

EXPANDING ACCESS TO COMMUNITY SOLAR

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EXECUTIVE SUMMARY

Community solar is an affordable renewable energy option for residents who cannot secure rooftop solar due to logistical constraints. However, the shared solar and multi-family shared solar programs are only available to customers of Dominion and Old Dominion Power and, due to the high minimum bill in the shared solar program, participation is disincentivized. In addition to these utility-shared solar programs, Dominion's "community" solar pilot program is fully subscribed,¹ and the community solar programs offered by electric cooperatives in Virginia have a higher cost/kWh than conventional energy.^{2,3} Several changes are needed to maximize the potential of shared or community solar in Virginia.

CHALLENGE

Many Virginians want to power their homes and businesses with clean, renewable solar power. However, not everyone has the capacity to put solar on their own rooftop due to ownership, capital, or other technical restraints. Community solar is a centralized solar facility capped at 5MW that many users can pay into and take advantage of the clean power. This size and funding model is critical for Virginia to hit the clean energy goals outlined in the Clean Economy Act. Unfortunately, due to policy constraints, community solar is mostly unattainable by Virginia consumers.

The biggest policy barrier for community solar is the \$55/month minimum, meaning consumers participating in community solar must pay a base of \$55 before any additional costs plus an additional \$10 - \$20 administration fee. When the State Corporation Commission (SCC) established this charge, they did not consider the benefits that shared solar facilities provide, including transmission system benefits, distribution system benefits, purchased power benefits, fuel factor benefits, economic benefits, and environmental benefits. This cost barrier makes shared solar unattainable to most.

While the existing shared solar and multi-family shared solar programs are imperfect, Appalachian Power Company's 500,000 customers have no access to shared solar at all. That leaves a big opportunity on the table for Southwest Virginia, as the Inflation Reduction Act provides an additional 10% tax credit for solar projects located in coal country which will allow a wider range of ratepayers to save from solar energy.

Unproven cost shifting arguments by utilities,^{4,5} excessive infrastructure costs borne by solar developers,⁶ and lengthy interconnection processes^{7,8} further prevent community solar from being a viable part of Virginia's clean energy future. Additionally, parking lots, brownfields, and farms are often not utilized as part of the solution due to the increased costs needed to make the infrastructure viable. For example, while Southwest Virginia alone has over 71,000 acres of land impacted by coal mining that could be reclaimed for productive use hosting solar, these lands are more expensive to redevelop than the

greenfields often prioritized by solar developers.

SOLUTION

Expanding the reach of Virginia's existing community solar programs, both for utility and electric cooperative customers, will ensure a more equitable clean energy transition. This can be achieved by reducing the minimum bill to ensure that Virginians of all income levels can participate in the program. In addition, expanding shared solar and multi-family shared solar into APCo's territory will break down barriers to solar for communities in Southwest Virginia.

The more that Virginia can use built structures for community solar, the less we use valuable greenfields, forests, and prime agricultural soil for large-scale solar. A forward-looking community solar policy incentivizes solar installations on parking lots, brownfields, landfills, and formerly mined lands to create additional value on built space. Further, a robust agrivoltaics policy helps farmers diversify their income and optimize land use by building solar in conjunction with crops and pasture.

In addition, community-scale solar can bypass the years-long PJM interconnection backlog and provide faster renewable energy to Virginia at a time of unprecedented growing demand.⁹ A streamlined and uniform interconnection process that shifts disproportionate infrastructure costs away from initial developers, reviews multiple projects simultaneously, and allows faster connection to the grid will further the immediate benefits of community solar to the Commonwealth. All of these topics should be included in a model ordinance that can help guide counties as they adopt ordinances for distributed solar.

POLICY RECOMMENDATIONS

Cap the minimum bill for community solar at an amount that will allow robust participation in the program for all Virginians. Require the SCC to consider the benefits of shared solar facilities alongside any potential cost shift.

Expand the shared solar and multi-family programs into APCo's territory. Low-income customers should be exempt from a minimum bill and limits should be placed on the minimum bill for all other customers.

Develop a model ordinance to guide counties in adopting updated solar ordinances for distributed generation.

Provide State Investment Tax Credit and Production Tax Credit for parking lot solar and agrivoltaics.

Streamline and lessen the cost burden for community solar interconnection process.

\$35M each year through Virginia Energy for the Virginia Brownfield and Coal Mine Renewable Energy Grant Fund and Program.