



Chairmen Roae and Matzie and members of the House Consumer Affairs committee,

Borrego Solar submits this testimony in support of HB 531. HB 531 will enable Pennsylvania residents and businesses to participate in solar market through community solar. Community solar allows renters, condo owners, homeowners with unsuitable rooftops, low- and moderate-income individuals, and individuals that don't want the commitment of rooftop solar to participate in the solar market and achieve savings on their bill. The last part is key. A viable and vibrant community solar market offers subscribers bill savings. The bill savings are justified by the value the projects provide to the state and the grid.

HB 531 is also an economic development tool. Solar is one of the fastest growing industries in the nation. According to the Solar Foundation in the five-year period between 2014 and 2019, solar employment increased 44%, five times faster than job growth in the overall U.S. economy. In Pennsylvania solar jobs remained flat. Pennsylvania can increase the jobs associated with solar through passage of HB 531.

Borrego Solar Systems is a privately held, national solar developer. We have been in business for 40 years, have nearly 400 employees nationwide and have developed and built over 1,000 megawatts of projects similar to what HB 531 would enable. We are the largest community solar developer in Massachusetts and New York, and have built or developed projects in Maryland, Illinois, Minnesota and Oregon, and are actively pursuing other developments in additional states. The projects of this type that we have developed and built across the nation have put billions of dollars into the economy. Our projects will pay over \$500 million in property taxes and hundreds of millions in lease payments over their lifetime. Furthermore, the subscribers to these projects will receive hundreds of millions of dollars in bill savings over the lifetime of their subscriptions. Every landowner that we lease from receives stable and predictable income for the portion of their land that we lease and can go back to farming the land once the project is removed.

Borrego is both a solar developer and a solar construction company. We develop projects from the ground up and take them all the way through operation. We also build projects for other companies. We are not a fly by night company. When a market opens, we set up an office, hire staff, and subcontract with local firms. A perfect example of this is Illinois. The market for community solar opened in 2017, at which point Borrego started hiring. We now have 30 full time staff and continue to grow. Our staff includes developers, engineers and project managers, among others. We are currently building dozens of projects in Illinois. The scope of local firms we have contracts with is broad: on the development side we work with local permit specialists, real estate professionals, engineers, attorneys, among others. Once in construction we need everything from local electrical subcontractors and fencing companies to equipment storage and dumpster rentals. We would expect to see the same level of activity in Pennsylvania.

HB 531 as amended does two main things. It statutorily enables community solar to exist in Pennsylvania and creates the stability the industry needs to open the market. Specifically, HB 531

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enables subscribers to receive a credit on their bill for their subscription to a community solar facility. This function is already enabled and in practice for rooftop solar but is not currently available for community solar. The bill also details the credit subscribers should receive for their subscription. Again, this is already clear for rooftop solar projects but not for community solar. Let me go into a little more detail about how this will work.

The language in the original bill suggested community solar subscribers should receive a credit equivalent to the retail rate. The amended version provides a more granular value through a two-phase approach that is fair to all ratepayers. In the first phase, to get the market moving, subscribers would receive a credit equivalent to the utilities default energy rate, also known as the Price to Compare. This is essentially the wholesale energy rate with transmission credit because these systems are distribution connected. Subscribers would not be credited for distribution.

This credit rate would be coupled with a smart inverter payment from the utility to the community solar project owner. The smart inverter payment is made to systems that have a smart inverter and is compensation for the values and functions the system with a smart inverter provides to the distribution grid. A smart inverter is the equipment that converts the electricity from DC to AC and interacts with the larger grid. The values and functions the system provide include reactive and real power support, frequency regulation, and avoided distribution costs, among others. These functions have real value to the grid, and as such the utilities would be able to consider the smart inverter payment a regulatory asset. The smart inverter payment is a proxy value for these functions and would be available only until we move into phase two. A smart inverter payment has been successfully employed in Illinois, and I'm happy to discuss that in more detail if desired.

In phase two, the Commission would determine a value stack credit for community solar subscribers. The Commission will look at all the functions and values community solar provides to the grid in granular detail, ascribe a monetary value to those functions and come up with an appropriate credit value. When the value stack credit becomes available the smart inverter payment would no longer be available. The utilities would offset any credit, whether the Price to Compare in the first phase, or the value stack credit in the second phase, by using the power from community solar projects to reduce their load obligations with PJM.

We believe that this process is fair, transparent, and accurate. It is consistent with the approach that other states have taken and is proven to support a vibrant community solar market. If Pennsylvania employs the approach defined in HB 531 the taxpayers and ratepayers of Pennsylvania will see immense benefits.

Thank You,

Sarah Wochos
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