

For community solar shoppers, a marketplace of choice and confusion

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By Tux Turkel

May 23, 2021



Robert Caverly and his wife have been thinking about the potential benefits of a community solar farm. They like the idea of saving money while supporting green energy, but don't have a roof that's right for solar panels.

It was timely, then, when a man from an outfit called Community Solar Advisors recently came to their Chelsea home. He asked if they wanted to sign up for power from a project under development in neighboring Augusta.

The Caverlys were told that they could save up to 15 percent on their electric bills for 20 years, depending on their credit rating. They also could cancel the contract at any time, with 90 days notice.

Robert Caverly said last week that the couple is considering the offer. But they want to study the fine print, especially the cancellation policy.

"It's one thing to take the guy's word," he said. "It's another to see the paperwork. That piece, the get-out policy, may have the most influence on our decision."

Home and small-business customers across Maine are fielding multiple solicitations these days from companies that want them to subscribe to community solar projects. They are receiving mailers, seeing offers on social media and, as pandemic restrictions ease, coming face-to-face with salespeople.

And while there's no official tally, it's a safe bet that tens of thousands of Mainers already have signed up for community solar. One point of reference: Boston-based Nexamp Inc., which has at least 10 projects under development in Maine, testified last March in the Legislature that it has more than 9,000 subscribers.

But for the Caverlys and thousands of other Mainers, the twin-win message of paying less on your electric bill while supporting local, clean energy is prompting many questions. Among them:

Are these community solar offers some sort of scam?

What's the difference between a competitive energy provider and a community solar project?

Why do some projects offer 10 percent savings, while others say 15 percent?

What happens if I want to cancel my contract?

What's the best way to compare different offers?

In summary, community solar isn't a scam. For many Mainers, it can be an opportunity.

But subscriber-based projects, such as the one being marketed to Caverlys, represent a new business model in Maine. And while marketers try to make the process easy, people who sign up are entering into a legally binding contract.

Unlike a competitive energy provider, which becomes the electricity supply for your home, a community solar company applies a credit to the kilowatt-hour charges on your monthly utility bill. The credit reduces the payment you owe to your electricity provider, which for the majority of Maine homes is coordinated through the standard offer supply process at the Public Utilities Commission.

Discounts in Maine range from 10-15 percent, based on market competition and proprietary financial calculations. They apply only to kilowatt-hours used, not fixed charges. Contract lengths vary, from month-to-month to 20 years. Cancellation terms vary, too; many have no fee but require a specific time notice, such as 90 days.

CONSUMER PROTECTION RULES

To put some teeth into the state's oversight of these provisions, a bill moving through the Legislature, [L.D. 507](#), would give the PUC authority to adopt consumer protection rules around community solar. These rules would mirror those in place for competitive energy providers. They would require certain disclosures and empower the PUC to impose penalties for violations.

Maine policymakers have been sensitized to the potential for abuse by experiences in recent years with the household competitive energy market. Last year, Electricity Maine agreed to a \$14 million settlement in a [class action lawsuit](#) alleging fraud and deceptive practices in marketing power contracts to state electric customers.

And while consumer protections and online tools are evolving to help Mainers evaluate community solar, there's no central resource or clearinghouse. There's no one-stop shopping place to find the best deal, according to Kiera Reardon, consumer advocate at the Office of Public Advocate.

"I think there's a lot of interest," Reardon said. "I also think there's a lot of confusion."

Those factors led the Public Advocate to create an [information page](#) to help residents navigate community solar. It includes a link to the PUC web page where community solar sponsors and marketers [need to register](#) with the agency. The listing is an imperfect tool,

however – mostly bare-bones contact information for hundreds of individuals. A question about whether a company has been subject to an enforcement action elsewhere within the past five years is overwhelmingly answered “no.”

A new online tool called [Community Solar Marketplace](#) allows users to search available projects by ZIP code. It offers a unique way to compare features, such as when a project will come online and an estimate of the monthly dollar savings. But its presentation is limited to the projects that are working at the moment with Energy Sage, the Boston company that runs the web site.

“It’s a helpful tool, but it’s a for-profit web site,” Reardon said. “It boils down to what you want from community solar. “You have to do the work to check out the companies. This new marketplace is going to involve some legwork from the consumer.”

AVALANCHE OF PROJECTS

All this activity is tied to two-year-old laws meant to encourage and expand solar development in Maine. While some aspects are under review now by the Legislature and could ultimately trim developer incentives that are driving the market, the net effect so far has been to trigger an avalanche of community solar projects.

Until recently, these ventures depended on people investing thousands of dollars upfront in a piece of the project and receiving the full benefits of the power production. But today’s explosive growth is based on an increasingly popular business model, in which customers make no investments. They simply agree to receive a kilowatt-hour credit on their monthly electric bills for a share of the power being generated, often the output that matches the annual demand of their homes. As a reward, they get a discount on the cost of their existing supply.

Developers and marketers need to sign up customers months before projects are turned on. This gives project investors assurance that there’s a big enough customer base to support the output. That’s why Mainers are getting all these solicitations now, even though some projects offering subscriptions might not go live for a year or so.

WEBSITE HELP

One way to see how this dynamic is playing out in Maine is by exploring the [Community Solar Marketplace](#) website.

For instance: A person lives in Portland. Their average electric bill is \$100 a month, or \$1,200 a year. Entering that information brings up a screen with five potential projects to pick from in Central Maine Power’s service area.

A project in Rumford is already operating. It has a generating capacity of 3,900 kilowatts and is 59 percent subscribed, with 1,600 kilowatts left to fill. A banner reads: “Filling up fast.” As a rule of thumb, according to Energy Sage, 150 homes can be powered by 1,000 kilowatts (1 megawatt) of community solar.

This project is offering a 10 percent credit on kilowatt-hours used, or an estimated savings of \$96 annually. There’s no cancellation fee, but the developer would need to be contacted for specific terms.

The four other projects are located from Poland to Waterville. Each offers a better discount, 15 percent, or an estimated \$144 a year. But none are operating yet. The estimated launch dates are four months to one year.

The website offers advice on how to compare projects. It notes that customers will start receiving two monthly bills – their typical utility bill plus the new solar project.

The site also contains customer reviews, including those from other states where developers have an operating history, such as New York and Massachusetts. Some companies earn a badge called “highest rated,” although not every review is positive.

“Historically,” said Spencer Fields, market strategy manager at Energy Sage, “the community solar market has been very opaque. We want to make it accessible, but also transparent. So you can compare multiple options.”

But Community Solar Marketplace has limitations. Energy Sage makes money each time it connects a shopper with a project on its website. But that Portland resident who saw five options likely has several other choices. Because Energy Sage hasn’t formed a relationship yet with every active developer, those options aren’t displayed on this website.

Fields said he expects offers to become more competitive as the market evolves. Some companies already are offering promotions, such as \$50 gift cards, to entice customers.

GROWING COMPETITION

If Robert Caverly enters his Chelsea ZIP code into the Energy Sage website, he’ll see the same handful of options that a Portland resident pulls up. But the fact that a live person knocked on his door to promote a project not listed on the site is evidence of the growing competition for customers in Maine.

Seth Reynolds was that sales rep. He said he’s a private contractor working on commission for Community Solar Advisors USA, a national marketing company that specializes in selling subscriptions to local projects.

For the Caverlys, Reynolds was pitching a solar farm off Route 3 in Augusta by a subsidiary of Syncarpha Capital, a private equity fund based in New York City that finances and builds solar projects. The 7,000-kilowatt project is offering a 15 percent savings on a 20-year contract, with no cancellation fee, according to Syncarpha's website. It shows 544 customer spots remaining.

Reynolds said he has more success selling solar in areas where other neighbors already have subscribed, perhaps a reflection of word-of-mouth endorsements. One consistent challenge, he said, is that many people remain confused about how this offering differs from competitive electricity suppliers. Others recall media coverage about Electricity Maine and are wary.

"That's a big hurdle," he said. "But I love my job. I try to guide people the best I can."

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