Energy Equity Alliance

June 6, 2016

The Honorable Edith Ramirez
Chairwoman
U.S. Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

The Honorable Maureen K. Ohlhausen
Commissioner
U.S. Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

The Honorable Terrell McSweeny
Commissioner
U.S. Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: Solar Electricity Project No. P161200

Dear Chairwoman and Commissioners:

The Energy Equity Alliance (EEA) was formed to educate and speak on behalf of minority and low-income stakeholders about the policy issues at the intersection of energy, environment and social justice. These stakeholder groups have historically been under represented in a number of energy policy conversations and their subsequent outcomes. Our objective is to focus in on the energy issues most critical to fulfilling our purpose of enriching our community. We welcome the opportunity to provide comment related to distributed generation (DG) rate setting polices and consumer protection issues arising in the solar leasing market.

EEA recognizes the need for increased participation in the discussion on modernization of the electricity infrastructure, and the importance of informing policy makers of the impact infrastructure policy decisions have on historically underserved communities. This discussion is notably significant in reference to DG and solar leasing consumer protection.

We believe it is important to ensure that low-income and historically underserved customers are not unfairly burdened by the rate making process or new rate design proposals that benefits wealthier segments of the public. Net metering rate setting can, and often does, result in unfair cost shifting, burdening more economically vulnerable consumers, such inequities should be avoided. As a rule, modernization of the nation's electricity infrastructure should not be dependent on subsidization by non-DG adopters.

Many underserved consumers are unable to afford their own individual solar installations. Residential, or private, solar panels generally range from $15,000 to $29,000, which is often out of reach for many low and moderate-income families, if they own their own homes. A number of providers offer homeowners the opportunity to lease solar panels over a period of 20-30 years, providing access to clean renewable energy for many Americans who otherwise could not afford it. However, the marketing of leases and the contracts themselves can be laden with consumer protection concerns, warranting oversight by the appropriate regulatory bodies.

As a general rule solar leases require credit scores of 680-700 or higher. According to the Federal Reserve Bank of Minneapolis (relying on data from the Federal Reserve of New York/Equifax Consumer Credit Panel), U.S. low-income consumers (< 50% median family income (MFI)) have an average Equifax Risk Score of 638. Moderate income consumers, those between 50-79% MFI, exhibit scores of 672. This means many low and moderate income families may be excluded from the solar leasing market (leasing opportunities notwithstanding). Utility scale solar and wind systems offer a much lower cost alternative to provide clean power to all electricity users.

That said, regulators must also ensure that when consumers purchase or lease solar unites, they are protected from unfair, deceptive, or abusive acts and practices. Unfortunately, as the popularity of consumer leasing has risen, so has the number of consumer complaints. EEA believes that regulators should provide customers with appropriate education and enforceable protection to guard against and respond to unfair, deceptive, or abusive acts and practices.

Areas for regulatory oversight should include, but are not limited to, transparency and disclosure of the value of tax credits and rebates consumers waive when choosing to lease versus buy; disclosure regarding other acquisition options that may be less costly, such as through an FHA Title I or PACE home improvement loan; transparency and guarantees related to production estimates; real estate transfer disclosures; and UCC filing implications. Regulators should also consider rights of rescission, maintenance disclosures, and disclosure of implicit interest rates from escalation clauses, which are compounded annually.

EEA supports a diverse supply of safe and reliable electricity and electric rates that are fair and affordable for all customers. We thank you for this opportunity to provide comment on these important issues. Please don't hesitate to contact me at 954-684-1880 or joe@energyequityalliance.org should you have any questions.

Sincerely,

Joseph Gibbons