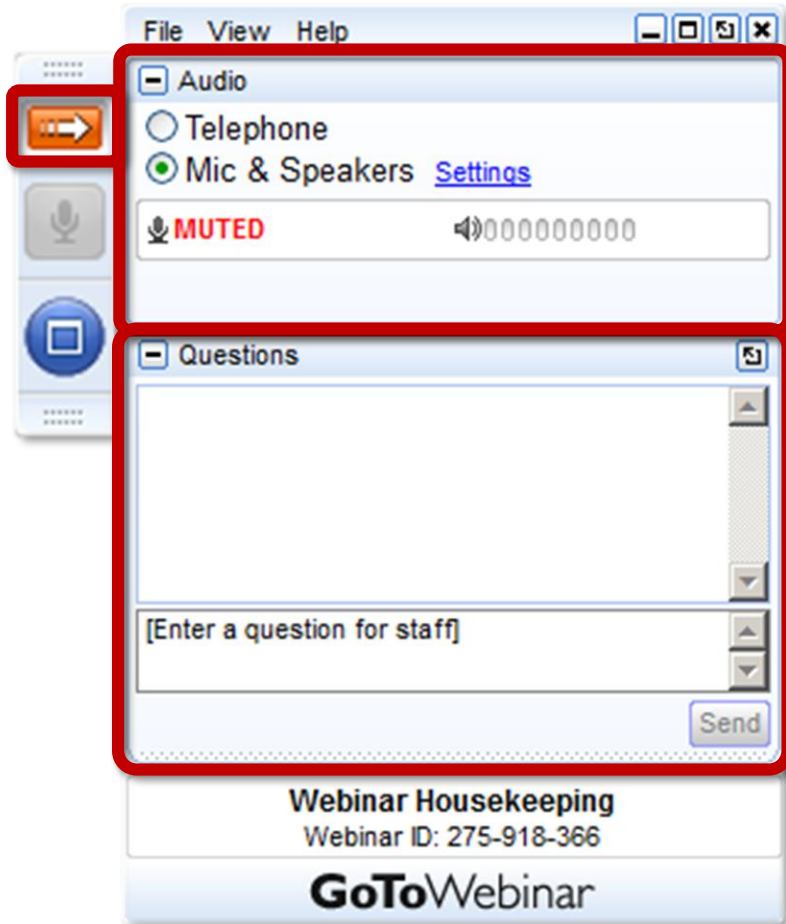


# Income Verification for Low-Income Solar Programs

October 13, 2017



# Housekeeping



Join audio:

- Choose Mic & Speakers to use VoIP
- Choose Telephone and dial using the information provided

Use the red arrow to open and close your control panel

Submit questions and comments via the Questions panel

This webinar is being recorded. We will email you a webinar recording within 48 hours. CESA's webinars are archived at [www.cesa.org/webinars](http://www.cesa.org/webinars)



# Clean Energy States Alliance



**Illinois**  
Department of Commerce  
& Economic Opportunity



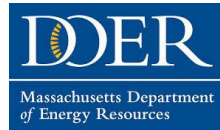
**NYSERDA**



**Maryland**  
Energy Administration



**Department of Commerce**  
Innovation is in our nature.



**Office of the People's Counsel**  
District of Columbia  
*Advocating, Protecting and Educating DC Consumers*



**OREGON**  
DEPARTMENT OF  
ENERGY



[www.cesa.org](http://www.cesa.org)

# Sustainable Solar Education Project

- Provides information to state and municipal officials on strategies to ensure distributed solar electricity
  - 1) Remains consumer friendly
  - 2) Benefits low- and moderate-income households
- The project is funded through the U.S. Department of Energy SunShot Initiative's Solar Training and Education for Professionals program.

# Sustainable Solar Education Project Resources

The Sustainable Solar Education Project provides guides, webinars, and other resources.

A free **monthly e-newsletter** highlights solar equitability and consumer protection news from across the country.

[www.cesa.org/projects/sustainable-solar](http://www.cesa.org/projects/sustainable-solar)



**Clean Energy States Alliance**  
SUSTAINABLE SOLAR EDUCATION PROJECT  
**NEWSLETTER**

**Sustainable Solar Education Project Webinars**

**Bringing the Benefits of Solar to Low-Income Customers**  
*Thursday, May 18th, 1-2 pm ET*  
CESA will conduct a webinar on low-income solar program and policy design. The webinar will be based on a recently released CESA guide authored by Bentham Paulos titled [Bringing the Benefits of Solar to Low-Income Consumers](#). The guide identifies successful and promising approaches, offers factors policymakers should consider, and provides policy and program design recommendations for bringing the benefits of solar to low-income consumers. [Register here.](#)

**Crowd Financing Solar for Nonprofits Serving Low-Income Communities**  
*Thursday, May 25, 1-2 pm ET*  
Nonprofit community service providers that serve low-income communities have faced challenges in financing solar for their own facilities. One answer that has emerged is crowdfunding, in which many individuals each provide a small amount of money for a project. Crowdfunding can involve donations, or it can involve investments, in which the individuals who participate expect a financial return. In this webinar, Andreas Karelas, Executive Director of RE-volv, and Todd Bluechel, Vice President of Marketing and Sales at CollectiveSun, will present two models that rely on crowdfunding to enable nonprofits to adopt solar. [Register here.](#)

**Community Solar for Low- and Moderate-Income Consumers**  
*Thursday, June 1, 1-2 pm ET*  
Because community solar can be made accessible to renters and can include flexible terms, it holds promise for spreading the benefits of solar to low- and moderate-income (LMI) consumers. In this webinar, Kelly Roache, Senior Program Manager at Solstice, and David Miller, Senior Vice President at Alpine Bank,

**MAY 2017**  
The Sustainable Solar Education Project provides information and educational resources to state and municipal officials on strategies to ensure distributed solar electricity remains consumer friendly and benefits low- and moderate-income households. The project is managed by the Clean Energy States Alliance (CESA) and is funded through the U.S. Department of Energy SunShot Initiative's Solar Training and Education for Professionals program.  
The Sustainable Solar Education Project Newsletter reports on issues related to solar equitability and consumer protection.  
For more information about the Sustainable Solar Education Project, please visit our [website](#).

[cesa.org/projects/sustainable-solar](http://www.cesa.org/projects/sustainable-solar)

**Clean Energy States Alliance**

# Income Verification for Low Income Solar

- The first in a series of webinars this fall and winter on low and moderate income solar program design.
- Learning objectives for this webinar:
  - To understand different approaches to income verification for low- and moderate-income solar programs.
  - To see how state program administrators implement these approaches in specific cases.

# Panelists

- **Glen Baird**, California Department of Community Services and Development
- **Kaitlin Kelly**, Massachusetts Department of Energy Resources
- **Kelsey Read**, Massachusetts Clean Energy Center





# Department of Community Services and Development (CSD) Low-Income Weatherization Program (LIWP)

Funded from the State of California's  
Greenhouse Gas Reduction Fund  
California Climate Investments





# CSD Overview



The California Department of Community Services and Development (CSD) partners with a network of community-based non-profit and public organizations dedicated to reducing poverty by helping low-income families and individuals achieve and maintain self-sufficiency, meet and manage their home energy needs, and access clean renewable energy.

CSD's programs include the Low-Income Home Energy Assistance Program (**LIHEAP**) and Weatherization Assistance Program (**WAP**), and the newer State-funded Low-Income Weatherization Program (**LIWP**)



# California Climate Investments

## Implementation of LIWP



LIWP is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities. CCI Projects include affordable housing, renewable energy, public transportation, zero-emission vehicles, environmental restoration, more sustainable agriculture, recycling, and much more.



# Single-Family Solar PV Eligibility



## Two Funding Awards:

**Fresno EOC Pilot:** Awarded funds for a consortium of LIHEAP agencies to demonstrate capacity for cost-effective Solar PV

- Eligibility reflects federal LIHEAP guidelines and verification requirements: up to 60% of State Median Income (SMI)

**GRID Alternatives:** CSD's statewide Solar PV provider and also CPUC's administrator for California Solar Initiative rebates; can leverage those funds, where available

- Single-Family Affordable Solar Homes (SASH): Household income that is 80% or below of the area median income (AMI), based on prior year's tax return
- LIWP Eligibility: Reflected SASH Income Eligibility
- GRID's Verification Requirement: Total household income/documentation used to confirm total household income (typically tax returns)



# New Single-Family EE/Solar PV: Program Redesign

- Create a regional model that has a better economy of scale
- Improve integration of EE and PV (includes GRID as sub)
- For EE measures, introduced neighborhood/categorical eligibility
- For PV, continue to require income verification, but set eligibility at incomes at or below 80% of AMI, **unless** 60% SMI qualifies more households

## Appendix B: LIWP Income Guidelines

FY 2017 60% SMI Guidelines <sup>2</sup> →	\$25,103	\$32,827	\$40,551	\$48,275	\$55,999	\$63,723	\$65,171	\$66,620	\$68,068
HCD FY2018 80% AREA MEDIAN INCOME, BY COUNTY <sup>1</sup> (except at 60% SMI level, w									
No. in Household → County ↓	1	2	3	4	5	6	7	8	9
Alameda County	\$56,300	\$64,350	\$72,400	\$80,400	\$86,850	\$93,300	\$99,700	\$106,150	\$112,550
Alpine County	\$46,100	\$52,650	\$59,250	\$65,800	\$71,100	\$76,350	\$81,600	\$86,900	\$92,100
Amador County	\$40,500	\$46,300	\$52,100	\$57,850	\$62,500	\$67,150	\$71,750	\$76,400	\$81,000
Butte County	\$35,100	\$40,100	\$45,100	\$50,100	\$55,999	\$63,723	\$65,171	\$66,620	\$70,150
Calaveras County	\$39,350	\$44,950	\$50,550	\$56,150	\$60,650	\$65,150	\$69,650	\$74,150	\$78,600
Colusa County	\$33,550	\$38,350	\$43,150	\$48,275	\$55,999	\$63,723	\$65,171	\$66,620	\$68,068
Contra Costa County	\$56,300	\$64,350	\$72,400	\$80,400	\$86,850	\$93,300	\$99,700	\$106,150	\$112,550



# New Single-Family EE/Solar PV: Income Verification



CSD's Eligibility & Verification Guidelines include requirements for:

- Energy Intake Form: applicants list gross income of all individuals in household; providers must obtain documentation fully supporting the total gross monthly income entered
- Income documentation being within 6 weeks of the application intake date (or annual statements), and complying with the Acceptable Income Documentation Requirements
- Providers to use a Certification of Income & Expenses Form to assist applicants understand eligibility requirements and provide necessary info
- Income calculation criteria/formulas
- 36 sources to exclude from income





# New Single-Family EE/Solar PV: Income Verification

CSD's Eligibility & Verification Guidelines state  
Applicability/Acceptable Proof/Unacceptable  
Proof/Exceptions for:

- Wages, Salaries & Commissions
- Alimony Child Support - (Receiving)
- Capital or Other Gains (Only if self-employed or selling real-estate property on regular basis)
- Disability, Foster Care, VA benefits, Unemployment Worker's Compensation
- Gambling/Lottery Winnings (case-by-case basis)
- General Relief/Cash Public Assistance (County)
- Interest Dividends and Royalties
- Proceeds from Insurance/Legal Settlements





# New Single-Family EE/Solar PV: Income Verification

- Monetary Gift (one-time payment) – N/A
- Monetary Gift (reoccurring payments)
- Pension 401K Payments and Withdrawals IRA-401-K Disbursements
- Rental Income
- School Grants, Scholarships & Other Student Aid – N/A
- Self-Employment Earnings/Day Labor
- SSA (Federal) – Social Security Administration
- Union Strike Funds
- Survivor's Benefits
- SSI/SSP
- Also includes requirements for Zero Income Certification/Undocumented or Partial Documentation



# New Single-Family EE/Solar PV: Income Verification Example



<p><u>Disability, Foster Care, VA benefits, Unemployment Worker's Compensation</u></p>	<p>X</p>	<p><b><u>Acceptable Proof</u></b></p> <ul style="list-style-type: none"> <li>• Current check stub(s)</li> <li>• Current printout</li> <li>• Current award letter</li> <li>• Bank statement</li> <li>• Foster care payments received - <b><u>DO NOT</u></b> count if child/adult are unable to live alone</li> </ul> <p><b><u>Unacceptable Proof</u></b></p> <ul style="list-style-type: none"> <li>• Outdated Information</li> <li>• Information without a date</li> <li>• Award letter without income or date</li> <li>• Non-consecutive checks or stubs</li> <li>• Less than one month's verification</li> <li>• Current printout of bank statement</li> <li>• Copy of current checks</li> </ul> <p><b><u>Exceptions – (VA Benefits Only)</u></b></p> <ul style="list-style-type: none"> <li>• Assistance paid directly to the rental company, landlord or mortgage company should not be counted towards income</li> </ul>	<p>30 days (current within 6 weeks)</p>
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# Eligibility & Verification: Looking Ahead



## Assembly Bill 1550 Communities/Households

- CCI awardees selected after release of 2017 Draft Funding Guidelines will use AB 1550 definitions for disadvantaged communities/low-income communities/low-income households:
  - Household incomes at or below **80% of the statewide median income** or at or below 80% AMI
  - Agencies to determine verification approach:
    - Use public assistance programs that pre-qualify applicants at consistent income level
    - Self-certification and random checks
    - Full income verification





# Multi-Family (MF) Energy Efficiency & Renewables (Solar PV Incentives)

Eligibility: Properties with at least 66% of dwelling units occupied by households with incomes at or below 80% of AMI

- Deed restricted/subsidized properties: provide regulatory agreements showing compliance. If < 10 years remains on agreement, Participant signs an Affordability Covenant stating that they will continue to meet income eligibility to = 10 years
- Market Rate Properties:
  - Option 1: Income Documentation
  - Option 2: Public Assistance Program Documentation
  - Option 3: Rent Affordability Standard

Rent  $\leq$  [ [80% of AMI]  $\times$  30% - Monthly Utility Allowance ]

12



# Contacts

Email: [Glen.Baird@csd.ca.gov](mailto:Glen.Baird@csd.ca.gov)  
916-576-5294

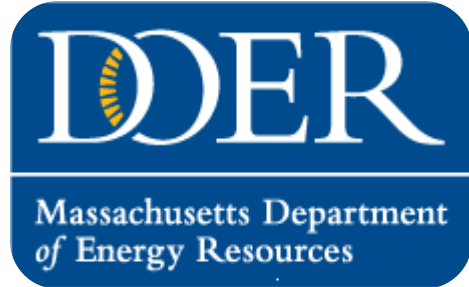
LIWP Site:

<http://www.csd.ca.gov/LIWP>

California Climate Investments:

[www.caclimateinvestments.ca.gov](http://www.caclimateinvestments.ca.gov)





**COMMONWEALTH OF MASSACHUSETTS**

*Charles D. Baker, Governor*

*Karyn E. Polito, Lt. Governor*

*Matthew A. Beaton, Secretary*

*Judith Judson, Commissioner*

October 13, 2017  
CESA Webinar

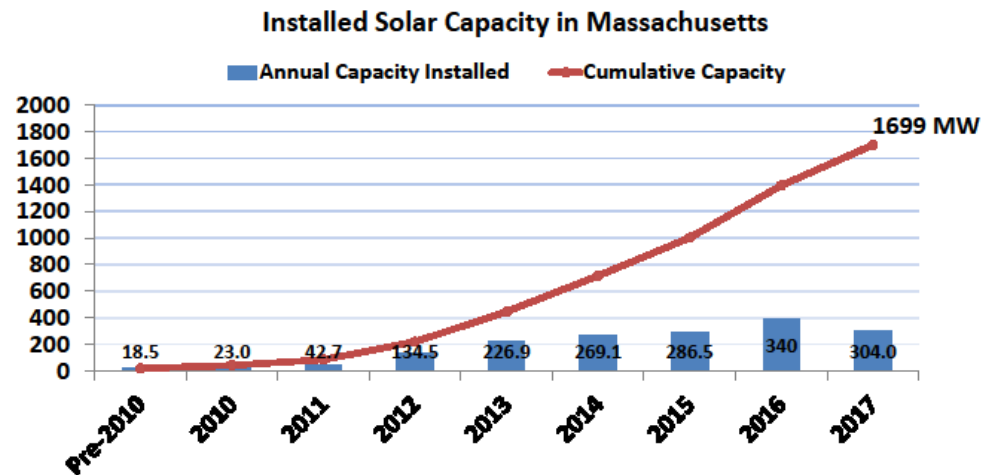
**Low and Moderate Income Incentives in  
MA Solar Programs**

**Kaitlin Kelly**

**Renewable Energy Program Coordinator**

# Overview of Incentives

- Solar incentive programs have been highly successful in the installation of solar in MA
- Installed over 1700 kW of solar capacity
- Access to solar not as easy for low and moderate income families, due to high capital investment, and credit challenges



Massachusetts has an aggressive target of 1600 MW of solar power installed for 2020. The above figures represent the cumulative amount installed as of June 2017 in 71,953 projects.

*Creating a Clean, Affordable and Resilient Energy Future for the Commonwealth*



*Creating A Clean, Affordable, and Resilient Energy Future For the Commonwealth*



# Evolution of Low Income Incentives

## SREC I

- All projects equally eligible, no specific types of projects sought

## SREC II

- Low or Moderate Income generation units qualified for highest incentive levels under Market Sector A
- Highest SREC Factor 1.0
- Outside of capped large ground mount sector Managed Growth

## SMART

- Tariff based program, utilizing a declining block incentive structure
- Base rates set by size of the project
- Adders provide additional incentive for desirable types of projects
- Three types of incentives focused on low income
  - Small low income system base incentive
  - Low Income Property Adder
  - Low Income Community Shared Solar Adder

# SREC II Low Income Projects

- Eligible projects required to allocate 100% of output through electricity or net metering credits to qualified low income offtakers
- Qualified offtakers were Housing Authorities or private low income housing developments
- Developers could obtain pre determination letters establishing private properties as eligible low income offtakers
- *Guideline Regarding the Definition of Low or Moderate Income Housing* developed to assist developers in outlining criteria for qualification
- Housing development must have at least 25% of units serving 80% AMI or 20% of units serving 50% AMI (extremely low income)
  - Definition is the same used in M.G.L. c. 40B, § 20
- Developer had to show contract with the offtaker for at least 10 years

# SREC II Low Income Projects

- DOER worked with a low income housing developer on creating the *Guideline on the Definition of Low or Moderate Income Housing*
- For private low income housing oftakers, eligibility established by providing one of the following documents:
  - Regulatory Agreement (memorializes affordability restrictions between owner and state or federal agency)
  - Deed Restriction
  - Loan Agreement
  - Affordable Housing Restriction (lists the number of restricted units, income to which they are restricted to, and term of agreement)
  - Housing Assistance Payments (HAP) Contract (documents section 8 provisions or state vouchers)
  - Rent Roll/Income Report (shows actual annual income of existing residents)
  - Utility Program Affordability Restriction
  - Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants
  - Other relevant documentation not listed



# SREC II Low Income Projects

- Over 60 MW, and 62 projects interconnected as Low Income Housing generation units (8/30/17)
- Over 84 MW in the pipeline qualified as Low Income Housing
- Comments submitted during the development of the SMART program praised the effectiveness of the low income housing incentive under SREC II
- Main critique was to develop the next incentive program in a way to deliver benefit directly to low income residents, rather than to the housing development

# SMART Low Income Incentives

- Low Income projects incentivized in two different ways
  - Low Income small system base incentive
  - Low Income Property/ Low Income Community Shared Solar Adders
- Low Income Property Adder functions in the same way the Low Income Housing eligibility functioned in SREC II
- Both the low income small system base incentive and low income CSS adder are intended to provide benefits directly to the low income ratepayer
- For each, eligibility is proven by establishing the customer is on the utility's low income residential rate
  - Eligibility verified by the utility company
- Low Income CSS project must serve at least 50% eligible low income oftakers

# SMART Low Income Incentives

- Each electric distribution company has its own discounted utility rate
- Eligibility for R-2 rate in National Grid:
  - Residential Customer
  - Housing Income does not exceed 200% of federal poverty level
  - Utility bill in your name
  - Enrolled in another need based assistance program:
    - EAEDC; Food Stamps, Head Start, Mass Health, National School Lunch, Public Housing, School Breakfast Program, Supplemental Security Income, TAFDC, Veterans Chapter 115 Benefits, Veterans DIC Surviving Parent or Spouse, Veterans Non-Service Pension, Fuel Assistance
- Automatically enrolled in discounted rate class if receiving assistance through MA Department of Transitional Assistance

# SMART Program Adder Values

Location Based Adders	
Type	Adder Value (\$/kWh)
Building Mounted	\$0.02
Brownfield	\$0.03
Floating Solar	\$0.03
Landfill	\$0.04
Solar Canopy	\$0.06

Off-taker Based Adders	
Type	Adder Value (\$/kWh)
Public Entity	\$0.02
Community Shared Solar (CSS)	\$0.05
Low Income Property Owner	\$0.03
Low Income CSS1	\$0.06

Other	
Type	Adder Value (\$/kWh)
Storage + PV	Variable
Solar Tracking Adder	\$0.01

1. Must be at least 50% R-2 customers

# SMART Base Rates

- If Block 1 Compensation Rate for National Grid is \$0.15/kWh the following will be the Capacity Based Compensation Rates for Block 1 National Grid territory

Capacity Based Compensation Rates (kW AC)			
Generation Unit Capacity	Capacity Based Rate Factor (% of Clearing Price)	Capacity Based Rate (\$/kWh)	Term Length
Low income less than or equal to 25 kW AC	230%	\$0.3450	10-year
Less than or equal to 25 kW AC	200%	\$0.3000	10-year
Greater than 25 kW AC to 250 kW AC	150%	\$0.2250	20-year
Greater than 250 kW AC to 500 kW AC	125%	\$0.1875	20-year
Greater than 500 kW AC to 1,000 kW AC	110%	\$0.1650	20-year
Greater than 1,000 kW AC to 5,000 kW AC	100%	\$0.1500	20-year

# Next Steps

- Continuing to qualify projects under SREC II
- SMART program begins next year, upon the approval of the tariff by the DPU
- Looking to see the impact of the change in program design on the development of low income based projects

# Massachusetts Clean Energy Center – Income Verification Process

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October 13<sup>th</sup> 2017



# About MassCEC – Our Mission

Grow the state's clean energy industry while helping to meet the Commonwealth's clean energy and climate goals.

## ADOPT

Increase renewable energy adoption by residents, businesses and communities.

## CONNECT

Connect employers, job seekers, students, communities and investors to the clean energy industry.

## INNOVATE

Help to spur innovation through infrastructure, funding and technology development support.



# Low–Moderate Income Initiatives

## RFP programs or other funding opportunities:

Low Income Challenge

Affordable Clean Residential Energy (ACRE) Program

## Income Based Incentives or Adders:

Commonwealth Solar II Rebate (program closed)

Mass Solar Loan

Clean Heating In Cooling

- Air Source Heat Pumps
- Ground Source Heat Pumps
- Modern Wood Heating
- Solar Hot Water

# Basics

- Eligibility for income-based incentives is determined by the applicant's household income using the most recently available tax returns.
- Each program establishes thresholds and support level based on the technology, available funding, programmatic goals, and other considerations.
- Applicants submit a request with our income verification consultant.
  - Requests a tax transcript from IRS, compares against program thresholds, providing eligibility letter

Goals for Process: Simple, Replicable, Equitable, Accurate

# Thresholds

Household Size	Category 1 Below 80% of State Median Income (Eligible for 30% reduction of loan principal)	Category 2 Below 120% of State Median Income (Eligible for 20% reduction of loan principal)
1	\$45,840	\$68,760
2	\$59,944	\$89,916
3	\$74,049	\$111,074
4	\$88,153	\$132,230
5	\$102,257	\$153,386

- State median incomes by household size come from state Low Income Home Energy Assistance Program (LIHEAP)
  - Based on Census data
  - Updated yearly
- 80% / 120% categories and corresponding 30%/20% principal reductions were based on:
  - Projected project costs and structure of the program
  - Desired target sectors
  - Stakeholder discussions with installers, lenders, and residents

# Thresholds - Considerations

- Having different thresholds based on households size?
- Should thresholds be based on statewide averages or local area median incomes?
- What threshold(s) (i.e. 120% median income) make sense for the program?
- Is purely income the right test? What about other 'means' or 'assets' tests such as home value?

# Process

- Occurs during the ‘Technical Application’ phase of the Mass Solar Loan program (and similarly occurs before/during the application phase for other programs).
- Third Party Income Verifier – Simple online application filled out by resident. Contains name, address, SSN, and form must be signed.
  - Populates a ‘4506-T’ form, which is sent to the IRS requesting a copy of that applicant’s most recent tax transcript.
  - Income verifier compares income (Total Income – Line 22 form 1040) to program thresholds and issues an eligibility letter (both to customer and directly to MassCEC).
  - Average timeline from IRS can be unpredictable—usually takes around 1 week, but potential for delays or uncertainty.

# Process - Considerations

- What 'Income' value should the verifier look at? Should they look at multiple years?
- Should the comparison be against total Income, gross Income, adjusted?
- How much can installers help with the process?
- Should other documentation of income level be allowed? R-2 Rate code? Fuel Assistance Letters, etc.
- What about other sources for income data – such as pay-stubs?

# Evolution

- Originally the process was not based on household size, only had the two categories and state median income. Feedback was that this was not equitable, as it favored single-person households over families.
- Added caps to the principal reduction (\$10,500 for Category 1 and \$7,000 for Category 2) to allow funding to serve more customers.
- We update the thresholds as new median income data is adopted by LIHEAP program.
- Challenges with changing the process during an active program.

# Thank You

Kelsey Read – Project Manager – Commonwealth Solar Programs

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[www.masssolarloan.com](http://www.masssolarloan.com)



# Contact Information

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Visit our website to learn more about the Sustainable Solar Education Project  
and to sign up for our e-newsletter:

[www.cesa.org/projects/sustainable-solar](http://www.cesa.org/projects/sustainable-solar)

Find us online: [www.cesa.org](http://www.cesa.org)

[facebook.com/cleanenergystates](https://facebook.com/cleanenergystates)

@CESA\_news on Twitter



# Upcoming Webinars

## **Follow-Up Discussion on Income Verification for LMI Solar Programs**

*Thursday, October 19, 1-2 pm ET*

This interactive webinar discussion is a follow-up to CESA's 10/13 webinar, "Income Verification for Low-Income Solar Programs." This webinar is open to state and municipal officials only. Unlike most of CESA's webinars, this session will not be recorded.

## **Colorado's Low-Income Community Solar Demonstration Project**

*Thursday, October 26, 1-2:15 ET*

In this webinar, guest speakers from the Colorado Energy Office, Lotus Engineering and Sustainability, and NREL will describe and evaluate the Low-Income Community Solar Demonstration Project, which provides over 1 MW of electricity and serves over 300 low-income Coloradans.

Read more and register at [www.cesa.org/webinars](http://www.cesa.org/webinars)