



ADMINISTRATION FOR  
**CHILDREN & FAMILIES**

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## Low Income Home Energy Assistance Program Information Memorandum

**IM#:** LIHEAP-IM-2023-04  
**DATE:** June 15, 2023  
**TO:** Low Income Home Energy Assistance Program (LIHEAP) Grant Recipients  
**SUBJECT:** Community Solar and LIHEAP Considerations  
**ATTACHMENT(S):** N/A

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The purpose of this grant communication is to 1) confirm that LIHEAP funds can be used for solar energy use through new and existing electric payment mechanisms, such as community solar subscription fees, and 2) provide LIHEAP grant recipients with recommendations to consider when utilizing LIHEAP funds for community solar subscriptions.

### Background

The benefits of community solar can be both environmental and economic. The types of benefits include:

- **Cost savings:** One of the main benefits of community solar subscriptions for low-income people is the potential for cost savings on their electric bills. Community solar projects offer subscribers a discount on the energy produced by the solar panels, which can help to lower energy costs. This can be especially important for low-income individuals who may struggle to pay their electricity bills.
- **Access to clean energy:** Community solar projects provide access to clean energy sources without the need to own or maintain solar panels. This can be particularly beneficial for low-income people who may live in areas with high levels of air pollution or who may have health conditions that are exacerbated by air pollution.
- **Support for local communities:** By subscribing to a community solar project, low-income individuals can support the development of local renewable energy projects, which can help to create jobs and stimulate economic growth in their communities.

- **Flexibility:** Community solar projects typically offer flexible subscription options, which can be helpful for low-income individuals who may have fluctuating income or who may need to adjust their energy usage depending on their financial situation.

### **What is Community Solar?**

The U.S. Department of Energy defines [community solar](#) as any solar project or purchasing program, within a geographic area, in which the benefits of a solar project flow to multiple customers such as individuals, businesses, nonprofits, and other groups. Community solar is a form of solar energy generation that allows community members of all types to access meaningful benefits of renewable energy, including reduced energy costs, low- to moderate-income household access, increased resilience, community ownership, and equitable workforce development and entrepreneurship.

Community solar programs make solar more accessible to all Americans, particularly to those with low-to-moderate incomes, renters, and other community members for whom traditional rooftop solar is unavailable. Rather than putting solar on their own home or building, community solar allows energy users to subscribe to a shared system of solar panels, often located within their community. Individuals who purchase or subscribe to a portion of the solar panels and their production receive a credit on their electric bill.

### **LIHEAP and Community Solar**

Solar power is an important source of renewable energy. In certain circumstances, community solar energy may help LIHEAP households reduce their overall energy costs. Utilizing LIHEAP funds to encourage, facilitate, or support opportunities to provide community solar power to low-income households should be pursued only to the extent that doing so helps states to achieve LIHEAP's core mission of meeting immediate home energy needs and reducing energy burden.

LIHEAP is a block grant and as such, grant recipients have wide latitude to tailor their program to serve low-income households in their service territory. However, there are some activities that are statutorily restricted under LIHEAP. Specifically, financing the costs of constructing solar facilities, which might include the purchase or improvement of land, construction or permanent improvement of a building or facility are not allowable expenses under LIHEAP. (See 42 U.S.C. 8628.)

LIHEAP benefits can be used for solar energy use through new and existing payment mechanisms, such as subscription fees, provided they are part of the cost of an eligible household's home energy costs, if allowed by the grant recipient's rules and policies.

### **Considerations for Community Solar Subscriptions Utilizing LIHEAP Funds**

The Office of Community Services (OCS) wants to emphasize that community solar subscription programs utilizing LIHEAP funds should provide strong consumer protections for low-income households. To assist with the consumer protection goal, OCS has utilized language from the [National Consumer Law Center](#), in the development of this IM. OCS encourages grant recipients to ensure the following when implementing community solar subscriptions in conjunction with LIHEAP benefits:

**Financial Terms for LIHEAP Households:**

- Consumer protections should be in place to ensure the reduction in energy costs from the community solar subscription is realized by the LIHEAP household and that the highest level of assistance is furnished to households with the lowest incomes and highest energy costs or needs in relation to income. A LIHEAP household should realize a material, economic benefit from the community solar subscription. These benefits should be reviewed regularly by the state office overseeing the community solar subscription to ensure benefits are realized for participating LIHEAP households.
- Consideration should be given to ‘no-money down’ subscriptions. Up-front payments for community solar subscription can be a barrier to participation by LIHEAP households and can lead to predatory practices by an unscrupulous community solar developer.
- Flat fees that are not in alignment with the reduction in the energy bill and cancellation fees to unsubscribe should be avoided.
- Explore the use of consolidated billing, where the community solar subscription benefits appear on the same bill as other utility services.
- Program design should avoid requiring bank accounts or credit cards to participate in community solar, as many low-income households are unbanked.

**Marketing and Communications to LIHEAP-Community Solar Households:**

- Subscription agreements and contracts should be provided in advance to the potential low-income subscriber and use clear and concise language that can be understood to those without legal training or experience reading contracts.
- Subscription agreements should include pricing, discounts or credits being offered and complaint mechanisms.
- LIHEAP community solar customers should be allowed to cancel the subscription agreement without fee or penalty, within such period as the state allows.
- There should be an easily accessible complaint mechanism and transparent tracking system so that patterns of customer complaints can be easily identified.
- Consideration should be given to developing standardized marketing materials to be provided to the low-income household that describe what community solar is, the potential benefits, fees, and billing procedures. This should include recommended and prohibited language that can be used to describe financial savings, marketer affiliations, and terms and conditions.

## **Compliance and Enforcement Policies for State Entities Utilizing LIHEAP Funds for Subscription Fees:**

- A Code of Practice developed by the state entity overseeing community solar development should be in place that includes relevant provisions for general consumer protections (e.g., compliance with generally applicable state law and regulations regarding prohibitions of unfair or deceptive practices; obligations to treat customers honestly; etc.).
- Procedures should be developed for vetting and approving community solar developers by the state entity to ensure firms have all applicable licenses, good project development track records, and complaint histories.
- Review or development of minimum standards for credit worthiness, insurance coverage, and employee training for community solar developers should be in place. A list of grant recipient approved community solar developers should be publicly available and easily accessible.
- Written protocols for customer privacy should be in place and should only collect customer information necessary for outreach, enrollment, and program evaluation purposes.
- Grant recipients should articulate how it will resolve complaints, investigate a community solar developers' failure to comply with program requirements and what the potential sanctions will be.
- Protocols for data collection, reporting and review should be developed and require community solar developers to track bill savings and other metrics that are reported to the state entity overseeing community solar subscription fees utilizing LIHEAP funds.
- The LIHEAP grant recipient should require community solar developers to promote the existence of the complaint mechanism and how to access the complaint process.

## **Eligibility and Enrollment for LIHEAP Households:**

- A priority system for which households will be enrolled in community solar programs should be in place, if there are a limited number of households that can be served. It is recommended that grant recipients explore priority for environmental justice communities (as outlined in the Climate and Economic Justice Screening Tool ([CEJEST](#) tool)), high energy burden of participating households, or customers with high arrearages.
- Develop protocols for managing wait lists and require transparency for households placed on the waiting list for community solar.

Community solar models utilizing LIHEAP funds is a new area of program design. This IM provides key considerations we strongly encourage grant recipients to address before implementing community solar subscriptions; however, this is not an exhaustive list and grant recipients should use this IM as a tool as they research and explore what benefits may be available to LIHEAP households under a community solar subscription program. We encourage grant recipients to collaborate with and keep OCS involved in this area of program design.

Please reach out to the Division of Energy Assistance's Senior Advisor, Erica Burrin at [Erica.Burrin@acf.hhs.gov](mailto:Erica.Burrin@acf.hhs.gov) with questions or issues related to Community Solar.

Thank you for your attention to these matters. OCS looks forward to continuing to provide high-quality services to OCS partners.

/s/

Dr. Lanikque Howard

Director

Office of Community Services