

ADVANCING SMALL BUSINESS SOLAR EQUITY

APPENDIX C: SOLAR PROCUREMENT OPTIONS BRIEF

LAKE STREET–WEST BROADWAY–UNIVERSITY AVENUE
MINNEAPOLIS AND SAINT PAUL, MINNESOTA



Photo by Brandon Stengel for BWBR Architects, Inc (www.bwbr.com)

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About this document

This document is an appendix of “Advancing Small Business Solar Equity: Final Technical Insights Report” (Kazinka et al. 2024), a report published by Lake Street Council and its partners as an outcome of their participation in the Solar Energy Innovation Network. The full report and other appendices can be found at www.visitlakestreet.com/business-blog/sein-report.

About the Solar Energy Innovation Network

The Solar Energy Innovation Network (SEIN) seeks to overcome barriers to solar adoption by connecting teams of stakeholders who are pioneering new ideas with the resources they need to succeed. SEIN is funded by the US Department of Energy Solar Energy Technologies Office and is led by the National Renewable Energy Laboratory.

Teams that participate in SEIN receive direct funding and analytical support from the US Department of Energy national laboratories and participate in peer-to-peer learning with other teams tackling similar challenges. These teams are developing and documenting their solutions for solar adoption with scale in mind so that others can adapt those solutions to their own contexts. Ultimately, the true impact of these teams’ efforts will be to enable a wide array of communities to adopt solar solutions that meet their needs in their contexts.

Disclaimer

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Overview

The “Solar Procurement Options Brief” explores options available for rooftop photovoltaic (PV) solar adoption for small businesses located along the focus corridors of the Advancing Small Business Solar Equity project: Lake Street and West Broadway in Minneapolis and University-Midway in Saint Paul. The procurement options include direct purchase and ownership and investor options, including power purchase agreements (PPAs) and community solar gardens (CSGs). A solar co-op option is also included as an alternative ownership structure to private investor-driven development.

The solar procurement options were assessed using the Advancing Small Business Solar Equity principles as a guide, as described in “Section 1.3: Principles” in the main body of this report. Particular attention was paid to the issues of transparency, understanding risk, and wealth building. Each procurement option has advantages and disadvantages to weigh against each other, as summarized in Table C-1.

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Table C-1: Solar procurement options in the Twin Cities metro area: Comparison of key considerations for small business participation in solar energy as identified by the team.

	Direct purchase and ownership	Power purchase agreement	Community solar garden	Solar cooperative
Ownership				
Owner	Direct ownership by small business	Developer ownership (typically) with an opportunity for direct ownership after 7-10 years	Developer	Cooperative ownership
Financing				
Capital costs	Business	Investor	Third-party developer	Co-op
Captures tax credits & depreciation	Business	Investor	Third-party developer	Co-op
Captures other state/local incentives	Business	Investor	Third-party developer	Co-op
Positive cash flow	Financing may be structured to be cash flow-positive	X	X	X
Profit-sharing				X
Eligibility				
Location of array	Rooftop	Rooftop	Off-site	Rooftop or off-site
Participation by building owner-occupier	X	X	X	X
Participation by renter	With permission of property owner	With permission of property owner	X	X
Risk & transparency				
Level of fiscal risk for business	High	Low	Low	Low
Operations & maintenance	Business	Developer	Developer	Co-op
Renewable energy certificate ownership (see note)	X	Investor	Awaiting state regulatory guidance	Co-op
Contract		X	X	X
Note: Ownership of renewable energy certificates (RECs) depends on participation in Xcel Energy's Solar*Rewards® incentive program. See "Appendix D: Incentive Options Brief" for more details.				

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Direct purchase and ownership

Direct purchase and ownership is a conventional model for procuring rooftop solar. A business owns the rooftop solar energy system for its useful life, much like it would any other equipment purchase. The electricity generated by the system is used in the building, and any excess power is sent to the grid. All the benefits of the investment accrue directly to the business:

- Reduced amount of electricity purchased from the utility
- Net metering credits if excess production is sent back to the grid
- Other incentives, such as investment tax credits

The business is responsible for all installation and maintenance costs.

How the direct purchase and ownership model works:

1. The small business assesses business readiness, capacity, and context for solar in relationship to future business planning and goals.
2. A solar installer assesses the site for shading and rooftop encumbrances and building readiness, including roof age (five years or newer), structural capacity, and utility service age and capacity. The solar installer determines what upgrades are needed to allow for rooftop solar. The business may consider coupling roof replacement with solar into one project.
3. The business owner requests proposals from solar installers that align with business ownership goals and values, including Black, Indigenous, and people of color (BIPOC) and community-based installers with local and relevant experience.
4. The business owner reviews applicable incentives based on system size to determine what opportunities and options are available and assesses the application requirements and timelines.
5. The business owner gathers, reviews, and selects the most favorable financing product and lender.
6. The business owner reviews, compares, and selects solar installer bids for completeness and terms. Verifying references and the capacity of installers are required to deliver the system on time and within the budget.
7. The solar installer installs the photovoltaic system and ensures interconnection through the process managed by the local utility.
8. The solar installer verifies system operation following utility interconnection.
9. Post-installation, the solar installer may file for incentives and rebates assigned to them during the contract period.
10. The business owner files for tax incentives during the next tax filing cycle.

The direct purchase and ownership process can be a cash deal or financed with a loan. “Appendix E: Financing Options Brief” summarizes loans available to small businesses in the corridors. The loan options explored provide a variety of scales and terms that may be applicable based on the size and cost of the solar array, business circumstance, project timeline, and expectations for return on investment.

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Advantages:

The major advantage of direct purchase and ownership is control of all aspects of the project. The option has great flexibility in finance options, including cash and conventional loans. A number of finance options are available based on the size of the loan.

Under the rules established by the Inflation Reduction Act, the investment tax credit (ITC) is transferable and can be sold to a third party (Internal Revenue Service 2023). Refer to the [IRS Inflation Reduction Act Updates](#) web page for current guidance and information on the transferability of the ITCs.

Challenges:

A lack of access to unbiased information can be a barrier to making informed decisions.

Access to capital and conventional financing can be an obstacle for some small businesses. Conventional loans and city programs can require high credit scores and business history to underwrite small business loans. Community development financial institutions (CDFIs) have greater flexibility with lending and, in many cases, established relationships with business owners.

Additionally, borrowing for solar may compete with other business priorities for borrowing, and businesses tend to face lending limits compared to their revenues.

Interest-based loan structures may conflict with Islamic religious beliefs prohibiting the payment of interest. A number of the finance institutions interviewed have experience with Murabaha transactions, which are cost-plus-profit purchases in lieu of interest payments in accordance with Islamic law.

The inability to take full advantage of the ITC and the delay in realizing them can also present challenges. Consulting with a tax professional before or during the process is recommended. If a business does not have enough tax liability, the ITC is of little use since it cannot be refunded. The delay in realizing ITC benefits, up to 16 months due to delay until tax filing, can prove challenging since they are unavailable at closing.

Risk:

The small business assumes all the upfront capital costs and system performance risk. In addition, solar installers must keep businesses in the loop on their work, including the design and permitting processes. If the ITC is sold to a third party, the small business agrees to the terms of sale, which likely includes the system's activation by a set date (within a calendar year). Failure to meet this requirement can lead to financial losses.

There may be opportunity costs to solar adoption as it may limit available credit and require time that might otherwise be used in pursuit of other opportunities.

Transparency:

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If sold, the small business will likely not realize the full value of investment tax credits. The value of the investment tax credits will vary with market forces.

Wealth building:

The direct purchase and ownership model results in acquiring a long-term asset. Solar incentive programs can add value to the business and property. In addition, operating costs are reduced by lowering utility costs.

Power purchase agreement

The US Environmental Protection Agency defines a power purchase agreement (PPA) as a “financial arrangement in which a third-party developer owns, operates, and maintains the photovoltaic (PV) system, and a host customer agrees to site the system on its property and purchases the system’s electric output from the solar services provider for a predetermined period. This financial arrangement allows the host customer to receive stable and often lower-cost electricity while the solar service provider or another party acquires valuable financial benefits, such as tax credits and income generated from the sale of electricity” (US Environmental Protection Agency 2023).

With this business model, the host customer buys the electricity produced by the PV system rather than the PV system itself. The PV system remains owned by the third-party developer throughout the duration of the PPA agreement.

With a PPA model, investors contribute their tax appetite to help enable local solar ownership.

Involved parties in a PPA include the following:

- **Business:** The entity that operates a business at the site of the PV system. In this case, we assume that the business either owns the property or has full permission from the property owner to enter into agreements related to the property.
- **Solar developer:** The entity that coordinates and manages the solar project, including setting up documentation, installation, and system interconnection. While PPAs may be mission-based for some developers, profit for the developer can be built into the agreement they coordinate between involved parties.
- **Investor:** The entity that pays the initial cost of the solar installation and reaps the majority of the tax benefits of the project.

How the PPA model works:

1. A solar developer enters a legal and financial partnership with an investor, a solar installer, and any other party. A small business or organization helping a small business will interact with a solar developer and will not interact with the investor.
2. A solar developer approaches a business and establishes a relationship, explaining the model and its potential benefits to the business.

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3. The business offers the right to develop solar on their property to the solar developer and agrees to buy the produced energy.
4. The solar developer initiates an arrangement with an investor who has available equity and an appetite for tax credits, wherein the investor is the owner of the solar system. This enables the investor to earn back the value of the investment through tax credits during the solar system's operation over time.
5. The small business signs a PPA with the solar developer, wherein the solar energy generated is sold to the business owner. For this to be favorable to the business, the cost of solar purchased from the array is typically set at a rate lower than the cost of utility electricity.
6. The arrangement between the business and the investor can include an agreed-upon time at which the investor would sell the PV system to the business owner. This is not the default scenario; businesses entering PPAs should verify terms. If ownership transfer is part of the agreement, it will usually occur after 7–10 years when the investor has earned back the value of their initial investment. The cost to the business owner is usually a significant discount from the installed cost.
7. After purchasing the PV system from the investor, the business will earn the full value of the solar generated on-site.

Advantages:

PPA arrangements enable the host customer to avoid many of the traditional barriers to installing on-site PV systems: high upfront capital costs, the need to take on debt, system performance risk, and complex design and permitting processes. PPAs can be cash flow-positive for the host customer from the day the system is commissioned. PPAs typically set the cost of solar purchased at a rate lower than the cost rate of the electric utility, providing some reduction in energy costs.

Challenges:

- Access to unbiased information can be a barrier.
- Understanding the entities involved, their relationship to the project, and the flow of money and benefits can be complex.
- Understanding the long-term PPA contract liability and potential terms of transfer with the sale of the building/business ownership during the PPA contract term.
- Understanding the potential terms of PPA system ownership transfer from the developer/investor to the business owner (e.g., at 10 years of the system's life).

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Risk:

Most of the risk for the PV system installation and performance is borne by the solar developer and investor(s). The small business or host customer is locked into the agreement, including the roof lease and power purchase. If the agreement includes turning over the system to the host at some date, the host assumes full responsibility for the PV system's maintenance and eventual decommissioning.

Wealth building:

Near-term benefits of a PPA, as commonly implemented today, accrue wealth to a solar investor through tax credits and the business's purchase of electricity generated by the PV system while owned by the investor. Over the life of the system, some value of the system equipment may accrue to the business after ownership transfer. In addition, operating costs are reduced by lower electricity costs.

Community solar garden

Community solar gardens (CSGs) are an opportunity for consumers to subscribe to a portion of a centralized off-site solar array and receive electricity bill credits for the amount of energy their portion of the array produces. Small businesses located in Xcel Energy's territory participate in CSGs through the Solar*Rewards® Community program. They can purchase subscriptions to arrays to cover up to 120 percent of their annual utility usage.

Note: Beginning on January 1, 2024, the administration of the Community Solar Garden Program will change, with the Minnesota Department of Commerce taking over administration responsibilities from Xcel Energy. This summary of Minnesota's community solar garden, written in 2023, captures the current state of the program prior to these changes. At times, the text will reference the upcoming changes.

The Community Solar Garden program in Minnesota is administered by Xcel Energy, which is responsible for system interconnection. Third-party community solar garden developers are permitted to develop and operate projects and market subscriptions directly to Xcel Energy's customers. The Minnesota Public Utilities Commission does not regulate or have authority over these third-party garden developers apart from the contracts that they are required to sign with Xcel Energy and that are included in the utility's tariffs (Minnesota Public Utilities Commission 2023).

There are several different types of CSG facilities and business models available to consumers. Typically, a consumer would sign a 20–25-year contract with a developer that outlines the terms of the subscription and the subscription model. There are two common types of subscription models. In a pay-as-you-go model, the subscriber pays a dollar per kilowatt-hour (\$/kWh) production rate to the developer, which should be lower than the credit Xcel Energy applies to their bill. This option represents over 95 percent of the market. In an upfront subscription model, the subscriber pays a one-time lump sum when they first sign the contract and makes their money back over time through the bill credits. Some developers might offer a mix between these two models.

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Involved parties include the following:

- **Business:** The entity that pays utility bills at the subscription site. The business may or may not own the property. The business subscribes to the community solar garden.
- **Xcel Energy:** Until 2024, Xcel Energy is the entity that manages the CSG process through their Solar*Rewards® Community program. Xcel Energy facilitates the process for third-party providers to develop CSGs and applies the bill credits to participating subscribers' Xcel Energy utility bills.
- **Minnesota Department of Commerce:** Starting January 1, 2024, the Department of Commerce will administer the CSG program across the state.
- **Third-party community solar garden provider:** The entity, independent of Xcel Energy, that coordinates and manages both the community solar garden and subscriptions to the garden. This includes system development, installation, system interconnection, and subscriber acquisition and management.

The community solar garden model entails the following:

1. A third-party community solar garden provider works with Xcel Energy to develop, install, and interconnect an off-site and centralized CSG. Independently, the provider will also develop a subscriber model and subscription contract.
2. A third-party CSG provider or an associated outreach entity approaches a business and establishes a relationship, explaining the model and its potential benefits to the business. Alternatively, a business may find a provider via Xcel Energy's "MN Solar Gardens in Progress" spreadsheet on their "[Solar*Rewards® Community](#)" page. Ideally, the business should solicit offers from two to three CSG providers.
3. The business fills out an Xcel Energy [Agency Agreement](#) to share account information and energy usage data with the CSG provider they have chosen. The business's data will be used to determine the size of subscription a customer is eligible for and to validate the bill credit amount that Xcel Energy applies to an account.
4. The CSG providers coordinate with the business to select the size of their subscription, up to 120 percent of their annual utility usage. The CSG provider develops a 20–25-year contract for the business.
5. The business reviews the terms and conditions and privacy policies within each provider's contract to learn how the provider operates and how they may use and share information associated with the business's Xcel Energy billing account.
6. The business selects a provider and signs an agreement.
7. The business pays the provider according to the agreed-upon subscription model and receives monthly utility bill credits from Xcel Energy.

Advantages:

Community solar garden subscriptions are available and accessible to everyone. Businesses that are unable to install rooftop solar for any reason (e.g., the business leases the space, the subscription is too expensive, or the roof of the building is inadequate for installing a solar garden or is shaded) can still

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support solar and may receive savings through participating in a CSG. Receiving the benefits of community solar is also much simpler in comparison to traditional rooftop solar—the CSG provider fully develops the project and facilitates the ongoing operations and management of the array. Community solar is often described to consumers as the “easy button” to solar.

Challenges:

CSGs take a long time to develop and interconnect to the grid, limiting the subscription spaces available. Potential subscribers may be placed on waitlists.

Community solar garden contracts typically last for 20 to 25 years. Subscription ownership may follow the subscriber if they move locations within Xcel Energy’s territory. If the subscriber does move out of Xcel Energy’s territory to a non-contiguous county or outside of Minnesota, they can no longer participate in the same CSG and must sell their subscription back to the provider or transfer it to another entity. Exit fees will be eliminated on January 1, 2024.

CSG regulations can be impacted by state policy and are subject to change. Moreover, although providers typically account for changing rates in their subscription modeling, contracts may lock subscribers into a rate for the next 20 to 25 years, regardless of how electricity rates change.

Risk:

The Minnesota Public Utilities Commission (MN PUC) does not regulate individual CSGs. Given the high variability in contracts presented to subscribers by different developers, the PUC does not take on the task of intervening between program subscribers and CSG operators. Subscribers who face a billing dispute must direct their questions and concerns directly to the garden operator. (Minnesota Public Utilities Commission 2023).

Some CSG providers may request the subscriber’s Xcel Energy account log-in information, promising to pay its bills using the provided credit card or banking information. Xcel Energy cautions against disclosing utility account log-in information to third parties. If needed, Xcel Energy allows to set up delegates and give them access to the account information with varying levels of permission (Xcel Energy 2023b).

Transparency:

The ownership of renewable energy certificates (RECs) produced by CSGs has changed three times as the program has evolved in Minnesota:

1. For projects proposed after the program launched in late 2014 and before April 2017, CSG developers had the choice to sell RECs to Xcel Energy for additional compensation or retain them as part of the Applicable Retail Rate program. Most developers chose to sell the RECs, but there may be some instances in which RECs were retained.
2. For projects proposed after April 2017 and before December 31, 2023, the RECs were automatically allocated to Xcel Energy as part of the Value of Solar program.

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3. Beginning on January 1, 2024, the treatment of RECs is unclear under the new Low and Moderate-income Accessible Community Solar Garden Program. The Minnesota Department of Commerce has yet to make a determination after the passage of new community solar legislation by the Minnesota Legislature.

For more information on RECs, see Solar*Rewards® in “Appendix D: Incentive Options Brief.”

CSG providers are independent third parties, and their program details may vary. Individuals and businesses who are considering signing up for a CSG subscription should see the [Clean Energy Resource Teams’ FAQ web page, “Community Solar Gardens,”](#) for questions to ask each developer when requesting proposals. Potential subscribers should optimally gather multiple proposals and be careful to read and compare each proposal against each other to understand the differences between them.

When signing a contract with a provider, Xcel Energy requests that subscribers fill out an agency agreement, allowing providers to access the subscriber’s account data to appropriately size the subscription. The following is section 4 of Xcel Energy’s [Agency Agreement](#), which details the information that Xcel Energy will share with the CSG provider:

“Participating in the Solar*Rewards Community Program will require sharing Subscriber’s Account Information (name, account number, service address, telephone number, email address, web site URL, information on Subscriber participation in other distributed generation serving the premises of the Subscriber, Subscriber specific Bill Credit(s)) and Subscriber’s Energy Usage Data (data collected from the utility Subscriber meters that reflects the quantity, quality, or timing of the Subscriber’s electric usage or electricity production for the service address and account number identified for participation in the Community Solar Garden)” (Northern States Power Company 2023).

Wealth building:

CSGs offer an opportunity to support and, in some cases, experience the benefits of solar for businesses who don’t have the traditional qualities that make them good candidates for rooftop solar (e.g., the roof of the business’s building is shaded or old, the business rents the building, etc.). In a standard CSG arrangement, the subscriber may experience marginal to moderate reductions in utility bills while the developer owns and captures incentives. The degree to which each entity gains wealth through these benefits will depend on the details of the arrangement.

Prior versions of Minnesota’s Community Solar Garden program incentivized developers to market toward large businesses and government entities; to date in Minnesota, approximately 82 percent of CSG capacity has gone to large commercial, institutional, and industrial customers, which limited participation by residential and small commercial customers (McCoy 2023).

Minnesota’s new CSG program, beginning in January 2024, includes incentives for low- to middle-income residential subscribers and public interest subscribers but does not incentivize small commercial

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subscribers. In conversation with staff at Cooperative Energy Futures familiar with the legislation, compensation rates for commercial subscribers that are demand-metered (general service) are anticipated to be very low (~\$0.065/kWh). However, small businesses that are not demand-metered (small general service) will get a higher rate (~\$0.103/kWh) that is comparable with the Value of Solar program, though lower than their retail rate. Due to this, PPAs (including via a co-op model) or direct ownership is still likely to be more valuable for small businesses, though the difference is less severe and similar to how it used to be under Value of Solar.

Solar co-op: Cooperative ownership of a power purchase agreement

A unique procurement option for small businesses to access rooftop solar energy is to join and contract with a solar energy co-op, a cooperatively owned business that acts as a solar developer.

The International Cooperative Alliance defines cooperatives as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” and lays out seven principles that guide co-ops:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training, and information
6. Cooperation among cooperatives
7. Concern for community (International Cooperative Alliance 2023)

Cooperative businesses or co-ops are democratically owned and managed entities. Member-owners act as equal shareholders, usually paying a fee upfront to purchase a membership, with only one share or membership allowed per individual. Profits are shared among the members equitably as defined by the organization’s bylaws and based on each member’s use of the cooperative’s services. A board of directors is elected by and of the membership to provide strategic direction and financial oversight for the organization.

Many areas in the US, especially rural areas, receive electricity and/or natural gas utilities from energy utility companies that are structured as cooperatives, often referred to as energy co-ops or utility co-ops. We refer to the subject of this section as solar co-ops or co-ops and differentiate them as businesses that provide solar-related services on request or under contract but are not regulated energy utilities providing baseline energy services.

Solar co-ops can execute many types of solar developments, including PPAs and CSGs. The significant difference between solar co-ops and solar developers is the ownership model and its benefits.

The solar co-op model discussed here is similar to a PPA model. In this example, the co-op acts as the developer by building, owning, and maintaining a solar installation on a business’s roof, with a PPA for

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the business to purchase the energy produced from the panels. However, in this model, the business and the co-op are more interwoven, as the business becomes a member-owner of the co-op and has a stake in ownership and decision-making as such.

This procurement option is conceptual and was designed in collaboration with staff at Cooperative Energy Futures (CEF), a Minnesota-based co-op that provides residential and commercial rooftop solar and organizes CSGs. To the best of our knowledge, no local co-op has implemented a PPA-focused model into practice at scale with a focus on small businesses. However, CEF has created similar models that offer PPA-type solar access to low-income renters and homeowners, creating access to solar for households that cannot invest upfront.

Involved parties include the following:

- **Business:** The entity that operates a business at the site of the solar system. In this case, we assume that the business either owns the property or has full permission from the property owner to enter into agreements related to the roof. In this model, the business is also a member-owner of the cooperatively owned development company (in some cases, where a sole proprietor owns the business, they may be allowed to be the co-op member).
- **Solar co-op:** The cooperatively owned business, which is a solar developer that coordinates and manages the solar project, including setting up documentation, installation, and system interconnection.
- **Other entities,** as defined by the procurement option offered through the co-op (see PPA and CSG sections above).

How the solar co-op model works:

1. A cooperatively owned solar developer (solar co-op) creates a model for installing solar, which may include using internal capital or partnering with an investor, partnering with a solar installer, and managing all other components of a solar installation.
2. A solar co-op approaches a business and establishes a relationship, explaining the model and its potential benefits to the business.
3. The business offers the right to develop solar on their roof to the solar co-op. As part of this step, the business becomes a co-op member-owner.
4. The solar co-op uses the equity available to pay for and install the solar panels. The cooperative owns the panels and manages all maintenance and long-term obligations. The cooperative also leverages tax credits and depreciation.
5. As part of the arrangement between the co-op and the business, the solar energy generated is tied to the business electric meter and offsets energy used by the business. The business pays the cooperative for the solar produced on-site, normally at a rate set lower than the cost rate of electricity coming from the energy utility. Any energy used by the business in excess of the amount of energy produced by the solar panels will be charged by the energy utility, and the energy utility will credit any excess energy delivered to the grid.

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6. As a member-owner of the solar cooperative, the business receives profit distributions based on the proportion of the co-op's profits (after operating and financing costs) on an annual basis or as determined by the cooperative's board of directors. The business owner is eligible to run for election for the board of directors if they wish to assert more input on the strategic decisions of the co-op and votes in annual elections of the board of directors.

Advantages:

The solar co-op model allows the participating business to access solar without high upfront capital costs, maintenance responsibilities, or the labor associated with the design and permitting process. The system will begin delivering energy savings for the business immediately upon interconnection and system commission, delivering energy at a lower cost than grid electricity. Additionally, the model provides a unique opportunity for businesses to participate in the democratic co-ownership of the solar energy cooperative, with opportunities to vote for board members or even run to become a board member.

Risk:

As a member-owner of the cooperative, the business has some control over the decisions and direction of the co-op. Most of the risk for the solar system installation and performance is borne by the co-op. The small business or host customer is locked into the agreement, including the roof lease and power purchase. If the small business closes operations or moves from the location, liability for payment and use of the remaining energy production may fall to the property owner (if different) unless identified differently in contract language.

Transparency:

As the system developer and financier, the cooperative accrues all financial incentives, including investment tax credits, utility program benefits, and equipment depreciation. However, while these financial benefits do not accrue directly to the business, they benefit the business in part and indirectly as part of the profits shared by member-owners.

Wealth building:

As with a PPA, the bulk of near-term wealth creation (tax credits and the monetization of depreciation) accrues to the co-op, acting as the solar developer, which is then shared among co-op members. The business receives an immediate and ongoing marginal reduction in operational expenses from electricity bill savings. If the co-op is successful at growing its portfolio and building additional sources of income and wealth generation, its membership, including the business, will see greater returns.

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