

SUPPORT HB 1252

Renewable energy power purchase agreements; pilot programs.

Patron – Kilgore

Reasons to support HB 1252:

- It will spur the development of more distributed solar across the Commonwealth.
- Time is running out on the 30% federal solar Investment Tax Credit, which steps down to 10% in 2022. Tax-exempt organizations need this change right now to make the economics of going solar work.
- Expanding access to third party financing for solar projects saves customers money and can create demand for skilled jobs locally (project development and installation).

Overview

Rooftop and other distributed solar installations not only add 100% renewable energy to the mix and reduce strain on the electric grid, they also help organizations save money on their energy bills. Over the course of a typical 25-year power purchase agreement (PPA), a school or nonprofit can net over \$1 million dollars in savings on energy bills.

Unfortunately, tax-exempt organizations cannot take the 30% federal solar Investment Tax Credit (ITC) because they do not pay taxes. A PPA allows a developer or investor to receive the tax credit and pass the savings on to the nonprofit or school. This is what makes the economics of going solar possible for many institutions.

While there is already a broad PPA pilot program in Dominion's electric service territory, there is currently no PPA pilot program in the other investor-owned utility territories (Appalachian Power* and Kentucky Utilities). Time is now running out on the 30% federal solar ITC, which steps down to 10% in 2022.

HB 1252 helps solve these problems by:

- Expanding the existing PPA pilot into all investor-owned utility territories
- Expanding the types of customers who can participate in Appalachian Power's existing PPA pilot from just private colleges to all schools and nonprofits
- Removing uncertainty for industry and allowing federal dollars to be leveraged for the development of distributed solar

*2017 legislation started a PPA pilot program in Appalachian Power territory, but only private colleges may participate.

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