Recommended Best Practices for Community Solar Consumer Protection

Designing consumer protection regulations for a community solar program involves a delicate balance between ensuring robust consumer protection and maintaining a healthy, competitive market that encourages innovation and allows community solar providers to pass along the maximum amount of savings to customers. Ensuring customers are well educated on the community solar offer through clear, succinct disclosures will greatly reduce the number of questions that providers need to field, lowering overall customer management costs and ensuring that the project remains subscribed. Moreover, ensuring regulators have transparency into the market will allow them to address any potential challenges or miscommunications quickly and accurately. This high-level set of recommendations outlines a process from market entry through customer acquisition and incorporates customer disclosure, market transparency, and enforcement mechanisms. This approach, presented below, aims to achieve all these goals.

For more information on how these recommendations fit into the broader program design process, please see CCSA's additional policy resources, including the Model Legislation for a Balanced and Effective Community Solar Program and the Community Solar Policy Guidebook, available at **https://communitysolaraccess.org/resource-library**.

1. Stakeholder Engagement and Feedback

- **Public Comment Periods:** Include public comment periods before finalizing new regulations or making significant updates to ensure that all voices are heard.
- **Regular Review of Regulations:** Commit to a review of regulations every three years to adapt to technological advancements, market changes, and feedback from stakeholders.

2. Registration Requirements for Subscriber Organizations (SOs)

- **Subscriber Organization Assessments:** SOs should submit appropriate registration requirements that include statements on technical, financial and managerial qualifications to ensure they are capable of fulfilling long-term commitments. Subscriber Organizations that employ door-to-door marketing should commit to background checks for those staff who will be interacting with the public.
- **Comprehensive Disclosure Agreements:** Require all community solar SOs to submit sample disclosures and subscriber agreements as part of the registration process. These documents should cover pricing structures, contract terms, potential risks, and benefits. This should not be a separate approval process, but rather a process to ensure that the disclosure form and subscriber agreement meet all legal requirements.
- **Market Affiliation Disclosure:** Establish a registry listing all registered community solar SOs, including their affiliations and any parent or subsidiary companies operating in the state (including subcontractors). Regulations should establish right-sized enforcement mechanisms for SOs found to be in violation of market consumer protection rules, which would apply to the project's contract or award recipient.

3. Market Transparency Mechanisms

- **Disclosure of Market Practices:** Require companies to maintain an up-to-date website with the company's generally available offers and product terms. Companies should also maintain an internal record of marketing materials.
- **Document Language Requirements:** SOs should be required to provide all marketing and sales documents (in particular Subscription Disclosures and Subscriber Agreements) in the language that was used during the sales and sign-up process, if a sales pitch was not given in English. For any official documents that are created by the state or utility, the state or utility shall also provide translated versions for all languages that are commonly spoken in the market.

4. Subscription Disclosure Protocols

- **Clear and Concise Information:** SOs should ensure customer-facing materials (contracts, marketing materials, etc.) are clear, concise, and written in plain language.
- **Key Terms Highlighted:** Disclosures should concisely describe key contract terms, including fees, term length, cancellation policies, and any conditions or guarantees. These are the essential terms of the contract that the customer must understand in order to provide informed consent.
- **Energy Production Estimates:** SOs should provide customers with layman terms of how energy subscription size and cost will be calculated and clear explanations of how variations might affect their savings.

5. Subscriber Agreement (Contract)

- **Subscriber Agreements:** These are the binding legal terms controlling the relationship between the facility and the subscriber. Consumer protections related to the subscriber agreement should cover minimum material contract terms and contracting practices.
- **Minimum material contract terms:** These are the full terms of the contract that must be included in the binding legal document to ensure that the complete agreement is memorialized.
- **Contracting Practices:** These are the best practices to ensure that the contracts comply with all existing consumer protections and any additional obligations specific to Community Solar.

6. Regulatory Oversight

- **Dispute Resolution Process:** The state regulatory agency should establish a clear and accessible dispute resolution process for customers, including mediation mechanisms.
- **Transparency in Enforcement:** The state should provide transparency over enforcement mechanisms that apply to community solar, clarifying any penalties that apply to regulatory non-compliance, and ensuring that any penalties are commensurate with customer harm.

7. Educational Initiatives

- **Consumer Education Programs:** The appropriate state agency should launch educational programs to help consumers understand community solar, how to evaluate offers, and their rights and responsibilities.
- **Subscriber Organization Training:** Companies should provide sufficient training and resources to staff and contractors to ensure they understand regulatory requirements and best practices for customer engagement. Companies should maintain records of staff training materials.
- **Regulator Training:** Regulators should maintain a website of the latest compliance requirements (licensing/registration, filing templates, reporting due dates, etc.) with links to regulations applicable to SOs. Depending on available state resources, regulators could also provide regular training opportunities to SOs regarding regulatory requirements and updates as well as best practices.

8. Low-to Moderate-Income (LMI) Considerations

- **Additional Considerations:** LMI subscribers present several specific consumer protection challenges that should be acknowledged and addressed to ensure positive subscriber experiences. For example, LMI subscribers have historically been the target of predatory marketing tactics. They also often face additional financial scrutiny during the income verification process. Regulators should engage with stakeholders to ensure LMI subscribers receive the necessary consideration.
- **Costs:** LMI customers should only experience costs associated with community solar bill credits applied to their bills and should not face any upfront costs, termination fees or other costs to participate in community solar.
- **Prohibition of Credit Checks and Financial Documentation:** LMI customers should not be required to undergo credit score checks as a screen for project eligibility or produce financially sensitive information in order to demonstrate income status.

9. The utility’s role in consumer protection

- **Application of bill credits:** An important element of a subscriber’s experience with community solar is receiving credits on their utility bill. Utilities must apply accurate bill credits in a timely manner (within two months of production), and should face penalties if they do not meet this basic requirement. Utilities should also be required to post links to program regulations and plain language descriptions of the community solar program on their website.
- **Accurate description of the program:** When customers contact the utility with questions about community solar, the utility must convey accurate, impartial information about the program
- **Data ownership:** Utilities are not granted a monopoly over customer utility data. The customer is responsible for the behavior that spins the meter and should be encouraged to leverage that utility data to further decarbonize their homes and businesses. Utilities should not be able to monetize customer utility data and instead be directed to enable data sharing to allow customers to partner with SOs to optimize their community solar experience.
- **Effective communication with SOs:** A community solar customer is a shared customer of the utility and the SO. In order for both the utility and the SO to properly serve the customer, both entities need to facilitate information sharing about the customer’s participation. The program regulator should convene a working group with monthly meetings to facilitate effective communication and efficient data sharing protocols.