



New Mexico Water and Natural
Resources Committee | October 4, 2023

Increasing LMI Access to Onsite Solar

Chris Worley, Director of Policy, Sunrun

Sunrun is the #1 residential market leader

869,000 Customers

6.2 Gigawatts Networked Solar Energy Capacity

150 LMI multifamily projects comprising more than
11,100 households

500 MW of LMI solar by 2030 corporate impact goal

Inflation Reduction Act - Solar Investment Tax Credit

30%

Solar Investment Tax Credit extended through the end of 2032

10%

Energy Communities bonus adder for census tracts most impacted by the energy transition, like those with retired coal mines or coal plants

20%

Low-income Communities and tribal lands receive a 10% adder. Projects on qualifying low-income affordable housing buildings receive 20%

10%

Domestic Content bonus adder when 100% of steel/iron components and 40% of manufactured products components are produced in the U.S.

Low-Income Communities Bonus Credit Program

- Annual incentives for 1.8 GW of solar capacity
- Competitive process
- Applications will open on October 19, 2023

Annual capacity limits:	
Category 1: Located in a Low-Income Community (10% bonus adder)	700 megawatts
Category 2: Located on Indian Land (10% bonus adder)	200 megawatts
Category 3: Qualified Low-Income Residential Building Project (20% bonus adder)	200 megawatts
Category 4: Qualified Low-Income Economic Benefit Project (20% bonus adder)	700 megawatts

Source: <https://www.energy.gov/diversity/low-income-communities-bonus-credit-program>

Virtual Net Metering

- Solar systems on single-family homes are connected to the utility meter and can “roll back” when generation > consumption
- Solar systems on multifamily buildings can’t be connected to dozens of tenant meters
 - Bills are credited based on allocation shares of system generation – “virtually” net metered
- **New Mexico needs enabling legislation allowing onsite virtual net metering for affordable housing buildings to access federal ITC funds**
- Would all multifamily housing with low-income people qualify?
- No. Only buildings:
 - that participate in a covered housing program,
 - in a housing assistance program administered by the Department of Agriculture,
 - in a housing program administered by a tribally designated housing entity,
 - or such other affordable housing programs as the HUD Secretary may provide

Property tax exemption for managed solar systems

- Since HB 233 in 2010, county assessors have exempted the value of solar energy installations from property taxation under NMSA 7-36-21.2.
- The value of leased and other third-party owned solar installations have been taxed as business personal property under NMSA 7-36-8.
- As a result, a ~\$20,000 installation with a 4.7978% tax rate in Albuquerque generates tax costs of more than \$1,500 in the first seven years of a typical 20-year lease.
- Customers who choose to lease their solar because they can't afford to purchase or use loan financing for their solar systems end up paying a higher tax rate through more either through higher monthly rates or decreased energy cost savings.
- Improved tax treatment is important for access and choice, especially for low- and moderate-income populations who choose third-party ownership more often than direct ownership.
- Lawrence Berkeley National Lab has found that leased solar systems are a key driver of expanded access to rooftop solar across the United States.

S.B.-432

1 SENATE BILL 432
 2 56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023
 3 INTRODUCED BY
 4 Carrie Hamblen

5 AN ACT

6 RELATING TO UTILITIES; ENACTING THE LOW-INCOME SOLAR ACT;
 7 REQUIRING EQUITABLE DISTRIBUTION OF BENEFITS OF ON-SITE
 8 SOLAR-GENERATED ENERGY GENERATED ON AFFORDABLE HOUSING;
 9 RESTRICTING SOME UTILITY FEES FOR SOLAR ON AFFORDABLE HOUSING;
 10 PROVIDING FOR PROMULGATION OF RELATED RULES; REGULATING THE TAX
 11 VALUATION OF SOLAR ENERGY SYSTEMS.

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:
 13 SECTION 1. A new section of the Public Utility Act is
 14 enacted to read:

serial = new
 read = delete

An open letter to the New Mexico Legislature and Gov. Michelle Grisham



RE: S.B. 432: LOW-INCOME SOLAR ACT

Dear Gov. Grisham and New Mexico Legislature,

Passing the historic federal Inflation Reduction Act in 2022 opens a massive opportunity for New Mexico to invest in our disadvantaged communities. Nearly 20 [percent of New Mexicans](#) live at or below the national poverty level; that is substantially higher than the national average (13%), ranking New Mexico in the top three states for the highest poverty level.

Many New Mexico households spend [6% of their income on energy](#); that includes electrical bills and heating and cooling. Rural communities carry higher energy burdens compared to their urban counterparts. For many, it's an ironic situation for a state built on its energy economy. New Mexico [ranks second](#) in crude-oil production - right after Texas. It also [ranks third](#) in most solar potential, after Arizona and Nevada. New Mexico also is among a handful of states with a 100 percent clean energy target. However, New Mexico cannot reach that target equitably unless every single community can afford to choose clean energy, especially our most vulnerable who [are the most impacted](#) by dirty fossil fuels.

We can ease the energy burden that many households face and reduce air pollution in our disadvantaged communities by supporting [S.B. 432](#), the Low-Income Solar Act.

The bill seeks to expand onsite net metering for qualifying low-income housing projects and expand New Mexico's property tax exemptions to all rooftop solar systems. These policies are essential toward ensuring equitable access to clean energy. Distributed solar is growing in lower- and middle-income

Questions?

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