new policies around community solar is an indispensable initial step. Staff's report to the Commission on this Workgroup should recommend that specific steps be taken to ensure that community solar policymaking is accessible to low income communities and communities of color and to ensure their participation is centered in such processes and reflected in the outcomes.

First, a community solar program can set aside a certain percentage of the electricity it generates for low-income use only. For example, Maryland's community solar program requires that 30% of its total program capacity for solar installations serve low- and moderate-income households.²⁵

Second, programs can be structured to provide financial flexibility to low-income consumers who are limited in their ability to pay costs up front. This financial flexibility can come in the form of on-bill financing, particularly but not exclusively for utility-owned projects, or different relationship structures with subscribers for SPV's or developers. For example, Cherryland Electric Cooperative's program allows customers to pay \$600 up front or \$10 per

²⁵ Karlee Weinmann, *Unlocking Universal Access to Community Solar*, Inst. for Loc. Self-Reliance (Mar. 23, 2017), <https://ilsr.org/unlockinguniversal-access-to-community-solar/>.

month for 5 years.²⁶ In addition, Grand Valley Power, a co-op in Colorado, offers a \$0 down option for its member-owners, regardless of credit check, to buy into a solar farm.²⁷

Third, projects can offer net crediting to low-income consumers, allowing income-qualified customers to obtain the net benefit of the solar program without paying for it. While current community solar frameworks involve the solar developer allocating monetary benefits from community solar to recipient consumers, customers typically pay for a portion of the monetary benefit. As a more accessible alternative, Boston Community Capital and National Grid have proposed the net crediting scheme for Massachusetts' solar program.²⁸

Fourth, community solar policies and projects should allow for portability of participation for renters, who will not always stay in the same home. For example, participation in Consumers Energy's Solar Garden in Jackson allows renters to continue to participate in the program after they move to a new location in the service territory.²⁹

Fifth, community solar projects could be designed and implemented to train local community members, especially low-income, people of color, for solar jobs or could be required to hire local contractors. According to Mark Muro from Brookings and other researchers, “[t]he clean energy economy workforce is older, dominated by male workers, and lacks racial diversity when compared to all occupations nationally. Fewer than 20 percent of workers in the clean energy production and energy efficiency sectors are women, while black workers fill less than

²⁶ Cherryland Electric Cooperative, *Renewable Energy Programs*, <https://www.cherrylandelectric.coop/renewable-energy-programs/>.

²⁷ Karlee Weinmann, *Unlocking Universal Access to Community Solar*, Inst. for Loc. Self-Reliance (Mar. 23, 2017), <https://ilsr.org/unlockinguniversal-access-to-community-solar/>.

²⁸ Nathan Phelps, *Commentary: Making Solar Incentives Work for Low-Income Bay Staters*, Energy News Network (Apr. 12, 2021), <https://energynews.us/2021/04/12/commentary-making-solar-incentives-work-for-low-income-bay-staters/>.

²⁹ Consumers Energy, *Solar Gardens*, <https://www.consumersenergy.com/residential/renewable-energy/solar-gardens>.

ten percent of these sector’s jobs.”³⁰ A community solar program should include an effort to improve racial equity in local job training. CEF, for example, requires all of its installation contractors to use at least 50% minority labor.³¹

(E) Addressing Barriers to an Equitable and Accessible Community Solar Program

There are several barriers to achieving an equitable and accessible community solar program in Michigan. Various actors should address these barriers to enhance access to community solar. One regulatory barrier is that the value of solar is undercompensated. The value of community solar benefits, described earlier in this comment, are significantly higher than the price paid by Michigan utilities for the electricity that the solar projects generate. Even true net metering—i.e. compensating distributed solar at retail electricity rate, which would be significantly greater compensation than Michigan’s current distributed generation tariffs—largely undercompensates solar.³² The compensation that solar projects get for the electricity they produce needs to include these important additional benefits. Environment America’s True Value of Solar study discusses what benefits should be included to calculate a more accurate estimation for the value of solar.³³

Utilities often obstruct the development of community solar, especially through non-utility owned models. A study by Emily Prehoda from Michigan Technological University and others in *Energies* in 2019 showed how utilities use their political power to perpetuate utility structures that protect their financial interests, at the expense of electricity consumers’ interests,

³⁰ Mark Muro et. al., *Advancing Inclusion Through Clean Energy Jobs*, Metropolitan Policy Program at Brookings (Apr. 2019), https://www.brookings.edu/wp-content/uploads/2019/04/2019.04_metro_Clean-Energy-Jobs_Report_Muro-Tomer-Shivaran-Kane_updated.pdf.

³¹ Kayla Soren, *A Minnesota Cooperative Shares the Wealth While Advancing a Clean Energy Future*, Institute for Policy Studies (Nov. 30, 2020), <https://ips-dc.org/a-minnesota-cooperative-shares-the-wealth-while-advancing-a-clean-energy-future/>.

³² Gideon Weissman, Emma Searson & Rob Sargent, *The True Value of Solar: Measuring the Benefits of Rooftop Solar Power*, 2 (2019).

³³ *See id.*

by deterring development of grid-connected DG systems, net metering, non-utility owned projects, and others.³⁴ Utilities have employed various tactics to impede community ownership because their profitability is at stake. The MPSC should be more active in leading the way for alternative community solar models, rather than relying on the traditional utility-owned model advocated for by utilities or waiting on utilities to propose alternative models.

There are several legislative barriers to community solar. Currently, there is a lack of enabling legislation defining what community solar is and what rights communities have to implement their own energy choices. Further, state public utility status laws can conflict with the ability of projects to transfer electricity for use offsite. These laws can present a legal barrier to community solar projects with certain structures that contemplate providing electricity directly to customers on different properties and make it difficult for those trying to develop community solar to know what their rights are and to transfer electricity offsite legally.³⁵

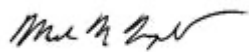
The Commission, legislature, and utilities need to remove these barriers further the development of non-utility owned community solar models and projects. Enabling community ownership allows those who want community solar to initiate and control how, where, and by whom these projects are designed, built, managed, and owned. Distributed energy in the form of community solar must be a part of the grid, and it must be creatively designed to maximize community benefits for it to be equitable. Enabling community-owned solar enables different communities to develop projects that meet their needs and express their values, and it allows innovation to maximize community benefits. When the Commission, legislature, and utilities

³⁴ Emily Prehoda et. al., *Policies to Overcome Barriers for Renewable Energy Distributed Generation: A Case Study of Utility Structure and Regulatory Regimes in Michigan*, Energies (2019).

³⁵ [U-20713 and U-20851, Direct Testimony of Debbie Fisher \(Dec. 23, 2020\)](#); See Mich. Comp. Laws Ann. § 460.10a(4) (West).

open up the door to community leadership and broader opportunities for accessible, clean energy to everyone, the results will speak for themselves.

Sincerely yours,



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Alternative Community Solar Models and Community Benefits



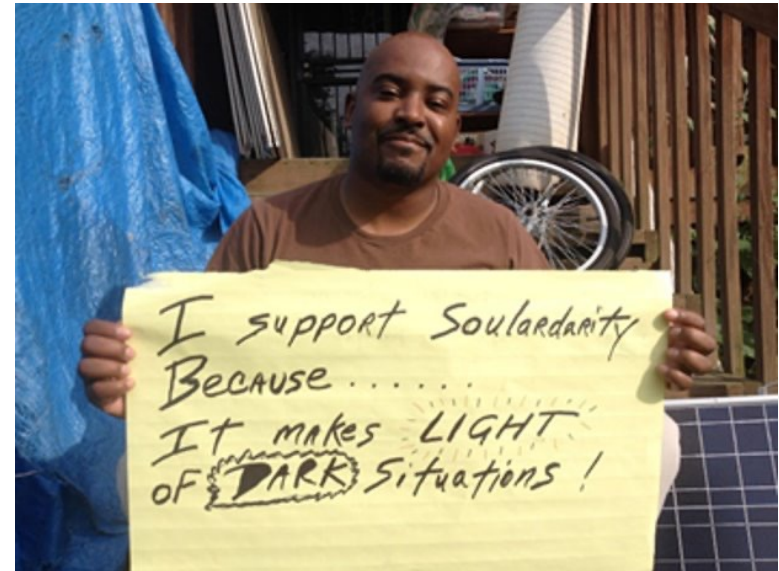
Jackson Koeppel, Soulardarity

Meera Gorjala, Abrams Environmental Law Clinic

May 19, 2021

Soulardarity

- Home: Highland-Park, MI
- Origin: DTE repossession of more than 1,000 streetlights in Highland Park
- Goals: improve access to affordable, clean energy for low-income communities and communities of color
- Focus: **energy democracy**
- One Approach: participation in past MPSC proceedings and workgroups with the Abrams Environmental Law Clinic



Community Goals for Community Solar

In the words of Soulardarity member **KIAVA STEWART**:

“Community solar offers a means for low-income customers to lift the enormous burden that high energy costs place on our communities. Low-income and people-of-color communities are interested in community solar because it gives us an opportunity to have greater control over the sources of our energy, to reduce dependence on fossil-fueled generation, to provide us with greater price stability, and to bring economic opportunity to our neighborhoods. Community solar would also ensure that any economic benefits that are generated are kept within the community.”

U-20713 and U-20851, Direct Testimony of Kiava Stewart (Dec. 23, 2020), at 20–21.

Benefits of Community Solar

- System-Wide Energy Benefits
 1. Capacity Benefits
 2. Distribution & Reliability Benefits
 3. Financial Benefits/Cost Savings
- Local Benefits
 1. Financial Benefits
 2. Environmental Benefits
 3. Community Benefits

Benefits of Community Solar with Community Ownership

- Grid Benefits

1. Capacity Benefits
2. Distribution System Benefits
3. Financial Benefits/Cost Savings

- Leveraging New Forms of Capital

- Local Benefits

1. Financial Benefits
2. Environmental Benefits
3. Community Benefits

- Energy Democracy

Distinct Benefits from
Projects with Community
Ownership

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graph TD; A[Distinct Benefits from Projects with Community Ownership] --> B[Leveraging New Forms of Capital]; A --> C[Community Wealth Generation]; A --> D[Energy Democracy];
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Community Solar Models

Administered By:	Utility	Special Purpose Entity (SPE)	Non-Profit/Public
Owned By:	Utility or 3 rd party	SPE members	Non-profit or government
Examples:	Cherryland Electric Cooperative- MI	Hope Village Revitalization- MI	Solar for Sakai- AK
Hosted By:	Utility or 3 rd party	3 rd party	Non-profit or local government
Subscriber Profile:	Electric ratepayers of the utility	Community investors	Community members
Financed By:	Utility, grants, ratepayer subscriptions	Member investments, grants, incentives, project finance	Donor, grants, local government revenue
Subscriber Motive:	Offset personal electricity use	Return on investment; offset personal electricity use	Offset electricity use; participate in community
Long-Term Strategy of Sponsor:	Offer solar options; add solar generation	Sell system to host; retain for electricity production for life of system	Retain for electricity production for life of system

Advantages of Non-Utility Models

- Financial Advantages
 - Tax Credit Availability
 - Project Finance
 - Diverse Funding Streams
- Advantages in Mobilizing Community Resources:
Example- Cooperative Energy Futures
 - Generation of Community Relationships and Community Wealth
 - Reduction of Perceived Credit Risks of Serving Low-Income Customers



Approaches to Increasing Low-Income and BIPOC Access

- Program-Level Approaches
 - Guaranteed Allocation
 - Financial Flexibility
 - Net Crediting
- Project-Level Approaches
 - Transportability for Renters
 - Local Job Training & Contracting

Addressing Barriers to an Equitable and Accessible CS Program in MI

- At the MPSC
 - Correct Under-Compensation of Distributed Generation Resources by Establishing Broad Value of Solar
- By Utility Positions
- In Statutory Law
 - Pass Enabling Legislation for Community Solar
 - Fix Conflicts with Public Utility Status Laws to Allow Transferring Electricity Offsite

Questions?

Contact Us

- Soulardarity
 - Jackson Koeppel, Executive Director, director@soulardarity.com
 - Shimekia Nichols, Deputy Director and Incoming Executive Director, communications@soulardarity.com
- Abrams Environmental Law Clinic, The University of Chicago Law School
 - Mark Templeton, Clinic Director, templeton@uchicago.edu
 - Rob Weinstock, Assistant Clinical Professor, rweinstock@uchicago.edu

Sources

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 - Karlee Weinmann, *Unlocking Universal Access to Community Solar*, Inst. for Loc. Self-Reliance (Mar. 23, 2017), <https://ilsr.org/unlockinguniversal-access-to-community-solar/>.
 - Mark Muro et. al., *Advancing Inclusion Through Clean Energy Jobs*, Metropolitan Policy Program at Brookings (Apr. 2019), https://www.brookings.edu/wp-content/uploads/2019/04/2019.04_metro_Clean-Energy-Jobs_Report_Muro-Tomer-Shivaran-Kane_updated.pdf.
- **Addressing Barriers to an Equitable and Accessible CS Program in MI**
 - Gideon Weissman, Emma Searson & Rob Sargent, *The True Value of Solar: Measuring the Benefits of Rooftop Solar Power* (2019).
 - Emily Prehoda et. al., *Policies to Overcome Barriers for Renewable Energy Distributed Generation: A Case Study of Utility Structure and Regulatory Regimes in Michigan*, Energies (2019)).
 - *See Mich. Comp. Laws Ann. § 460.10a(4)* (West).

See Past MPSC Proceedings For More Information

- [U-20713 and U-20851, Direct Testimony of Jackson Koeppel \(Dec. 23, 2020\).](#)
- [U-20713 and U-20851, Direct Testimony of Kiava Stewart \(Dec. 23, 2020\).](#)
- [U-20713 and U-20851, Direct Testimony of Debbie Fisher \(Dec. 23, 2020\).](#)
- [U-20471, Direct Testimony of Jackson Koeppel \(Aug. 20, 2019\).](#)
- [U-20561, Direct Testimony of Jackson Koeppel \(Nov. 6, 2019\).](#)
- [U-18232, Direct Testimony of Jackson Koeppel \(Apr. 28, 2020\).](#)
- [U-20162, Direct Testimony of Jackson Koeppel \(Nov. 7, 2018\).](#)

Subject: Re: Written Comments for New Technologies and Business Models Workgroup
Date: Wednesday, June 16, 2021 at 9:02:04 AM Eastern Daylight Time
From: Mark Templeton
To: Wang, Joy (LARA), Meera Gorjala
CC: Robert Weinstock, rebecca.j.boyd, Hudson, Patrick (LARA)

Dear Joy,

I hope that you and your colleagues are doing well.

First, I wanted to follow up on the email exchange below. Given the August timing for the staff report draft, when do you need the written comments from Soulardarity in addition to the presentation?

Second, because we may not be able to join the session this afternoon or stay for all of it, I'm writing to provide feedback on the draft outlines for the staff report.

Perhaps because Soulardarity presented in the Alternative Business and Ownership Models stakeholder session, the staff outline for the Community and Behind-The-Meter Solar session did not include information from Soulardarity's talk. However, the Community and Behind-The-Meter Solar outline can incorporate many of Soulardarity's ideas because Soulardarity was directly addressing issues on the topic.

Soulardarity's recommendations for the Community Solar section of the Community and Behind the Meter Solar working group outline are as follows. We have framed these as recommendations, and then we provide rationales for those recommendations.

In line 1, we recommend that the report include an additional solution with language along the lines of "Legislation must define the rights of communities in implementing their own energy choices."

Rationale: Slide 5 of the Soulardarity presentation discusses how energy democracy is a critical foundation of community solar. As also discussed on slide 9 of the SOU presentation, legislation could promote energy democracy and community involvement, while defining the possibilities and future of community solar.

In line 3, we recommend that the report replace the listed solution ("Legislation needed to enable non-utility ownership?") with language along the lines of "Legislation needed to expand non-utility ownership."

Rationale: The current language of the solution implies that community ownership for solar is impossible, whereas slide 6 of the Soulardarity presentation demonstrates that non-utility ownership is already possible and in effect for community solar. John Farrell in "[Advantage Local: Why Local Energy Ownership Matters](#)" did, however, discuss further actions the legislature could take to expand non-utility ownership.

In line 3, we recommend the addition of a solution with language along the lines of "Stakeholders recommended that the MPSC be more active in leading the way for alternative community solar models."

Rationale: This additional solution clarifies that the barriers community-owned-solar faces are administrative as well as legislative. Slide 9 of the Soulardarity presentation emphasizes the role of the MPSC in broadening the implementation of community ownership.

In line 7, we recommend the amendment of the current solution from "Establish pay-as-you-go subscriptions to take advantage of the utility's access to capital to enable participation by low-income customers." to "Establish pay-as-you-go subscriptions to enable participation by low-income customers."

Rationale: The solution's current language implies that the only mechanism to establish a pay-as-you-go subscription is through the utility-owned model. As explained in slide 7 of the Soulardarity presentation,

community and non-profit-owned models can leverage unique funding sources and raise the capital necessary to establish a pay-as-you-go subscription. The proposed language recognizes the opportunities in a range of ownership structures and does not limit them to utility ownership.

In line 14 (currently labeled 8), we recommend the amendment of the current barrier from “Lack of understanding of community benefits.” to “Lack of widespread understanding of community benefits.”

Rationale: Slides 4 and 5 of the Soulardarity presentation discussed the many ways that community solar benefits the communities it serves, including but not limited to energy democracy, protection from infrastructure failure, and economic gain. The current language implies that these benefits are not understood, whereas we think those benefits do exist and are understood but not as widely understood as they should be.

In line 14 (currently labeled 8), we recommend that the report add a solution with language along the lines of “Community solar developer should utilize the partnership flip model, local partnerships, and other programs to build community wealth.”

Rationale: The solutions column currently includes one important community benefit that developers can catalyze (employment and job training,) but it is not comprehensive. This edit would recognize the possibility of community solar to grow directly the wealth of the communities it serves, as outlined in slide 5 of the Soulardarity presentation.

We recommend the addition of a new line that proposes a barrier with language along the lines of “Perception of credit-risk among community solar developers when encountering low- or moderate-income customers.” and a solution along the lines of “Utilize the anchor tenant model to serve as a fiduciary failsafe and assist in offering pay-as-you-go structures.”

Rationale: Perception of credit risk creates hesitation among developers, including utilities and non-profits. Slide 7 of the Soulardarity presentation clarifies that community solar programs can be structured to avoid these risks and overcome this hesitation, while still providing critically needed community solar.

We recommend the addition of a new line that discusses a barrier with language similar to “Ensuring low income and diverse access to community solar programs.” and solutions along the lines of:

- “Community solar developers can set aside certain percentages of electricity to be provided to low-income communities.”
- “Community solar program can allow for financial flexibility through on-bill financing or flexible relationships with subscribers.”
- “Net crediting can be implemented to streamline payment and remove wealth barriers for low-income customers.”
- “Programs can ensure transportability to allow access for renters.”

Rationale: All community members must have access to community solar programs. Slide 8 in the Soulardarity presentation outlines how it is possible to minimize the wide array of barriers that certain community members face when accessing community solar. This new entry would highlight these opportunities for inclusion.

We recommend adding a new line that includes a barrier with language along the lines of “State public utility laws often prevent community solar projects from transferring electricity offsite.” and a solution similar to “Amend legislation to allow for this transfer.”

Rationale: As mentioned in slide 9 of the Soulardarity presentation, these laws can present a legal barrier to community solar projects with certain structures and make it difficult for community solar developers to transfer electricity offsite. These laws are a serious barrier that hinders community solar projects.

Thank you for your consideration of these recommendations.

Regards,
Mark Templeton

Mark N. Templeton * templeton@uchicago.edu * 773-702-6998 * The preceding email message may be confidential or protected by the attorney-client, attorney work-product, or common-interest privilege. It is not intended for transmission to, or receipt by, any unauthorized persons.

From: Wang, Joy (LARA) <WangJ3@michigan.gov>
Sent: Friday, May 21, 2021 3:25 PM
To: Meera Gorjala <gorjala@lawclinic.uchicago.edu>
Cc: Robert Weinstock <rweinstock@uchicago.edu>; Mark Templeton <templeton@uchicago.edu>; rebecca.j.boyd <rebecca.j.boyd@gmail.com>; Hudson, Patrick (LARA) <HUDSONP1@michigan.gov>
Subject: RE: Written Comments for New Technologies and Business Models Workgroup

Hi, Meera.

Thank you again for presenting with Jackson yesterday!

Feel free to submit written comments if you'd like! If the intent is to provide materials that is most useful to Staff when writing the report, it would be terrific if you could include the key points with supporting data and citations. However, if most of what you would say is captured in the PPT slides, please do not feel the need to duplicate it in document form.

Thank you for engagement and willingness to support our workgroup efforts! Have a great weekend!

Best,

Joy

From: Meera Gorjala <gorjala@lawclinic.uchicago.edu>
Sent: Friday, May 21, 2021 11:56 AM
To: Wang, Joy (LARA) <WangJ3@michigan.gov>
Cc: Robert Weinstock <rweinstock@uchicago.edu>; Mark Templeton <templeton@uchicago.edu>; rebecca.j.boyd <rebecca.j.boyd@gmail.com>; Hudson, Patrick (LARA) <HUDSONP1@michigan.gov>
Subject: Written Comments for New Technologies and Business Models Workgroup

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Hi Joy,

I hope you are doing well! Thank you again for the opportunity to present during the May 19th Alternative Business and Ownership Models session. We appreciated having the chance to share our perspective, and we enjoyed hearing from the other presenters. We had discussed earlier the possibility of submitting written comments, and we were wondering if we should submit the issues we talked through in the presentation but did not put on the slides as written comments? We don't want to be redundant, but we could package the slides, the presentation notes, and the sources we used into written comments to make sure you have everything available to you as you write your final report for the session. Let us know if submitting written comments would be helpful, and if so, by what date we should have comments submitted to you. I remember the last time we discussed it, you mentioned having comments in by August, so we're happy to have anything in by then.

Thanks,
Meera Gorjala