

B22-0257: DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY ESTABLISHMENT
ACT OF 2017

Written Testimony of David Murray, Executive Director, Maryland-DC-Delaware-Virginia Solar
Energy Industries Association (MDV-SEIA)

Before the Transportation and Environment Committee of the District of Columbia City Council

July 14th, 2017

Good morning Chairwoman Cheh and members of the Transportation and Environment Committee. My name is David Murray, I am a third-generation Washingtonian and Executive Director of MDV-SEIA, the Maryland-DC-Delaware-Virginia Solar Energy Industries Association. Thank you for the opportunity to provide testimony on B22-0257, District Of Columbia Green Finance Authority Establishment Act Of 2017. MDV-SEIA represents the solar industry here in the District; our members design, install, maintain and finance solar energy equipment for residential, commercial, and institutional customers. We appreciate the opportunity to testify before you today.

For many years, MDV-SEIA membership has demonstrated an unwavering commitment to serve and empower District of Columbia residents with both solar jobs and energy savings through solar energy generation. In the District of Columbia alone, MDV-SEIA represents the 1,180 solar workers. Nearly 10% are veterans of the U.S. Armed Forces and over a quarter are men and women of color. Last year, the District solar industry added 180 jobs, growing 10 times the rate of the local economy. MDV-SEIA is firmly committed to increasing solar deployment in this city, and ensuring that the District makes progress toward its ambitious renewable energy portfolio standard law that DC Council passed last year. We are grateful for the leadership that the Council has demonstrated in solar energy, making DC a national leader in renewable energy with its 50% by 2032 target. We look forward to working collaboratively with you, the members of the Transportation and Energy Committee, and District energy stakeholders to ensure this happens.

At present, our members have serious concerns with the Green Bank legislation as proposed and I want to share with the Committee how we believe the Green Bank can assist in the continued job growth and improve customer access to solar power.

Complement Not Compete

First and foremost, it is absolutely vital that the Green Bank complement, and not compete with, the local solar industry. This is an issue our members are decidedly concerned about and with good reason. Just last week DOEE released a Request for Proposal for a solar system it intends to own at Oxon Run. DOEE proposes using Renewable Energy Development Funds to deploy this solar project putting DOEE squarely in the role of a solar developer, owner, and operator - functions currently performed with greater efficiency by the private sector, and at a much lower cost. By pursuing capital expenditures in the solar sector, DOEE is inherently competing with local firms and dedicating staff resources to managing renewable energy projects – a role the

Department was not designed to do. With D.C.'s 1,180 solar jobs, the local solar industry provides important economic development to the District, employing everyone from installers to electricians to sales professionals. By issuing this RFP, DOEE is directly competing with the local industry and hindering future job growth in the District.

Furthermore, if DOEE were to appropriate REDF funds for outright ownership of solar projects, it would be a short-sighted and inefficient use of those funds. MDV-SEIA estimates the cost of the Oxon Run project to be approximately \$5 million and rather than use REDF funds to directly own a solar system, the DOEE could use that same \$5 million to support 4-7 times the amount of solar. That means 4-7 times more low-income residents can benefit from electricity bill reduction through solar energy as well as many more local solar jobs created. Additionally, private entities are able to take advantage of the federal Investment Tax Credit (ITC), a 30 percent tax credit claimed against the tax liability of residential, commercial, and utility investors in solar energy property. Should the D.C. government procure its own solar projects, it would not be eligible for this financial benefit - thus leaving substantial funds on the table that could help more DC residents go solar while costing District ratepayers at least 30 percent more than if the private sector were to build the system and the District government simply procured the electricity for low-income residents. Similar discussions around DOEE potentially aggregating SRECs would also be inefficient and problematic, and would also put DOEE in the position in which it's competing with local industry, harming local jobs.

We at MDV-SEIA urge the Council to avoid wasting ratepayer funds by preventing the DOEE from owning and operating solar projects. Should the DOEE wish to take advantage of long term savings from renewable energy, it should enter into power purchase agreements (PPAs) with solar developers through an RFP or IDIQ process.

Fully Implement Solar For All

The purpose of the Renewable Energy Development Fund is to build the capacity and capabilities of the local solar industry and to ensure renewable energy is both accessible and affordable to District residents. The Solar for All program is a key mechanism for using solar projects developed in the District to reduce the electricity bills of 100,000 low-income households by 2032. Despite an extensive, lengthy stakeholder process - in which members of the local solar community, advocates, and solar consumers alike participated - Solar for All has still not been fully implemented, resulting in over \$5 million in funding swept from the budget last month. MDV-SEIA cautions that precipitous pursuit of a Green Bank in the District without completion of Solar for All program design would be a tremendous disservice to District residents. The Green Bank must accompany a long-term implementation plan for Solar for All which ensures that REDF resources are fully allocated - and efficiently allocated - to provide reduced-cost, clean energy to low-income households each year. After participating in the Solar for All stakeholder process last year, and also seeing the OPC Value of Solar Study and DOEE consultant report completed, the solar community is concerned that DOEE will duplicate many of these efforts already undertaken in the last year when the Green Bank conducts its initial market assessment report. It would be a disservice to District residents if the ratepayer funds were used to duplicate these efforts.

Enhance Credit

With all its faults, the Green Bank could indeed provide some benefits to the local renewable energy community. Indeed, the Green Bank may play an important role in enhancing the credit of sub-investment grade counterparties that own some of the larger rooftops in DC, as well as the District's low-income residents. By strengthening creditworthiness of solar contractors, the DOEE would help reduce risk- and therefore cost- of projects in the District. Creditworthiness is critical to helping DC meet its solar deployment targets.

Increase Transparency

The Green Bank can also help to grow solar in the District by providing transparency to the market. Market certainty is underpinning renewable energy deployment, and at present there is little predictability in the DC solar market. By publishing what projects are in the pipeline for deployment, and what is expected to be approved, the DOEE would inform solar developers of market signals vital to making long term investments in the local economy. Addressing this issue would lower the cost of capital for renewable energy investors, and spur additional renewable energy deployment in the District.

Site availability: The Green Bank may also play a role in helping facilitate more “solar ready sites” across the District. Given the unique nature of D.C.’s urban landscape, the solar systems in the District must be met largely through the deployment of residential and relatively smaller commercial rooftop solar projects than are seen in other leading solar markets like Massachusetts, Maryland, and New Jersey. Given D.C.’s aging building stock and rooftop obstructions (i.e. window washers, HVAC systems, elevator shafts, and green roofs given the robust green roof rebate), some of these roofs may be ineligible for solar installation. This is an issue the DOEE, the Green Bank, or the Sustainable Energy Utility (SEU) can help address.

Conclusion

Last month, as President Trump abdicated global leadership on climate change, Mayor Bowser and Director Wells affirmed our city's commitment to clean energy by remaining in the Paris Climate Accords. We applaud the district's strong dedication to environmental stewardship and energy innovation, and hope that the Council will fine tune this legislation to ensure the Green Bank complements, not competes with the industry. We appreciate the Council hearing our concerns that the Solar for All program has not been fully implemented, and the existing Green Bank legislation is vague in offering definitions of key institutional roles. As we address these issues, we will advance the Mayor's goal to reduce carbon emissions 50% by 2032, and ensure customers of all economic backgrounds have access to renewable energy. Thank you.