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# CLEAN ENERGY ADVISORY BOARD

## 2022 ANNUAL REPORT

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## Executive Summary

In 2019 the Virginia General Assembly passed HB 2741 establishing the Clean Energy Advisory Board (the “Board”) as an advisory board in the executive branch of the state government. The stated purpose of the Board is to establish a program (the “Program”) for disbursing loans or rebates for the installation of solar energy infrastructure that will benefit low-income and moderate-income households through the “Low-to-Moderate Income Solar Loan and Rebate Fund” (“LMI Solar Fund”). The enabling legislation requires the Board to prepare and submit to the Governor and the General Assembly an annual report for publication as a report document.

Since the passage of the Virginia Clean Economy Act, Virginia has been working to fundamentally transform the Commonwealth’s electricity generation and grid. The Board’s mission is to ensure that low-to-moderate income (“LMI”) Virginians are not left behind in this energy transition.

This year the Board worked to create a program that will expand cost-effective solar energy opportunities to reduce energy costs and increase access to clean electricity for LMI communities across Virginia. The Board and staff from the Virginia Department of Energy (“Virginia Energy”) continued its national and state program research, worked closely with the Clean Energy States Alliance to finalize the program design, issued an RFP to launch a pilot program to inform Virginia’s LMI solar program, participated in stakeholder meetings, and consulted Dominion Energy Virginia on its solar programs for low and moderate-income customers.

Increasing energy costs impact all customers, but low- and moderate-income customers experience the challenges of rising costs most acutely. Solar energy technology, paired with energy efficiency measures, has been proven to reduce electricity expenses while supporting clean energy goals. The Board is committed to launching a sustainable LMI Solar Fund to serve those who can benefit the greatest from solar installations. The Board hopes 2023 will bring additional opportunities to continue to expand its work.

## Mission Statement

The Board adopted the following mission statement in 2019 which guides the Board’s work:

*The Clean Energy Advisory Board (the Board) is established as an advisory board in the executive branch of state government. The Board, with the approval of the Director [of the Virginia Department of Energy], shall develop and establish a Low-to-Moderate Income Solar Loan and Rebate Pilot Program (the Program) and rules for the loan or rebate application process. The Program shall disburse loans or rebates for the installation of solar energy infrastructure from a Low-to-Moderate Income Solar Loan and Rebate Fund (the Fund). In carrying out its duties, the Board shall consider the Energy Objectives of the Commonwealth described in § 67-101 of the Code of Virginia. All actions and recommendations of the Board shall be for the purpose of expanding access to cost-effective clean energy for low- and moderate-income Virginians throughout the Commonwealth, including citizens living in both single- and multi-family housing facilities and in rural or economically disadvantaged communities.*

See Appendix A for the Board’s bylaws and Appendix B for the Section in the Virginia Code (the

“Code”) which established the Board and the LMI Solar Fund.

## Current Board Members

Pursuant to its enabling legislation, the Board shall have a total membership of seventeen members.

The current Board Members are:

- Susan Kruse, Chair
- Taylor Brown, Vice Chair and Program Development Committee Chair
- Carmen Bingham, Stakeholder Engagement & Marketing Committee Chair
- KC Bleile
- Katharine Bond
- Sam Brumberg, Policy & Regulatory Committee Chair
- Will Cleveland
- Kendyl Crawford
- William Greenleaf
- Kirk Johnson
- Douglas Lamb
- Sarah Nerette
- Toni Ostrowski
- John Warren (*ex officio*)

As of January 2023, the Board has three vacancies. These vacancies include the following seats:

- an attorney with the Division of Consumer Counsel who shall be appointed by the Governor;
- an attorney who is licensed to practice in the Commonwealth and maintains a legal practice in renewable energy law and transactions;
- a designee of the Department of Housing and Community Development.

The Board and Department staff wish to acknowledge and thank the following former board members for their service during 2022:

- *Hannah Coman (former Chair and Stakeholder Engagement & Marketing Committee Chair);*
- *Janaka Casper, a designee of the Department of Housing and Community Development;*
- *William Reisinger, an attorney who is licensed to practice in the Commonwealth and maintains a legal practice in renewable energy law and transactions.*

Board members term limits and additional board seat details are reflected in Appendix C.

## Public Meetings

The Board held a total of six meetings in 2022. In addition, the Policy & Regulatory Committee held two meetings, the Stakeholder Engagement & Marketing Committee met twice, and the Program Development Committee did not meet as a committee. Each meeting was publicly noticed through Virginia Town Hall, and meeting materials were posted or linked on Virginia Energy’s public-facing website (found [here](#)). Meetings were recorded, and public meeting protocols were adhered to accordingly.

## **2022 Meeting Summary**

Minutes and Agenda are posted on Town Hall. Where available, links to the meeting recording can be found on the meeting minutes document. Most presentations (if any) are included in the Agenda. The following is a list of all Board and Committee meetings held in 2022:

Board Meeting: **2/28/2022**

- <https://townhall.virginia.gov/L/ViewMeeting.cfm?MeetingID=34850>

Policy & Regulatory Committee Meeting: **3/16/2022**

- <https://townhall.virginia.gov/L/ViewMeeting.cfm?MeetingID=34976>

Board Meeting: **4/18/2022**

- <https://townhall.virginia.gov/L/ViewMeeting.cfm?MeetingID=34851>

Stakeholder Engagement & Marketing Committee: **6/27/2022**

- <https://townhall.virginia.gov/L/ViewMeeting.cfm?MeetingID=34852>

Policy & Regulatory Committee Meeting: **8/15/2022**

- <https://townhall.virginia.gov/L/ViewMeeting.cfm?meetingid=35634>

Board Meeting: **8/22/2022**

- <https://townhall.virginia.gov/L/ViewMeeting.cfm?MeetingID=34853>

Stakeholder Engagement & Marketing Committee: **10/14/2022**

- <https://townhall.virginia.gov/L/ViewMeeting.cfm?MeetingID=36988>

Board Meeting: **10/17/2022**

- <https://townhall.virginia.gov/L/ViewMeeting.cfm?MeetingID=34854>

Board Meeting: **11/8/2022**

- <https://townhall.virginia.gov/L/ViewMeeting.cfm?meetingid=37208>

Board Meeting: **12/12/2022**

- <https://townhall.virginia.gov/L/ViewMeeting.cfm?MeetingID=34855>

The 2023 meeting schedule for the Board will be set at the first meeting in 2023.

## **Energy Burden Landscape in Virginia**

The Board's mission to expand access to cost-effective clean energy for low- and moderate-income Virginians throughout the Commonwealth continues to be necessary and important work. Related to LMI homeowners, the Board is also monitoring how customer-owned solar and energy efficiency

can be beneficial to and accessed by historically economically disadvantaged communities (“HEDCs”), which in Virginia include communities of color, communities in fossil fuel impacted regions such as Southwest Virginia’s coalfield region of Appalachia, veteran communities, native communities, and low-income communities.

Beginning In 2020 and updated in 2022, Virginia Energy conducted analysis using the U.S. Department of Energy’s Low-income Energy Affordability (“LEAD”) Tool (See Appendix D). The recommended percentage of energy expenditure to income ratio, or “energy burden,” that should be considered affordable caps at 10% if a household is using electricity for heating or 6% for households using non-electric heat such as gas, propane, or other fuels. For all Virginia households, 54% use electric heat, 33% use utility gas, and 13% use delivered fuel or off-grid heating sources.

Recent analysis in 2022 of the households using electric heat showed 206,000 owner-occupied single-family homes with an annual income of 80% or less of the area median income (AMI) that have an average energy burden of 8.1% and \$2,389 in average yearly energy costs, or \$199 per month. Over 34,400 households have an energy burden of 11% or greater with \$2,827 in average yearly energy costs, or \$235 per month. These LMI households are using a significant amount of their income on energy and would be eligible to participate in the Program.

When considering all single-family households within the 0-80% AMI income levels, regardless of ownership or heat source, and an energy burden greater than 6%, Virginia has over 657,000 households, averaging \$2,316 in energy costs, or \$193 per month. Of the total 3.1 million households in Virginia, over 1.1 million housing units in Virginia are at or below the 80% of AMI.

Electric bills are higher for LMI single-family homeowners than state averages for a variety of reasons. Again, according to Virginia Energy analysis using the LEAD tool, households under 80% AMI are paying a higher average electricity bill than overall averages as seen in Dominion Energy (“Dominion”) or Appalachian Power Company (“APCo”) service territories. Average electric monthly bills in Dominion territory are \$115 per month and \$110 per month in APCo (2020 data). Conversely, LMI households regardless of whether renting or owning see the following average electricity bills in Virginia by income (2020 data):

- AMI 60-80% = \$1,730 (\$144/month)
- AMI 30-60% = \$1,650 (\$138/month)
- AMI 0-30% = \$1,641 (\$137/month)

2022 estimates for average monthly electric bills in Dominion territory are \$137<sup>1</sup> and \$141 for APCo.<sup>2</sup> An update to the LEAD tool data is expected in 2023.<sup>3</sup>

Numerous programs in Virginia are working to reduce energy burdens for LMI customers. Virginia Energy and members of the Board will work with the Department of Housing and Community Development (“DHCD”), State Corporation Commission (the “Commission”), Dominion, and other

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<sup>1</sup> [https://energy.virginia.gov/energy-efficiency/documents/2022\\_Virginia\\_Energy\\_Plan.pdf](https://energy.virginia.gov/energy-efficiency/documents/2022_Virginia_Energy_Plan.pdf)

<sup>2</sup> <https://www.appalachianpower.com/company/about/rates/va>

<sup>3</sup> <https://dx.doi.org/10.25984/1784729>

agencies and utilities to set up programs that have this mission in common. Other programs that help address energy burdens for select ratepayers in the Commonwealth include the Percentage of Income Payment Program (“PIPP”, § 56-585.6)<sup>4</sup>; access to Shared Solar (Code § 56-594.3), Multi-family Shared Solar (§ 56-585.1:12), power-purchase agreements (PPAs) (Code § 56-594.02); and investor-owned utility LMI solar and energy efficiency programs (Code § 56-596.1:2).

New federal, state, and local programs described in this report can help address these growing energy costs for Virginia’s individuals and families.

## **2022 Legislative and Regulatory Actions and Policy Update**

The Board continues to monitor legislative amendments and regulatory proceedings that affect renewable energy development in the Commonwealth. Energy policy in Virginia is complicated as it varies greatly based on the customer’s location. The Commonwealth is divided into different utility territories, as shown in Appendix E, and depending on where a customer lives and which utility serves them, different opportunities for energy efficiency or renewable energy programs may be available.

### **Investor-Owned Utility Net Metering Amendments**

The Board continues to monitor proceedings relative to amendments to the Rules Governing Net Energy Metering (Code § 56-594), including the issues of net energy metering, small agricultural generation (SCC Case No. PUR-2021-00251), Shared Solar, and Multi-family Shared Solar (as referenced above).

### **Investor-Owned Utility Shared Solar**

The Commission, pursuant to an [Act of the General Assembly](#), undertook a study of shared solar for Appalachian Power Company and Old Dominion Power Company in the latter half of 2022. That [study was submitted on November 30, 2022](#), and the Board took note of it.

### **Electric Cooperatives**

In 2022, [laws regarding solar energy and electric cooperatives were amended](#) as follows, which the Board summarizes here as the amendments relate to the Board’s mission:

- Added authority for cooperative boards of directors to approve voluntary tariffs;
- Eliminated any upper limit on the increase of net energy metering caps by cooperative boards of directors;
- Allowed cooperative boards of directors to permit the use of third-party power purchase agreements (PPAs) in net energy metering transactions for residential and nonresidential member-consumers (currently allowed for nonprofit and non-jurisdictional member-consumers); and
- Added provisions regarding cost recovery for electric cooperatives for the use of

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<sup>4</sup> This is a program that will cap the monthly electric utility payment of low-income participants at six percent, or at 10 percent if the participant's home uses electric heat, of the participant's household income.



infrastructure by utility-scale solar installations selling into the PJM marketplace.

Additionally, an [Act of the General Assembly](#) required the electric cooperatives and the Coalition for Community Solar Access to conduct a stakeholder process and produce a report concerning shared solar for electric cooperatives. That report was [submitted on November 30, 2022](#).

## **Technical Assistance from Clean Energy States Alliance**

### **Clean Energy States Alliance**

The Clean Energy States Alliance (“CESA”) has provided technical assistance to both Virginia Energy and the Board as part of the [Scaling-Up Solar for Under-Resourced Communities](#) under the U.S. Department of Energy (DOE)'s Office of Energy Efficiency and Renewable Energy Solar Energy Technologies Office Award Number DE-EE0008758. Virginia Energy is a member of CESA.

CESA is a national, nonprofit coalition of public agencies and organizations working together to advance clean energy. CESA works with state leaders, federal agencies, industry representatives, and other stakeholders to develop and promote clean energy technologies and markets. It supports effective state and local policies, programs, and innovation in the clean energy sector, with emphasis on renewable energy, power generation, financing strategies, and economic development.

Since the last annual CEAB report, CESA has continued to provide technical assistance to Virginia Energy and the Board, including assistance with the drafting and editing process of the Virginia Energy 2022 Request for Proposals for an LMI solar financing partner, general program design questions, data sourcing and research, coordination of feedback from a few national solar companies to better understand different solar business models, and some discrete support and feedback on adapting the program to the opportunities of the Inflation Reduction Act. DOE provided a no-cost extension to CESA to continue supporting states launching third-party ownership model programs focused on LMI homeowners until September 2023, and CESA stands ready to continue supporting Virginia Energy and the Board as they explore the launch of a pilot and/or program.

## **Pilot Program Funding and New Financial Incentives**

### **LMI Solar Fund Pilot Program**

While the LMI Solar Fund does not yet have a sustainable source of revenue to allocate toward low-to-moderate income solar financing projects, the Board and Virginia Energy have identified numerous opportunities for funding and technical assistance. As a member of CESA, Virginia Energy has regular opportunities to learn how similar programs in other states have structured the financing process. Virginia Energy and CESA are engaged in multiple projects to source seed funding and technical assistance to build out a proof of concept for how the LMI Solar Fund structure could work in Virginia.

Virginia Energy continues to have access to over \$500,000 of legacy American Reinvestment and Recovery Act (“ARRA” – federal stimulus dollars from 2009) funding in the form of revolving loan funds that have cycled back to Virginia Energy. Virginia Energy still plans to use this ARRA funding as the initial funding source for the Pilot Program. Virginia Energy hopes that the success of the

Pilot Program will serve as a “proof of concept” and will attract additional funding to the LMI Solar Fund for the Program.

For the Board and Virginia Energy to be successful in carrying out their mission and scaling up the LMI Solar Fund, the Board needs to adopt an expansive view of potential funding sources, including grants, gifts, donations, bequests, and other funds received on its behalf. The Board has confirmed that the LMI Solar Fund can accept funds from all these sources.

### **Greenhouse Gas Reduction Fund**

The passage of the Inflation Reduction Act of 2022 (“IRA”) is a potential funding source for the LMI Solar Fund in Virginia. Overall, the IRA includes over \$370 Billion in financial incentives to advance clean energy, create jobs, and support disadvantaged communities in the United States. The IRA includes the launch of a new Greenhouse Gas Reduction Fund (“GGRF”) and will be administered by the federal Environmental Protection Agency (“EPA”) (see Section 60103, page 657 of the IRA). The GGRF includes \$27 Billion of appropriations through fiscal year 2024, including \$7B for LMI communities to deploy or benefit from solar.

For the GGRF, it is understood that \$20B is reserved for non-profit financial institutions that are capitalized with public funds and can leverage both public and private resources for project financing, and \$7B is reserved for direct funding for states, municipalities, tribal governments and other entities for issuing loans, grants, and other financial assistance to support low-income and disadvantaged communities in the deployment of zero-emission technologies (e.g. rooftop solar).

As of the writing of this report, formal guidance on the administration of the GGRF was not published by EPA. The staff at Virginia Department of Energy submitted formal comments to the EPA on December 5, 2022, in response to the request for information (“RFI”) solicitation. The RFI response to EPA from Virginia Energy is included in this report as Appendix G.

In addition to the \$27 Billion appropriation for the EPA GGRF, other notable financial incentives now available to benefit LMI households through the Inflation Reduction Act include the following:

- Home Owner Managing Energy Savings (HOMES) energy rebates for retrofits
- High-efficiency Electric Home Rebate (HEEHR) Program
- Weatherization Assistance Program (WAP) additional funding
- Tax Credit bonuses for project development in low-income and “energy communities” where economic benefits are passed forward to LMI households (e.g. via community or shared solar subscriptions)
- Environmental and Climate Justice Block Grants
- Workforce Development: prevailing wages, apprenticeships, workforce development program funding, and domestic content (US-based manufacturing)

## **Program Development Committee**

### **Activities**

Members of the Program Development Committee (“Program Committee” or “PDC”) include Taylor Brown of Sun Tribe Solar (Committee Chair), Toni Ostrowski of Virginia Housing, Kendyl Crawford

of the Council on Environmental Justice, and Bill Greenleaf of Virginia Community Capital. Janaka Casper of Community Housing Partners (“CHP”) served on the Committee and retired mid-year. Bill Greenleaf chaired the PDC until June 27, 2022, at which point Taylor Brown was elected Chair and Kendyl Crawford was elected as Vice Chair.

The PDC focused its efforts during the first half of the year on supporting CESA and VA DOE on the framework of the LMI Solar RFP [released](#) on June 21, 2022, that solicited proposals from firms to deploy residential solar in Wise County and the City of Norton for LMI households (“Pilot Program”). VA DOE committed \$500,000 in funding support. While a pre-proposal conference was held with numerous interested parties, and the opportunity was widely communicated to qualified entities, no responses were received.

In Q3 2022, PDC Chair Brown supported VA DOE by attending ten interviews with various solar firms to better understand why no bids were submitted to the RFP. The main barriers identified were (i) lack of clarity surrounding 3rd party lease legality, (ii) lack of installers in the geographic area, and (iii) reliability of funding for incentives. An extensive report summarizing the post-RFP analysis is included in Appendix H, courtesy of VA DOE.

The PDC will continue to support VA DOE as it revamps the RFP for re-issuance. With respect to barrier 1, an opinion from Virginia’s Office of the Attorney General was sought to provide an assessment on 3rd party lease legality. With respect to barrier 3, the recent passing of the Inflation Reduction Act (“IRA”) provides an additional 10% Federal Investment Tax Credit (“ITC”) for low-income projects which will certainly provide a positive boost to the program’s viability.

As the CEAB rolled into 2022, the thesis surrounding fundraising was to leverage the Pilot Program as a repeatable way to deploy solar to LMI households to non-IOU territories. Considering that the Pilot Program is still in development, no fundraising activities occurred.

### **Related Program Developments**

Dominion launched its \$25M [“Income and Age Qualifying Solar Program”](#) (established by Code § 56-596.2) in Q2 2022. As of November 8, 2022, the program had installed six systems. While Dominion funds all necessary expenses for construction, maintenance, and removal, the customer being served ultimately will receive the title of the system. Dominion will retain the renewable energy certificates (“RECs”), and the value will be credited back to the program’s budget.

## **Stakeholder Engagement and Marketing Committee**

### **Activities**

Members of the Stakeholder Engagement and Marketing Committee (“Stakeholder Committee”) in 2022 included Hannah Coman of Apex Clean Energy, Susan Kruse of Community Climate Collaborative, Katharine Bond of Dominion, Kendyl Crawford of Virginia Interfaith Power and Light and the Council on Environmental Justice. Hannah Coman served as Chair of the Stakeholder Committee until her term expired on June 30, at which time the Board voted to replace Ms. Coman

with Carmen Bingham of Virginia Poverty Law Center. Additionally, Ms. Crawford stepped down from the Stakeholder Committee to join the Program Development Committee and Kirk Johnson of Old Dominion Electric Cooperative joined the Stakeholder Committee.

### **Outcomes**

The Stakeholder Committee deferred engagement activities while supporting the development of the RFP for the initial pilot program. The Stakeholder Committee anticipated working with the selected developer on customer engagement upon implementation of the project. With no submissions received for the initial RFP, the Stakeholder Committee began discussions with community contacts in the southwest region to develop relationships in preparation for a community outreach plan as the Board works to establish new parameters for a new RFP for the pilot program.

## **Policy and Regulatory Committee**

### **Activities**

Members of the Policy and Regulatory Committee (in this subsection, the “Regulatory Committee” or “PRC”) during 2022 included KC Bleile of Viridiant, Sarah Nerette of RE Tech Advisors, Will Reisinger of ReisingerGooch, Will Cleveland of the Southern Environmental Law Center, and Sam Brumberg of the Virginia, Maryland and Delaware Association of Electric Cooperatives. Sam Brumberg is the Chair of the PRC. Will Reisinger’s service on the PRC ended concurrently with his Board membership on June 30, 2022, and the PRC expresses its gratitude for his contributions to the Committee’s work.

The Regulatory Committee was established by the Board on July 21, 2021, and was broadly tasked with consideration of regulatory and policy questions and issues on behalf of the Board. The core of PRC’s work in 2022 continued from 2021 and consisted of reviewing policies relative to funding opportunities to support the LMI Solar Fund and the potential for associated legislation. Secondly, the PRC’s work in 2022 focused on resolving policy questions regarding the availability of solar leases in Virginia. In addition to those two core items, policy discussions were also held on potential amendments to the Board’s governing statute, including the need for a proxy measurement to be used for a required 12% energy efficiency reduction in Virginia Energy’s low-income leasing program. The PRC will continue its work in 2023.

### **Outcomes**

Followers of the Board’s activities will recall that the Board’s 2020 and 2021 Annual Reports have mentioned the policy issue related to the legality and availability of solar leases (equipment rental) to facilitate access to net metering. That issue has been under consideration by the Board almost since its inception. Through 2021 and early 2022, the PRC attempted to resolve the issue. Consultation with the utilities (discussed in the 2021 Annual Report), which was the first preference of the PRC, ended without the necessary clarity. Following this, the PRC resolved to seek an Office of Attorney General official legal opinion on the following propositions (stated simply in layperson’s terms): that (i) leases used in net energy metering are legal, and (ii) no certificate of public convenience and necessity (“CPCN”) is needed for net energy metering activities under the Code of Virginia. The then-Chair of the Board, Hannah Coman, endorsed the letter as drafted by the PRC on June 27, 2022. As of early December 2022, our request for an opinion letter remains pending

before the Office of Attorney General (“OAG”).

The Regulatory Committee held two in-person meetings in 2022, one on March 16, 2022, and one on August 15, 2022. Broadly, the topics for those meetings were very similar. The following topics were discussed:

- Update on the OAG opinion letter (discussed above);
- Discussion of the Virginia Energy Plan comment process (The Governor’s Virginia Energy Plan was being drafted at that time.);
- The 2023 General Assembly process and what kinds of legislation might be part of the Department’s package of requests. On this last topic, the PRC was optimistic that the Department might be willing to request that the Administration address the programmatic 12% energy efficiency reduction requirement in the Board’s enabling statute. The PRC continues to recommend that the Board endorse a legislative change to the energy efficiency threshold in the form of a more effective measure. Finally, the PRC continues to recommend changes to the Board’s enabling statute to ensure compliance with Virginia procurement law (i.e., making the Department and not the Board the contracting agency for the Board’s program contracts); and
- A general update on the Board’s then-open RFP for the Board’s pilot program for LMI solar.

## **Investor-Owned Utility Consultation**

Section 4 of the VCEA states: “Each investor-owned utility shall consult with the Clean Energy Advisory Board established by Chapter 554 of the acts of Assembly of 2019 on how best to inform low-income customers of opportunities to lower electric bills through access to solar energy.” This requirement from the VCEA provides the Board with a unique opportunity to engage with all of the investor-owned utilities. To this end, on November 8, 2022, the Board conducted consultations with Dominion to discuss how best to inform low-income households about solar and energy efficiency programs that reduce energy bills. The Board also invited APCo and Kentucky Utilities, dba Old Dominion Power (“ODP”), to present to the Board on each utility’s current offerings and discuss solar energy programs for low-income households. While the dates for these consultations have not been set, we expect to schedule these consultations early in 2023.

The Board and Dominion answered many questions from the Board on outreach, engagement, and eligibility of LMI customers in the Energy Share program and related programs. Details of the Dominion consultation, including questions asked and answered, may be found in the minutes of the November 8th meeting at Virginia Town Hall, linked [here](#).

The Board’s consultation with Dominion was productive and informative. The Board looks forward to engaging with Dominion, ODP, and APCo on their future programs that enable low-income customers opportunities to lower electric bills through access to solar energy in the coming year.

## **Key Outcomes in 2022**

The following is an overview of the general activities of the Board and Virginia Energy relating to operations and activities of the Board:

- Worked in collaboration with Virginia Energy to inform a Pilot Program to utilize ARRA federal funding through the state energy office up to \$500,000 for program implementation, marketing and administration;
- Participated in the development and launch of the RFP for the Pilot Program, with Chair Coman and Program Development Committee Chair Brown participating in advisory meetings with CESA and Virginia Energy staff;
- Continued national research on similar LMI solar program design and best practices
- Analyzed the solar lease market nationally and in the Commonwealth and discussed with stakeholders the regulatory framework related to the solar lease structure;
- Sought a legal opinion on solar leases and net metering from the Office of Attorney General;
- Continued Virginia-specific research on state agency programs and state regulatory framework/policies to inform the Board's work;
- Improved Board committee structure by establishing new committee chairs and refining committee direction;
- Amended Bylaws and incorporated revised electronic meeting policy into Bylaws;
- Conducted stakeholder outreach with residential solar installers and financing institutions to understand perspectives of Virginia market to inform Pilot Program development; and
- Consulted with Dominion and worked to schedule consultations with APCo and ODP (Kentucky Utilities), as required in the VCEA.

## **Current Challenges and Emerging Opportunities**

The Board and Virginia Energy have identified the following specific challenges and emerging opportunities to launching the LMI Solar Fund:

- While the LMI Solar Fund remains unfunded, there is a new emerging opportunity at the federal level through the Inflation Reduction Act. The newly formed EPA Greenhouse Gas Reduction Fund (GGRF) could provide funding to Virginia's efforts to advance LMI Solar adoption; new federal guidance and/or application opening will occur in early 2023.
- While the VCEA and other recent legislation has made residential PPAs allowable for LMI customers, Virginia is still a nascent market for residential Power Purchase Agreements and the legal landscape for solar leasing for residential households remains unclear;
- Eligibility for existing energy efficiency programs, such as the WAP, is limited to customers with a household income less than 60% of AMI, and as a result it is uncertain how to fund the required energy efficiency reduction for customers with a household income between 60-80% of AMI;
  - Opportunity: federal Inflation Reduction Act may provide critical assistance to funding energy efficiency measures for households in the 60-80% AMI through either the EPA GGRF, or other energy efficiency financing programs (e.g., energy efficiency conservation block groups)
- Taking into account the responses to Virginia Energy's RFP, the Board and Department staff know more about what solar companies are seeking in terms of engaging with the Department and the Commonwealth when accessing these funds. Refining the approach and with support from additional funding sources, the Board will be positioned to achieve its objectives in 2023 and beyond; and

- Three of the Board's 17 seats are currently vacant, which results in a knowledge gap on the Board.

## **Next Steps and 2023 Goals**

The Board is committed to launching a sustainable LMI Solar Fund to serve those who can benefit the most. Over the next year, we plan to make substantial progress in achieving this goal. In the next year, the Board aims to accomplish the following:

- Monitor and prepare for the EPA GGRF application period and advise Virginia Energy staff on program development and application submittal, as needed.
- Advise Virginia Energy on the re-release of the RFP and launch of the Pilot Program in coordination with the EPA GGRF process.
- Conduct annual consultations with the investor-owned utilities as required by the VCEA and document best practices for marketing solar and energy efficiency to LMI customers.
- Participate in the Shared Solar and Multi-family Shared Solar developments, especially as utility customers become eligible to subscribe.
- Consider all forms of fundraising, such as state budget allocations, state and federal grants, private philanthropy, bequeaths, or other permissible forms of funding to the LMI Solar Fund.
- Work to clarify that solar leases are a viable option in Virginia.
- Engage in stakeholder outreach to community-based organizations and LMI program beneficiaries the LMI Solar Fund will serve.
- Ensure the Code reflects operable Program requirements, such as reasonable energy efficiency requirements and application approval processes.
- Granted application review authority to the Department, as needed.

We hope 2023 will bring additional opportunities to continue and expand our work as it has become even more important.

Members of the Board appreciate the opportunity to serve the Commonwealth on these matters.

See Appendices HERE:

<https://energy.virginia.gov/renewable-energy/documents/CEAB/2022-CEAB-Appendices.docx>