COMMUNITY LED & COMMUNITY OWNED COMMUNITY SOLAR

ANDREW STONE
andrew@stone.com

COMMUNITY SOLAR IS GREAT, BUT...

WHO BENEFITS?

	Community Originated	Community Developed	Community Managed	Community Owned	Community Benefits
Investor Owned	no	no	no	no	None
Community Participation	yes	no	no	no	Some
Community Partnership	yes	yes	yes	Within 10 years	Significant
Community Owned	yes	yes	yes	yes	All

17.9.573.10 COMMUNITY SOLAR FACILITY REQUIREMENTS:

COMMUNITY SOLAR REQUIREMENTS

- 5MW AC or smaller in size
- 10 subscribers minimum
- No one subscriber gets more than 40% output
- 40% reserved for 25kW and smaller subscribers
- 30% minimum to serve Low Income customers/orgs
- Facility must be in service territory of qualifying utility

MINIMUM BID REQUIREMENTS

- Legally binding site control
- Commitment to meet/exceed all regs, exp. > 30% LI
- Any required non-ministerial permits have been issued
- $1000 to submit bid

17.9.573.12 PROCESS FOR SELECTION OF COMMUNITY SOLAR FACILITIES:

WINNING COMMUNITY SOLAR COMPETITIVE PROCESS

- 15 pts non-ministerial permits /approvals secured
- 10 pts experience (LI 4, EPC 3, Subscriptions 3)
- 10 pts finance secured
- 2 pts close to 3phase < 1m
- 3 pts 12kV or greater interconnection

WINNING COMMUNITY SOLAR COMPETITIVE PROCESS, PART 2

25 pts Low Income attributes

- 8 pts if 50% of subscribers LI
- 8 pts direct-billed LI subscribers
- 2 pts no credit check , no start/finish fees
- 7 pts 27% subsidized discount on bill for LI

WINNING COMMUNITY SOLAR COMPETITIVE PROCESS, PART 3

30 pts Benefits to the Community

- 10 pts NM Veteran/ 5 pts NM Businesses
- 6 pts Workforce training
- 6 pts Materials/supplies from Women,Vet, BIPOC
- 2 pts Community will own facility
- 6 pts Partnership with Tribal/Community/Non-profit entity

WINNING COMMUNITY SOLAR COMPETITIVE PROCESS, PART 4

5 pts Site Location Attributes

- 2 pts Brownfield or built environment (roofs, etc)
- 1 pt Facility on State, Muni, or County land
- 2 pts Favorable analysis by Dept Cultural Affairs

5 pts Innovative commitment or benefit to community

MAXIMIZING BENEFITS

LOCAL BENEFITS/RISKS

Community-Informed Solar Financing and Ownership Options
Local Benefits and Risks

	Third Party Ownership	Third Party Flip	Community Owned	
			Taxable Entity	Non-taxable Entity
Description	Developer or third party investor provides investment capital and own solar assets with negotiated agreement with the local host. Investor receives a rate of return sufficient to meet their corporate financial hurdle rate.	Third party investor provides the investment capital and owns solar assets to take advantage of federal tax benefits and project revenues to gain a rate of return. Ownership transfers (i.e.,"flips") after 6-10 years to non-profit, community choice aggregation, or municipal partner at fair market value.	Solar assets are wholly financed by and owned by local entities Local owners may or may not be able to access federal tax benefits. Projects may be finacially acceptable at lower rates of return.	
			Federal tax benefits are accessible. Characteristic Owners: Local businesses, ratepayer equity, individuals with tax appetite, etc.	Federal tax benefits are not accessible. Characteristic Owners: Municipality, Community Choice Aggregation, cooperative, non-profit businesses, low income individuals
Increasing Local Benefits				
Local Economic Benefits	**Limited Economic Benefits** Lease Payment, Payment in Lieu of Taxes (PILOT), or Power Purchase Agreement or Net Metering with marginal Energy Discount.	**Delayed Economic Benefits** Similar benefits for Third Party Ownership for first 6-10 years, followed by full benefits of Community Ownership.	**Maximum Economic Benefits** Ownership investment leads to full project cash flows accruing within the local economy and associated economic multiplier.	
Other Benefits	No investment costs. Transactional simplicity for community.	No initial investment cost, and reduced investment for buy-out. May provide community with more decisionmaking in project development.	Ownership provides more local control over siting decisions, site design, job creation opportunities, and electricity offtakers.	
Risk Allocations	Risk of project development and asset ownership is on third party for full project life. Local constituents risk the opportunity cost of the site alternative usage.	Asset ownership risk transfers from original third party owner to second owner when ownership changes. Local constituents may lose any costs associated with financial negotiations if project does not go forward. Local constituents risk opportunity cost of lost benefits during initial ownership period.	Risk of project development and asset ownership, including operation and maintenance, is on local constituents for full project life. May require incentive-based contracts to assure system cost/performance metrics.	

INTO THE WEEDS...

ADDITIONAL CONSIDERATIONS

Additional Considerations			
Alternative Structures	As federal Investment Tax Credit value decreases or expires, financial advantages of third-party ownership will diminish.	Mission-aligned tax equity investors can lower third-party rates of return to support more local benefits. Financial/Legal structures include: Partnership Flip; Sale-Leaseback; and Buy Out Option.	Solar asset can be wholly owned by singular entity such as a municipality or local non-profit organization. Alternatively: 1) community members can co-locate their individually owned solar panels in an array organized and managed by a cooperative; 2) community members can organize a business entity, typically an LLC, to own solar assets; 3) a community choice aggregation entity owns the asset on behalf of its ratepayers.
Source of Equity	Third party owner, typically nationally based tax equity financial institutions.	Third party owner, potentially mission-aligned tax equity investor. Local equity replaces third party as part of ownership flip financing.	Local investment capital must be raised - municipal government, firms, or constituents.
Source of Debt	Commercial national banks.	Commercial national banks; followed by local banks, credit unions, or municipal bonds as part of ownership flip financing.	Local banks, credit unions, or municipal bonds.
Tax Treatment	Investment Tax Credit, accelerated depreciation and other tax benefits accrue to tax equity investor.	Investment Tax Credit, accelerated depreciation and other tax benefits accrue to tax equity investor, prior to ownership flip.	Tax benefits remain unavailable to non-tax paying entities engaged in ownership. Local for-profit corporate owners may be able to take advantage of Investment Tax Credit, accelerated depreciation, and other tax benefits. Local individual owners may access ITC with earned income or passive income, depending on financing structure.
Electricity or Net Metering Off-Takers	Electricity flows to the grid through net metering, with virtual net metering credits assigned and bought by off-takers spread throughout utility territory. For on-site loads, host may enter Power Purchse Agreement.	Electricity is often sold to future local owner of array through a PPA or as credits through virtual net metering.	Electricity sold to a on-site host through a Power Purchace Agreement, or through virtual net metering credits to municipality, non-profit, local private owners, or as a supply for a community choice aggregation.
Legal/Financial Status and Challenges	Established market with ample precedent.	Established model with growing precedent, introduces contractual complexity.	Limited examples and precedent, though inherently simpler than tax equity financing. Recent increased attention in this area is reducing barriers, but higher risks remain.

COMMUNITIES COME IN ALL SIZES

- Church Roof + Parking Lot 250KW = 50 parishioners
- RGCF 1MW Agrivoltaics = 200 neighbors
- NMSEA Cooperative 5MW = City+600 neighbors

WHO IS YOUR COMMUNITY?

THANK YOU

ANDREW@STONE.COM