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## **Energy Storage Could Preserve Solar's Economic Value for California Affordable Housing**

*A new analysis finds that energy storage can effectively hedge against proposed changes to California's solar policies and utility rates that could drastically reduce the value of solar*

**Montpelier, VT** – A paper released by Clean Energy Group finds that California multifamily affordable housing properties with solar PV systems could face more than a 50 percent reduction in electricity bill savings over the next few years, but adding energy storage to the solar system could completely restore those savings to solar customers. Based on this analysis, the paper recommends that policymakers support incentives for combined solar+storage systems in affordable housing to minimize and hedge against these future solar regulatory risks.

Recently, utilities and regulators in California have proposed policy changes and new electricity rate structures that could drastically erode the value of stand-alone solar in California. Those changes, through modifications to net metering, time-of-use rates, and demand charges, could hit solar installations in affordable housing especially hard. [Solar Risk: How Energy Storage Can Preserve Solar Savings in California Affordable Housing](#) explores potential risks for California's multifamily affordable housing sector. The analysis makes two important findings: (1) the changes would significantly reduce the value proposition for a stand-alone solar system, and (2) incorporating energy storage could potentially reverse these negative economic impacts.

The analysis is based on an actual 50-unit affordable housing property under a rate tariff that would be widely applicable to medium- to larger-sized commercial properties in the San Diego area. The analysis found that, by effectively managing the property's electricity demand, storage could deliver additional savings that would completely recoup the losses to solar savings. In fact, storage would boost the property's total bill savings by a significant amount more than what solar-alone could currently achieve today, even before any proposed changes have been implemented. In a scenario where storage allowed the property to switch utility rate tariffs, the integrated solar-plus-storage system could deliver more than eight times the savings of a solar-only system under the proposed changes.

“Utility rates could see a significant increase in demand charges along with the devaluation of stand-alone solar from later time-of-use periods,” said report co-author Wayne Waite, a program

and policy consultant for a nonprofit coalition of California environmental justice and housing advocates. “It is important that affordable housing organizations, which are very sensitive to utility cost changes, examine factors affecting out-year project income projections to mitigate the risk of their power-purchase agreements going underwater.”

The policy and rate changes analyzed will affect all of California’s solar customers, but affordable housing is particularly vulnerable to increasing energy expenses. The findings are significant to policy considerations as California prepares to ramp up support for low-income solar with the upcoming implementation of its Multifamily Affordable Housing Solar Roofs Program, which could allocate up to one billion dollars for the development of solar energy systems over the next decade.

At present, it is not known how many affordable housing properties in California would experience this kind of rate impact. Since there are several thousand affordable housing properties in the state, a conservative estimate is that there are several hundred housing projects that could benefit from energy storage in this way. The paper recommends that the state’s energy policy makers should determine how many properties could benefit from storage savings before they make definite policies either to provide or not provide storage incentives for affordable housing properties.

The implications of these shifts in California’s solar landscape may also extend beyond the state’s borders. “The policy and rate changes that are happening right now in California will have a major impact on the state’s solar customers, and it won’t be long before we see these same trends repeat themselves in other leading solar states,” said report co-author Seth Mullendore, a project director at Clean Energy Group. “This new economic analysis is yet another indicator that the future success of solar will increasingly depend on energy storage.”

The paper, *Solar Risk: How Energy Storage Can Preserve Solar Savings in California Affordable Housing*, is available at [www.cleanenergygroup.org/ceg-resources/resource/california-solar-risk](http://www.cleanenergygroup.org/ceg-resources/resource/california-solar-risk).

Clean Energy Group will be hosting a webinar discussion on this report on June 15 from 2-3pm ET. Panelists will include report co-authors Wayne Waite and Seth Mullendore, as well as Stephanie Chen, Energy and Telecommunications Policy Director at the Greenlining Institute. For more information about this free webinar and to register, visit [www.cleanenergygroup.org/webinar/california-solar-risk](http://www.cleanenergygroup.org/webinar/california-solar-risk).

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Clean Energy Group is a leading national, nonprofit advocacy organization working on innovative technology, finance, and policy programs in the areas of clean energy and climate change. Clean Energy Group also manages the Clean Energy States Alliance (CESA), a coalition of state and municipal clean energy funds. The Resilient Power Project, a joint initiative of Clean Energy Group and Meridian Institute, is designed to help states and municipalities with program and policy information, analysis, financial tools, technical assistance, and best practices to speed the deployment of clean, resilient power systems in their communities. For more information, visit [www.cleanenergygroup.org](http://www.cleanenergygroup.org) and [www.resilient-power.org](http://www.resilient-power.org).