

The Future of Solar In DC – Update on Recent Developments that will Impact the Growth of Locally-Produced Renewable Energy and Jobs.

Wednesday January 21, 2011

The solar movement in the District of Columbia took a major step forward in 2010, in part, due to the work of neighborhood cooperatives. Hundreds of installs were completed or are soon to be completed – in part because the economic incentives made solar installations a good financial investment. Because solar is not yet to the point that it is economically viable on its own, this recent spike in solar installations in DC owes to the combination of Federal Tax credits, Solar Renewable Energy Credits—which are modest carbon credits that accrue to solar producers, and DC’s Renewable Energy Incentive Program rebates. Over this same time period we have seen the development of the District’s solar facilities has brought over \$7 million of direct investment into the city in the last 24 months, hundreds of full time employees living and working within the District, and a job growth rate of around 50%.

DC Solar United Neighborhoods (DC SUN), a coalition of a dozen cooperatives from across the City, is very concerned that this momentum will be lost unless the Mayor, the Council, and the Department of the Environment (DOE) come together to fix several problems relating to carbon credits and DC rebates. On Wednesday, January 19th, DC SUN met with Director Tulou from the Department of the Environment, DDOE and Council staff to discuss the future of the program. Here are the basics of what we learned:

- Citizens that are not already on the waiting list for a rebate will most likely not be able to participate in the current incentive program.
 - While interest in solar energy is growing, the lack of funding will kill this successful program without quick action. There are currently nearly 500 who are on the waiting list or in the grant application process.
 - What are the problems and possible solutions???
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- As a short-term measure, the Council needs to vote to restore to DDOE \$800K in funds that were left unspent in 2010. DOE agrees that this funding should be restored to the program. This money will go to people who have already gotten a funding commitment from DDOE.
 - As a medium-term measure, DDOE plans to re-adjust the amount of awards for those that have not been promised a certain amount. Re-adjusting the award to half its level now will provide twice as many rebates in 2012, at which point, the program ends. DC SUN believes that cutting the award by more than half that will stifle future solar installations.
 - In the long-term, the Council and DOE are not showing leadership in developing a successor to the REIP, but instead believe that leadership should be left to the Sustainable Energy Utility (SEU). Unfortunately, the SEU approval process is moving very slowly so there is currently no clear path forward for this program. If SEU will provide the answers, let’s get it running now, otherwise, abandon the idea so we can move forward with existing agencies!
 - Funding from utility ratepayers continues to flow to the fund that is designed to provide rebates, so if DC does not plan to continue the program, that surcharge should be discontinued. DC SUN favors keeping the surcharge, but only if it is put to use as intended.

- With rebate funding waning, DC needs other options. DC is behind the curve in regard to creating a market for solar energy. Currently, power suppliers are required to buy only a small percent of their power from DC solar producers (less than .4%). Councilmember Cheh has introduced legislation to raise this to 2.5% which is comparable to other states with solar programs such as Maryland. This legislation is critical, because with the dwindling incentives, at least homeowners that install solar can be able to sell their carbon credits at a rate that will make their solar investment prudent.
- Until DC government figures out a path forward, hopefully with our help, it is difficult for our organizations to promote the renewable energy economy in the City.

If you are on the waiting list, or are considering solar, here are some of the details....

After the budget cuts –the total that will be available for the solar rebate (REIP) program this year is \$1.1 million. We originally expected this year to have \$2 million plus \$800k roll over from the previous year.

Apparently, there are 132 people who have been told that they are “pre-qualified” for a rebate and have been instructed to proceed to submitting a full rebate. Of those, there are funds still left on hand to cover roughly 75 people. Those people will be informed within a week that they are ok to move forward. In addition, there are roughly 57 “pre-qualified” folks that will be told that their applications are on hold pending future funding. There are two possibilities for funding this group. One, if DDOE is successful in getting the DC Council to re-program unspent \$800K from last year. This may take a number of months and requires Council action. The other option is that those people would have to wait until FY 12. The basic DDOE commitment is that if you are one of the 132 on the pre-approved list you will get funded at the current rebate level.

In addition, there are more than 360 people on the waiting list. DDOE is planning to adjust the level of the rebate before moving through the waiting list. They have not decided what level to set the rebate at. The group urged them to make the decision quickly AND to provide a fair and transparent opportunity for homeowners, Coop members, installers, non-profits, low income housing advocates and other stakeholders to provide input into the decision. There are many interesting and creative ideas how to move forward with the rebate program—but there is no consensus about the best way to do this. All that being said, the solar program is only authorized through 2012. DDOE has no plans nor proposals for how they might be engaged once the program sunsets. There was a broad discussion about whether the SEU would take a role, if the PACE program might play a role, and the potential to lobby and create a new grant program.

The Future of Solar....

In this vacuum of leadership and vision we expect the Solar Coops, the DC-based installers and solar industry and other key stakeholders to join together to design a program that propels DC to national headlines. We would like extensive solar, affordable solar and accessible solar. There are many ways to get there. Here is our opportunity to take stock—both of the amazing jobs we have created, and the amazing support we have provided to homeowners and families who now have Pepco bills dropping by two thirds or more, not to mention we have started DC on a path toward greater energy independence, reliability, and lower carbon emissions. How do we expand and broaden this progress? How do we get to the next level?

We will first need to pass a new bill to put the basic market on sound footing. Luckily that work is well underway and the Council so far, is showing very strong support for the bill. The Distributed Generation Amendment Act of 2011 (B19-0010), if passed, will increase in the solar requirements of the District's Renewable Energy Portfolio Standard (RPS) from 0.4% of energy delivered into the District in 2010 to 2.5% of energy delivered in 2020. It also clarifies the existing RPS preference for District-located solar facilities by requiring that these facilities be located on the distribution grid that serves the District of Columbia for the purposes of increased grid reliability through local generation.

Next we need a solar gardens bill this will allow folks who are renters, or live in apartment buildings to own solar panels somewhere else in DC and have the electricity their panels generate credited to their bill.

When we fully evaluate the economic benefit of the solar program: including money we no longer export out of the city for energy payments, in terms of jobs, in terms of income, payroll and sales tax revenue to the city, and in terms of money saved to DC based consumers, and businesses—we won't have to fight hard for the program in the future. There are very few investments this small that the DC Council can make that produce real and measureable jobs and economic benefits. Perhaps the solution is to move the solar program out of the Department of the Environment and into an office dedicated to job creation or economic development. We would also like to see the solar program evaluated against other programs designed to reduce carbon emissions. Because the District Government investment in solar leverages so much Federal and private investment, as well as generates significant income to the city in tax revenue— we believe that the solar program is likely to be the most cost effective way for DC to achieve significant Co2 reductions. What does the future look like for DC and how do we get there? It is time to get real and grow to the next level! All of your ideas and hard work are appreciated and needed.

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