



November 1, 2016

Via Electronic Mail: a-and-r-Docket@epa.gov

TO:

The Honorable Gina McCarthy
Administrator
United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

FROM:

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**Ref: Comments of Vote Solar Regarding Clean Energy Incentive Program Design Details;
Proposed Rule
(Docket ID No. EPA-HQ-OAR-2016-0033)**

Dear Administrator McCarthy,

Attached please find Vote Solar's comments regarding the design details of the EPA's Clean Energy Incentive Program.

Respectfully submitted,

/s/ Melanie Santiago-Mosier

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Comments of Vote Solar Regarding the Clean Energy Incentive Program Design Details; Proposed Rule

I. Introduction

Vote Solar is a non-profit, non-partisan grassroots organization with members throughout the United States. Vote Solar aims to foster economic opportunity and support a cleaner, healthier environment by bringing solar energy into the mainstream. Vote Solar is not a trade group and does not have corporate members. Since 2002, Vote Solar has worked in more than 20 states to remove market barriers and implement key policies needed to bring solar to scale.

Vote Solar strongly supports efforts to reduce carbon emissions from the electric sector through the Clean Power Plan (“CPP”), and supports efforts to incent states and tribes to take early action toward meeting their compliance targets. Accordingly, Vote Solar supports the Clean Energy Incentive Program (“CEIP”) as a tool for enticing states to craft programs that will put the nation on a trajectory toward cleaner sources of energy being used to comply with the CPP. Vote Solar believes that the CEIP, if crafted properly, could provide the strong signal the states may need to craft effective clean energy programs, and particularly programs aimed at providing benefits for low-income customers.

Vote Solar particularly supports provisions of the CEIP that aim to provide incentives and encouragement for the development of solar projects that will serve low-income communities. Vote Solar is committed to ensuring that everyone can participate in — and benefit from — the transition to renewable energy. To that end, Vote Solar has launched a new program area dedicated to advancing policies and partnerships that expand solar access to low-income consumers. Among other things, Vote Solar, in partnership with GRID Alternatives and the Center for Social Inclusion, has developed a Low-Income Solar Policy Guide, available at www.lowincomesolar.org. The Low-Income Solar Policy Guide is a resource for policymakers, community groups, and others who wish to drive the adoption of policies that will increase access to solar.

II. Summary of Vote Solar Positions

Vote Solar appreciates the opportunity to comment on the proposed CEIP Design Details (81 FR 42940, June 30, 2016). In the spirit of improving and strengthening the CEIP, and to help facilitate a transition to a cleaner energy future, Vote Solar recommends the following:

- Vote Solar supports the inclusion of solar projects in the low-income reserve portion of the CEIP. The EPA should consider a higher allocation of allowances than the proposed 50 percent/50 percent division of the 300 million short ton matching pool into a reserve for renewable energy (“RE”) projects and into a reserve for low-income energy efficiency and solar projects. Rather than the proposed 50 percent/50 percent division, Vote Solar recommends a 67 percent allocation for low-income energy efficiency and solar projects and a 33 percent allocation for eligible renewable energy projects.
- The EPA should consider awarding matching credits to low-income energy efficiency and solar projects at a rate higher than the proposed “double” award of matching emission rate credits (“ERCs”) or allowances. Rather than a two-to-one match, the EPA should consider awarding ERCs or allowances to these projects based upon a three-to-one match.
- The EPA should allow a ramp-up period for solar projects serving low-income communities.
- The EPA should provide flexibility with regard to the administration of the CEIP for community solar projects.
- The EPA should ensure the states’ definitions of “low-income community” are inclusive by encouraging states to adopt 80 percent of Area Median Income as a threshold. At the same time, the EPA should ensure that projects receiving enhanced CEIP awards do, in fact, benefit the communities for whom the benefits are intended.

- The EPA should ensure that tribal lands can be deemed low-income communities.
- There should be no limitations on CEIP participation for solar resources that also benefit from the federal ITC.

III. Discussion

- Vote Solar supports the inclusion of solar projects in the low-income reserve portion of the CEIP. The EPA should consider a higher allocation of allowance than the proposed 50 percent/50 percent division of the 300 million short ton matching pool into a reserve for renewable energy (“RE”) projects and into a reserve for low-income energy efficiency and solar projects. Rather than the proposed 50 percent/50 percent division, Vote Solar recommends a 67 percent allocation for low-income energy efficiency and solar projects and 33 percent allocation for eligible renewable energy projects.*

In recent years, Vote Solar has stood with community and equity groups to advance solar programs with low-income provisions in California, Colorado, Massachusetts, and New York. As noted above, earlier in 2016 Vote Solar formally launched a Low-Income Solar Access Program, designed to expand access to solar technology, savings and jobs to the approximately 22 million low-income households nationwide. Vote Solar’s program puts a particular focus on engaging and empowering low-income families and communities of color who are disproportionately impacted by the negative effects of the fossil fuel economy and have the most to gain from a transition to affordable clean energy.

Vote Solar enthusiastically supports the EPA’s decision to expand the low-income reserve portion of the CEIP to solar projects that will serve low-income communities. Vote Solar agrees with the EPA’s observation that solar energy offers many of the same benefits as energy efficiency to low-income communities.¹ As we note in the Low-Income Solar Policy Guide, solar energy projects have the potential to increase energy affordability for low-income customers, provide a pathway to the growing solar economy, and contribute to healthier, more engaged communities.² There are many barriers, though, to developing solar projects to serve low-income communities, and many of these are the same as the barriers that exist for energy efficiency projects for these customers. Expanding

¹ 81 FR 42948.

² Center for Social Inclusion, GRID Alternatives, Vote Solar, Low-Income Solar Policy Guide 7 (2016), at http://www.lowincomesolar.org/wp-content/uploads/2016/09/Policy-Guide_9.14.16.pdf.

eligibility under the low-income reserve for solar projects will provide support to help overcome some of these barriers.

Namely, Vote Solar is optimistic that the availability of enhanced CEIP awards for projects serving low-income communities will spur states and affected utilities to take early action to craft programs to overcome the various barriers to low-income solar development, and to accelerate the deployment of solar energy to the communities who can benefit from it the most. For states and utilities with compliance obligations, the promise of enhanced CEIP awards may serve as a “carrot” that entices early action.

Because the development of solar projects to serve low-income families and communities is challenging, Vote Solar encourages the EPA to consider reserving 67 percent of the available CEIP awards for solar and energy efficiency projects that benefit these communities, with an enhanced match. Over the years, Vote Solar has come to understand that the development of projects to serve low-income families and communities requires targeted policies and programs. Deployment of solar across the nation has soared in recent years, due to falling solar costs and supportive policies and programs. However, despite these trends, the deployment of solar for low-income communities has been slow. This is because there are unique barriers to this sort of deployment, which require direct and targeted policies and programs aimed at serving these customers. These barriers include:

- **Cost Sensitivity.** Solar can stabilize families’ energy bills and protect against increases in electricity rates. However, the investment required to purchase solar remains a significant barrier for the families who most need relief from rising bills – those who struggle to make ends meet every month. An average four to eight kilowatt (kW) solar electric system on a home can cost between \$12,000 and \$26,000 including materials, installation, and labor.³ This type of investment is cost-prohibitive for low-income families and communities of color.

³ See GTM Research, Solar Energy Industries Association, U.S. Solar Market Insight, Q3 2016 14, available at <http://www.seia.org/sites/default/files/resources/US%20Solar%20Market%20Insight%20-%20Q3%202016%20-%20Executive%20Summary%20-%20Final.pdf>.

- **Access to Financing.** Financing mechanisms that are commonly used to enable homeowners to install solar with little or no upfront costs, such as leasing or power purchase agreement (PPA) relationships have contributed to the growth of residential solar across the U.S. and accounted for 72 percent of U.S. residential solar installations in 2014.⁴ However, participation in these models generally requires a credit score or debt-to-income ratio minimum that can be a barrier to low-income consumers and people of color who, on average, have lower credit scores. Various types of loans, such as home equity loans, also usually require good credit. According to a Federal Reserve of one form of credit score, individuals in low-income areas had an average score 44 percent lower than individuals in high-income areas. At the same time, Black Americans had a score 52 percent lower than non-Latino white individuals and Latino Americans have average scores 29 percent lower than non-Latino white individuals.⁵ These disparities in credit scores limit access to third-party ownership or financing arrangements and loans for solar for the very populations that could most benefit from the low-upfront cost options.
- **Physical Barriers, Home Ownership and Housing Conditions.** As a starting point, a majority of Americans across the income spectrum face physical barriers that keep them from installing solar on their own rooftop. A report from the National Renewable Energy Lab and Navigant Consulting found that 73-78 percent of homes cannot host solar due to tree shading, orientation or other factors.⁶ Moreover, 52 percent of residents nationwide live in multi-unit buildings or homes with shared roofs.⁷ These issues are particularly pronounced for low-income households, which are more likely to live in multifamily housing, have unsuitable roofs or rent their homes.⁸ For low-income renters, the challenge of going solar is punctuated because they cannot make the

⁴ GTM Research, U.S. Residential Solar Financing, 2015-2020 (July 2015), available at

<https://www.greentechmedia.com/research/report/us-residential-solar-financing-2015-2020>.

⁵ FRB: Report to the Congress on Credit Scoring and Its Effects on the Availability and Affordability of Credit, (Aug. 2007) at

http://www.federalreserve.gov/boarddocs/rptcongress/creditscore/performance_tables.htm#table15a.

⁶ See NREL, Rooftop Solar Photovoltaic Technical Potential in the United States: A Detailed Assessment 3 (Jan. 2016), available at <http://www.nrel.gov/docs/fy16osti/65298.pdf>.

⁷ National Multifamily Housing Council, Quick Facts, at <http://www.nmhc.org/Content.aspx?id=4708>.

⁸ Id.

choice to do so on-site. Low-income customers who do own their homes are more likely to live in older homes that need repairs and upgrades, which often takes priority over energy choices.⁹

- **Educational and Outreach Barriers, and Market Forces.** A report on Colorado’s community solar program and its requirement for service for low-income communities outlines some of the outreach, educational, and market barriers that contribute to the challenges facing solar companies who wish to serve low-income customers. In Colorado, the effort to reach and market to low-income customers, handle extra paperwork in verifying customer eligibility, and program compliance added extra time and costs for developers.¹⁰ Just some of the barriers include:

- Customer distrust
- Privacy concerns
- “Nothing is free” mentality
- Lots of paperwork
- Environmental benefits do not always resonate.
- Multilingual and multicultural households
- High mobility of low-income residents¹¹

Directing 67 percent of of the available CEIP awards for projects that will serve low-income communities is the type of targeted policy and program that will assist in breaking down the unique barriers.

Earlier this year, President Obama announced a new goal to bring 1 gigawatt (GW) of solar to

⁹ See Ernie Hood, *Dwelling Disparities: How Poor Housing Leads to Poor Health*, Environmental Health Perspectives (May 2005), available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1257572/>.

¹⁰ Lotus Engineering and Sustainability LLC, *Analysis of the Fulfillment of the Low-Income Carve-Out for Community Solar Subscriber Organizations* 19 (Nov. 2015) at <https://www.colorado.gov/pacific/sites/default/files/atoms/files/Low-Income%20Community%20Solar%20Report-CEO.pdf>.

¹¹ Id.

low- and moderate-income families by 2020.¹² This is an incredibly aggressive goal, which will require comprehensive programs to be in place in order to be achieved. Eligibility for enhanced CEIP awards one way to encourage states to craft the programs necessary to meet this goal. Accordingly, the EPA should adopt its proposal to reserve 67 percent of available CEIP awards for these projects, with an enhanced match.

- b. The EPA should consider awarding matching credits to low-income energy efficiency and solar projects at a rate higher than the proposed “double” award of matching emission rate credits (“ERCs”) or allowances. Rather than a two-to-one match, the EPA should consider awarding ERCs or allowances to these projects based upon a three-to-one match.***

In establishing an enhanced CEIP award for projects serving low-income communities, the EPA correctly recognized that the development and deployment of these projects involves overcoming a variety of unique barriers, and that the CEIP should be structured to provide additional assistance in this regard. Vote Solar applauds the EPA for proposing a program under which energy efficiency and solar projects that serve low-income customers are eligible for an award greater than awards available for renewable energy projects that will not serve these customers. In order to increase the likelihood of the CEIP’s success in reaching low-income communities, Vote Solar recommends increasing the award match even further. Vote Solar suggests that the EPA should adopt a match under which, for every two MWh of energy generation from solar projects serving low-income communities, the state will provide an award of three early action ERCs (or an appropriate commensurate number of early action allowances), and the EPA will provide an award of three ERCs (or an appropriate commensurate number of early action allowances). This three-to-one match will increase the likelihood of the successful deployment of clean energy to the communities that need it the most.

States and affected utilities that seek to participate in the CEIP should be given as much incentive as possible to craft programs that will achieve deployment of clean energy to low-income

¹² FACT SHEET: Obama Administration Announces Clean Energy Savings for All Americans Initiative (July 19, 2016), at <https://www.whitehouse.gov/the-press-office/2016/07/19/fact-sheet-obama-administration-announces-clean-energy-savings-all>.

communities, which traditionally have been on the front lines of environmental damage, economic damage, and health damage as a result of fossil fuel-derived electric power generation. As noted above, Vote Solar has discovered that, to be effective, programs must be deliberate, well thought out, and targeted. The prospect of an faster path toward compliance may spur states and affected utilities to embark on the challenging course of crafting effective clean energy programs aimed at energy affordability and equity for low-income communities.

New York provides a lesson for why the EPA should adopt a match that is greater than the two-to-one match as proposed for low-income solar projects. In 2015, the State of New York instituted its “Affordable Solar” program, which doubles the standard state incentive for low-income households who install solar. Multiple organizations who install solar for low-income communities in New York report that a mere doubling of the regular incentive is insufficient to overcome financing and other barriers they face in serving these customers.¹³ This appears to bear out in program results. NYSERDA reports that, during the second quarter of 2016, six solar installations were completed under the Affordable Solar program, and applications for 16 installations were approved.¹⁴ During the same period, under the non-low-income incentive program, 5,506 installations were completed and NYSERDA received applications for 4,108 projects.¹⁵ These numbers corroborate accounts by installers who would like to serve low-income customers in New York, but who cannot leverage a double incentive to overcome the many barriers they and their customers face. The numbers also corroborate reports of higher expenses experienced by community solar developers in Colorado, as noted above.

In addition to evidence that suggests a mere doubling of an incentive may not be enough to overcome barriers to ensuring solar access for low-income customers, the EPA’s proposed CEIP Design Details indicates there is ample room in the matching pool to increase the matching award for projects

¹³ Interview with Noah Ginsburg, Director, Here Comes Solar, Solar One (June 23, 2016); interview with Karla Loeb, Director of Policy and Government Affairs, PosiGen (Aug. 1, 2016).

¹⁴ NYSERDA, NY-Sun Initiative Quarterly Performance Report to the Public Service Commission, Quarter Ending June 30, 2016 (Aug. 2016), at <https://www.nyserda.ny.gov/-/media/Files/Programs/NYSun/2016-Q2-Quarterly-Report.pdf>.

¹⁵ See Open NY Database, at <https://data.ny.gov/Energy-Environment/Statewide-200kW-or-Less-Residential-Non-Residential/3x8r-34rs>.

serving low-income communities. In the Proposed Rule, the EPA states,

[T]he EPA estimates that energy savings from potentially eligible CEIP low-income demand-side EE projects could reach up to 39 million MWh in 2020 and 2021 combined, thus absorbing approximately ten percent of the matching allowances or ERCs provided by the EPA in the matching pool. The EPA estimates that generation from solar projects implemented to serve low-income communities could reach up to 8 million MWh in 2020 and 2021 combined, thus absorbing approximately an additional two percent of the matching allowances or ERCs provided by the EPA in the matching pool.¹⁶

The EPA's forecast that only twelve percent of available matching allowances or ERCs might be awarded to eligible projects that serve low-income communities reflects an acknowledgment of the challenging barriers that must be overcome to serve these customers. While the EPA's forecast admittedly is just that – a predication based upon known facts, where the facts and circumstances are likely to change over time – the forecast does indicate the availability of a greater number ERCs or allowances that can be distributed from the matching pool. Increasing the match from double to triple would entail the distribution of 50 percent more ERCs or allowances. If the EPA were to adopt this proposal, under the same assumptions less than 20 percent of available allowances or ERCs in the matching pool would be absorbed. Of course, a greater match may lead to greater low-income solar and energy efficiency deployment, and so the forecast may shift. However, the EPA notes that its forecast is “an aggressive, upper-bounds estimate” of the potential contribution to the CEIP from solar projects serving low-income communities,¹⁷ so it is unlikely that such a move to increase the distribution of ERCs or allowances for projects serving low-income communities would approach the maximum number of ERCs or allowances available in the low-income reserve of the matching pool.¹⁸

Though the risk of exhausting the matching pool is extremely slim, the potential for a greater match to spur development of low-income solar and energy efficiency projects is high. Vote Solar urges

¹⁶ EPA, Clean Energy Incentive Program Design Details; Proposed Rule, 81 FR 42951 (June 30,2016).

¹⁷ EPA, Technical Support Document, Clean Energy Incentive Program Design Details Proposed Rule, Renewable Energy and Low Income Community Projects Potential, at <https://www.regulations.gov/document?D=EPA-HQ-OAR-2016-0033-0059>.

¹⁸ Vote Solar does not advocate increasing the number of ERCs or allowances available in the matching pool.

the EPA to adopt a three-to-one match for these projects.

c. The EPA should allow a ramp-up period for solar projects serving low-income communities.

Vote Solar supports the EPA's decision to establish "commercial operation" as the benchmark for determining eligibility for awards under the CEIP, rather than "commence construction." This approach provides clarity for solar developers and is consistent with the project development process. Vote Solar believes that this change reflects EPA's intent, and will not disqualify projects from the program as a result of pursuing pre-development activities like real estate acquisition, permitting, and financing, which are a necessary part of the development cycle and may occur years before projects begin generating electricity.

Vote Solar recommends that the EPA adopt the definition proposed at 81 FR 42973, with one modification. The proposed definition provides, "Commence commercial operation means, for the purposes of the CEIP, the date that a RE project begins to generate electricity for sale including the sale of test generation, or to generate electricity that receives financial credit through net metering or equivalent policies." To ensure accuracy, the EPA should strike the word "financial" from the definition. By doing so, this definition will be consistent with most state law and PURPA, by recognizing that compensation for energy exported to the grid by net metered solar projects should not be considered a sale or a financial transaction. The EPA should clarify that it does not intend to use the definition it cites at 81 FR 42964, which is used for the Acid Rain Program; this definition does not include the necessary exemption from a "sale" for net metered systems.

The EPA's decision to establish "commence commercial operation" as the benchmark for determining CEIP eligibility will help avoid a slowdown in the solar market in the near term. This definition allows for solar project developers to engage in pre-construction activities such as permitting and financing, which can be lengthy processes that occur prior to the generation of electricity. This is an important accommodation for solar projects serving low-income customers, because financing efforts

can take even longer.

However, Vote Solar is concerned that the inflexible eligibility date for the CEIP of January 1, 2020, even for low-income solar projects, could result in delays in state efforts to craft strong low-income solar programs and in the development of solar projects targeted to low-income communities. As the EPA pointed out in the proposed design details, ramp-up time is appropriate and necessary for energy efficiency projects serving low-income communities. The same is true of solar projects aimed at these customers. Because of higher financial, physical, and outreach barriers, additional ramp-up time is needed for the creation of state programs to support, and the development of these projects. Accordingly, Vote Solar requests a 2018 “commence commercial operation” date for solar projects serving low-income communities, which is consistent with the proposed eligibility date for energy efficiency projects that will serve these customers. In the alternative, the EPA should allow for flexibility, by allowing low-income solar projects to qualify if they have commenced commercial operation on or after January 1, 2019.

d. The EPA should provide flexibility with regard to the administration of the CEIP for community solar projects, including those which allow for participation by both low-income customers and non-low-income customers.

Vote Solar is optimistic about the potential for community solar projects to serve low-income communities under the CEIP. Community solar projects can be utilized to overcome physical barriers to low-income solar adoption such as challenges for renters and tenants of multifamily dwellings. And, community solar projects that serve one or more credit-worthy customers may be able to avoid the financing hurdles that otherwise would exist for projects serving only low-income customers. Because of this, and because the community solar market is still nascent, Vote Solar requests that the EPA allow for flexibility with regard to eligibility of solar projects serving low-income communities. The EPA should clarify the eligibility for community solar projects that benefit low-income community ratepayers, even if they also benefit non-low-income community ratepayers.

When it comes to community solar, various thought leaders have advocated for program

structures that will allow subscriptions for credit-worthy “anchor tenants” to exist alongside subscriptions for low-income customers in a single project, in order to facilitate underwriting low-credit customers and to mitigate investor risk.¹⁹ Accordingly, in order to facilitate the development of community solar projects to serve low-income customers under the CEIP, the EPA should allow portions of community solar projects that serve low-income customers to be eligible for enhanced CEIP awards. The portions of community solar projects that do not serve low-income customers could be eligible for the non-low-income RE one-to-one award match.

Across the country, states are crafting community solar programs in a number of different ways. Because of the range of program designs, customer crediting mechanisms, subscription options, and targets for low-income customer inclusion, the method of determining what portion of a community solar project serves low-income customers will vary from state to state. The states should have the flexibility to apportion CEIP awards to projects with varying proportions of low-income customers and non-low-income customers.

e. The EPA should ensure the states’ definitions of “low-income community” are inclusive by encouraging states to adopt 80 percent of Area Median Income as a threshold. At the same time, the EPA should ensure that projects receiving enhanced CEIP awards do, in fact, benefit the communities for whom the benefits are intended.

Vote Solar believes all low-income families should be able to benefit from and participate in the transition to a cleaner energy future. To facilitate this inclusivity, the definition of “low-income community” should include families whose household income is 80 percent or less of the Area Median Income (“AMI”) as defined by the U.S. Department of Housing and Urban Development (“HUD”). Unlike some other income-based definitions, the establishment of an income threshold at 80 percent of AMI does not penalize families in need simply for living in areas with higher costs of living. This income threshold is a well-established standard for HUD, the affordable housing community, and many state and local programs that provide assistance to families in need. Accordingly, the EPA should

¹⁹ Low-Income Solar Policy Guide at 16; IREC, Shared Renewable Energy for Low- to Moderate-Income Consumers: Policy Guidelines and Model Provisions 30 (2016), at <http://www.irecusa.org/publications/shared-renewable-energy-for-low-to-moderate-income-consumers-policy-guidelines-and-model-provisions/>.

encourage the states to adopt this or other inclusive benchmarks for determining eligibility under the low-income reserve of the CEIP.

At the same time, Vote Solar urges the EPA to ensure that the benefits of projects receiving enhanced CEIP awards do, in fact, reach the communities for whom they are intended. Vote Solar understands concerns that the CPP may not lead to reduced emissions or economic benefits in vulnerable communities. The EPA should ensure that projects receiving enhanced CEIP awards provide support directly to low-income customers and communities.

f. The EPA should ensure that tribal lands can be deemed low-income communities for participation in CEIP.

Vote Solar applauds the EPA for seeking to craft the CEIP in a way that allows CEIP eligibility for renewable energy projects located in and serving tribal communities. We note that the EPA delayed the submission of comments on the proposed CEIP design details so that the agency could conduct more outreach to tribal communities in an effort to craft the fairest rules for tribal participation in the CEIP. Subject to this input from Native American tribes, Vote Solar recommends that projects located in these communities be deemed “low-income” so as to be eligible for enhanced CEIP matching awards in the low-income reserve, as long as these projects directly benefit the residents of the tribal communities. Further, the EPA should encourage states to include tribal communities in their CEIP planning processes.

g. There should be no limitations on CEIP participation for solar projects from also benefitting from the federal ITC.

Vote Solar is optimistic that the CEIP will send a strong signal to states to take early action to reduce emissions. By sending this strong signal, the CEIP may assist in jump-starting energy efficiency and solar projects serving low-income communities by spurring state policy action. Because the ability to serve low-income communities is particularly reliant on good state policies, it is critical that the CEIP not include burdensome, unrealistic, and arbitrary requirements that would render success impossible.

One such proposal comes from commenters who argue that projects that are eligible for the PTC

or ITC should not be eligible for participation under the CEIP. Vote Solar is concerned that excluding projects that take the ITC would undermine the goal of the CEIP, and particularly the goal of providing clean energy in underserved communities. If the CEIP excluded solar projects from taking the ITC, this would virtually assure that low-income communities from benefitting from the ITC could not participate in CEIP. The extension of the ITC will enable investors to focus on developing high-value solar projects throughout the country including in communities that have not previously benefited from solar developments. It is clear that almost every solar project including those serving low-income communities will be financed with the use of the federal tax credit, even as it gradually steps down over the next few years. The exclusion of ITC eligible projects from participating in CEIP will be highly discriminatory towards low-income communities, and will likely disqualify all non-low-income solar projects.

The argument to exclude solar projects including those that serve low-income communities that take the ITC from CEIP eligibility is based on an assumption that the CEIP is only a mechanism for overcoming financial barriers. However, the reality is that one of the greatest strengths of the CEIP lies in the fact that it provides a clear signal to states and utilities about the benefits of early compliance with the CPP. By providing a path to early compliance, the CEIP will incent states and utilities to craft programs to spur development of clean energy projects. So, while the CEIP may be relevant for overcoming financial barriers, perhaps its greatest value lies in its ability to stimulate projects that can benefit low-income communities and assure early compliance with CPP.

The CEIP and the CPP will take time to implement. The most cost-effective way to achieve compliance is to have the clean energy industry engaged and ready to deploy projects, particularly those serving low-income customers as the state programs are implemented. Creating barriers to the implementation of the CEIP based on a project's ITC eligibility will dampen the solar industry's engagement in project development, particularly in low income communities, and could cause states to delay action because it will be much less likely that they would successfully distribute their available

matching allowances or ERCs.

Vote Solar urges the EPA to reject any proposals to disqualify solar projects benefitting from the ITC, because these proposals are based upon a limited view of the potential of the CEIP to spur clean energy development. The EPA should view the CEIP as complementary to policies and other factors that drive clean energy development, instead of as a standalone policy. In the alternative, Vote Solar urges the EPA to reject proposals to disqualify solar projects serving low-income communities that benefit from the ITC.

IV. Conclusion

Vote Solar is grateful for the opportunity to offer these comments on the Proposed Design Details of the CEIP, and appreciates the EPA's thoughtful consideration of our comments and recommendations.

Respectfully submitted,

/s/ Melanie Santiago-Mosier

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