

February 23, 2024

Dr. Becca Jones-Albertus  
Director, Solar Energy Technologies Office  
Department of Energy  
Forrestal Building  
1000 Independence Avenue, SW  
Washington, DC 20585

**RE: DOE RFI: Supporting Successful Solar Plus Storage Deployment  
Serving Low-Income and Disadvantaged Communities**

Dear Director Jones-Albertus:

On behalf of the Opportunity Finance Network (OFN), I am pleased to respond to the Department of Energy's Request for Information on supporting successful solar plus storage deployment in low-income and disadvantaged communities (LIDACs). OFN is a network of over 400 mission driven community lenders, primarily Treasury certified community development financial institutions (CDFIs), providing responsible finance in underserved communities to further the goals of economic and environmental justice. OFN is also a certified CDFI providing intermediary lending to our members to support their work. OFN's members are lenders with a mission to provide fair, responsible financing to rural, urban, Native, and other communities that mainstream finance does not traditionally reach. OFN's vision for the future is that every member in our network offers clean financing, integrated seamlessly with the critical work they are doing to build economic opportunity in LIDACs.

CDFIs have the networks and relationships needed to deploy capital to low-income, under-resourced, and traditionally marginalized communities. As capillaries of the financial system, CDFIs reflect and understand the communities they serve. There are more than 1,400 Treasury-certified CDFIs investing in all 50 states and financing sectors. In Fiscal Year 2021, the CDFI Fund reported that CDFI program recipients closed \$38 billion in loans, including consumer loans, home improvement, home purchases, small businesses and microenterprises, residential real estate, and affordable housing financing.

CDFIs have a strong track record of reaching LIDACs. As a condition of maintaining their certification, CDFIs are required to direct at least 60% of their financial products to low-income areas or people in their Target Markets – a threshold most CDFIs easily exceed. Data from the CDFI Fund's 2020 Annual Certification Report found that, on average, CDFI loan funds and venture capital funds direct at least 88% of their lending to their Target



Markets, and regulated CDFIs direct at least 75% of their lending to their Target Markets.

CDFIs are also experts in the type of place-based investing needed to address the localized needs of climate-impacted communities. The overlap between low-income markets and climate-impacted communities intersects with many markets served by CDFIs: flood-prone areas like New Orleans' 9th ward, manufactured housing communities impacted by extreme heat in the Southwest, farmworkers and rural communities displaced by wildfires in California, coastal communities of color in Florida and along the Gulf Coast – all communities served by mission lenders working to address the impacts of climate change.

Further, CDFIs are experts at leveraging philanthropic, public, and private capital (at both the project and organizational level) and collaborating with other lending institutions, including impact investors, community banks, green banks, and other CDFIs. For example, the Treasury Department has found that CDFIs leverage a grant investment 8:1 with private sector investment from banks, foundations, and other impact investors. OFN has almost 400 members, with around 55% reporting having at least one "green product." Our members are the essential partners needed by government agencies, including the Department of Energy, to reach the Biden-Harris Administration's Justice 40 goals.

OFN's responses to the specific questions posed in the RFI are below. We look forward to continuing to work with DOE to support the transition to a just and green economy. For questions or more information on any of the material in this comment letter please contact Mary Scott Balys at [msbalys@ofn.org](mailto:msbalys@ofn.org) or 202-318-0847. OFN's mailing address is 901 D Street SW, Ste 1050 Washington, DC 20024.

### **Category 1: Maximizing Impact**

Some of the greatest roadblocks include higher barriers to entry for LIDACs in solar deployment, mistrust in LIDACs for clean energy projects and mainstream financing, varied conditions for solar deployment in states, and a complex landscape of incentives and credits that create a challenging framework for smaller organizations and LIDACs to navigate. CDFIs have found ways to address these roadblocks and implement solutions, outlined below.

Communities with the highest need for impact will have a higher barrier to entry for solar deployment. Marginalized communities did not become so overnight: many have experienced decades of underinvestment and exclusion. As a result, these communities may not have as many "shovel-ready" projects and service providers as their more affluent counterparts. Low-wealth, rural, and Native communities may require additional time to



mobilize and build a pipeline. Reaching LIDACs requires agencies to ensure that a program creates adequate time and resources for community engagement, flexibility for the needs of the community, and balances speed with long-term and sustainable transformation.

To deploy solar energy and storage to LIDAC areas, those communities need to want clean energy projects, trust their financiers, and have confidence in the service providers. The need for market demand stimulation results in higher upfront origination costs for these projects. Establishing a new market requires coordinated development of business opportunities, as well as capable businesses and trained workers to fill new jobs. Currently, there is a lack of a holistic strategy and resources to achieve this for solar deployment. There is a need to support organizations that work on the development of centralized market-building tools to aid community service entities, residents, and small businesses in identifying, assessing, and developing opportunities.

Additionally, a roadblock for solar deployment is a lack of trust and relationships in LIDACs. This lack of trust runs through multiple aspects of solar deployment and for multiple reasons such as historical marginalization from mainstream finance and cases of predatory solar installation that have been damaging to homes or properties. Many of these communities distrust clean energy projects and new organizations entering the community making promises, so there is a critical need to identify and work with local community organizations and groups that have a track record and trust within the communities. CDFIs offer that track record needed to effectively deploy solar with the intended impact.

States also have differing conditions depending on their utilities and one common roadblock for solar deployment has been no net-metering. Many organizations that have successful solar projects do not operate in places without net-metering policies that allow customers to sell their excess solar back to the grid. Capital Good Fund is a CDFI with 15 years of experience running a solar loan program and is now leveraging tax credits from the Inflation Reduction Act, energy-efficiency rebates, and other low-income tax credits to offer solar leases to lower income households through their Georgia Bright program. By using these incentives and working with community groups to secure customers for installers, Georgia Bright can bring the costs of projects down allowing for reduced interest rates on the loans they take out. They are then able to pass on these savings to the households and borrowers. This is an example of a CDFI working in a market that has been untouched by other solar providers in LIDACs because there was no net-metering. Capital Good Fund is working creatively and collaboratively to stand up a solar lending program to serve communities



that otherwise would be left out of solar deployment. Additional resources from DOE could help CDFIs drive even further savings to LIDAC.

The Inflation Reduction Act and the Bipartisan Infrastructure Law have incredibly valuable resources available across the federal government, many which are explicitly dedicated to LIDAC areas. However, navigating the programs across agencies, understanding how they can work together and how to best leverage them presents a challenge to many communities. Using trusted community partners, such as CDFIs, who have local relationships and experience providing technical assistance to their clients to ensure the programs reach their target audiences is essential. These organizations will need financial resources to administer the programs. OFN is a lead applicant for the Clean Communities Investment Accelerator under the Environmental Protection Agency's Greenhouse Gas Reduction Fund and has designed a program that puts mission-driven community lenders (MDCLs) at the forefront of market transformation for clean finance in LIDACs. OFN will leverage our deep experience as a hub nonprofit to provide a comprehensive financial and technical package to our members, so they can combat climate change, improve equity, and deliver benefits to their communities. This model will support the deployment of solar energy and storage in LIDACs and will only be more impactful with support from additional federal agencies.

## **Category 2: Customer Satisfaction**

Long-term successful customer satisfaction with the operation of solar energy starts with trust-building. Organizations can build trust through transparency, stakeholder engagement, and community accountability. Clear communication throughout the process from initial stakeholder engagement, clarity around where projects are selected for funding, and publicly available data about the project's impact are essential. CDFIs have a nearly 30-year track record of reporting the details of their activities and impact to the Department of Treasury and can serve as a model for building trust through transparency.

Building on the problems outlined in the initial problem statement, programs that do not work with trusted lenders and institutions in the community are more likely to fail to reach the intended target. As an example, we can look at the role that CDFIs played during the initial days of the COVID-19 crisis in getting resources to small businesses that large financial institutions and the federal government were unable to reach on their own. In the early round of the federal government's landmark Paycheck Protection Program (PPP), which aimed to provide relief to small businesses, too many very small, minority- and women-owned businesses experienced severe difficulties in securing PPP loans from major banks. Although community finance



institutions — including CDFIs and minority deposit institutions (MDIs) — specialize in serving these customers, they were not included in the program from the outset, which left out many communities PPP purported to serve. Eventually, after concerted advocacy from CDFIs and others, community finance institutions were recognized for their specialized expertise and offered an expanded role in the program. And CDFIs and MDIs showed remarkable success, outperforming much larger and better-capitalized lenders in deploying PPP to Black-owned businesses and lower-income communities.

Some states may not have strong residential solar offerings, for instance like Georgia, where cheap electricity exists and lack of net-metering incentives for customers to sell excess solar power back to the grid. LIDAC solar deployment efforts can start by meeting the customers and community where they are at. Develop a plan around the needs in the community. If a state for instance has cheaper electricity or energy costs, making it harder to incentivize solar development, work locally to find out what gaps exist for LIDAC communities.

#### **Category 4: Long-term Success & Sustainability**

One of the greatest threats to long-term success and sustainability is the presence of predatory solar providers that have not been vetted, installation that is not sound or is damaging to homes and does not function within the ecosystem of utility providers. Another threat is the future loss of financial incentives that motivate developers to serve LIDAC households and businesses. LIDACs are still seen as less creditworthy and harder or more expensive to reach. Those barriers can be overcome with sufficient financial incentive to offset the perceived additional risk and work. If those incentives disappear, then these communities may not be served.

Another threat to long term success is the risk that solar projects in LIDACs could become extractive. Given the existing markets for solar energy credits, there is significant value in maintaining the rights to those credits and selling them in the market. If the benefit of ownership flows to parties outside the community, they are not able to fully benefit from solar power. There should be consideration of community ownership models that are not extractive and create wealth-building opportunities in LIDACs. These opportunities should be flexible to include homeowners, renters, nonprofits, and businesses in LIDACs.

#### **Category 5: Relation to Current Programs & Resources**



CDFIs have a demonstrated track record reaching low-income and disadvantaged communities by managing public federal and state funds while also leveraging private dollars. DOE should consider how they can work more closely and effectively with mission driven community lenders like CDFIs. DOE has many opportunities across its programs, including programs through the Loan Program Office and the Office of Clean Energy Demonstration, but the minimum award amounts and project sizes can limit eligible entities. In LIDACs, smaller projects are likely to have an outsized impact. We recommend DOE explores ways to do these kinds of deals with mission drive community lenders and consider pilot programs or opportunities to invest in the most impactful projects, even if they are a smaller size. Other divisions across DOE including, EERE, National Community Solar Partnerships, Office of Energy Justice and Equity, should also explore ways to partner with CDFIs and their end clients.

As DOE considers this approach, consider key program design elements that have worked well in other federal programs, such as USDA's Rural Energy Assistance Program (REAP), which provides financial assistance to rural small businesses and agricultural producers to purchase, install, and construct renewable energy systems. One of our members, the Mountain Association, has worked with REAP to bring in more than \$500,000 for energy efficiency and solar projects for eligible businesses and organizations.

## **Conclusion**

Thank you again for the opportunity to provide comments on this important issue. OFN and our over 400 members stand ready to assist DOE in fulfilling the promise of environmental justice. We look forward to continuing to grow our partnership over the coming years.

Sincerely,

**Mary Scott Balys**  
**Vice President, Public Policy**  
**Opportunity Finance Network**