

Hello Senators of the Energy and Environment Committee:

I wish to share with you trends in the solar industry that the Solar Plus Storage Rebate has previously accelerated, and not always in a positive manner for Oregonians. I support Bill SB827 and I encourage the committee to seek stronger consumer protection to ensure the Bill and Solar plus Storage Rebate program supports transparency and long term sustainability for all Oregonians.

The State Solar plus storage Rebate has in its 6 years of existence, helped thousands of Oregonians install renewable solar and increased adoption of energy storage to minimize grid disturbances and increase statewide resiliency. Solar industry has evolved since 2019 and new savvy financial products have been developed to increase market adoption, at a cost to consumer transparency and state tax payers. I am speaking about solar financing strategies. Let me explain.

A contractor offers a typical cash price to clients, the numbers look somewhere near this:

System Size: 8000W

Price per Watt: \$3.00

Total Cash price before incentives: $8000 \times \$3.00 = \$24,000.00$

This is the cost for the contractor to install solar + a reasonable profit.

But now the contractor offers a client a finance offering from a finance partner, please note these are not credit unions, but third-party banks who have an established relationship with the contractor. When a Finance offering is provided through a contractor finance partner, the price to the client is increased to cover the Dealer fee. A dealer fee: is a fee assessed to the contractor by the bank to minimize risks and lost profits to a given client. These fees are typically negotiated between the contractor and the bank, reviewing items such as volume of customers, credit score, interest rate, and term length. These offerings most often occur when a lower than market rate, interest rate is offered. These interest rates are between 1.99% and 6.99%. Dealer fees ranged from 0% to 33% depending on what has been negotiated between the contractor and bank. A simple example for both Solar Only and Solar Plus Storage are below.

Solar ONLY System Size: 8000W PV

4.99% Interest Rate on 25 Year Loan

Sold price to Customer: \$31,200.00

Total Sold Price to Home Owner: \$31,200.00

Contractors Payment from the Bank: \$24,000.00

Bank Dealer Fee (Estimated 29.99%) kept by bank to cover risk/profits: \$7,200.00

Solar Plus Storage System Size: 8000W PV and 13kWh of Storage

4.99% Interest Rate on 25 Year Loan

Sold price to Customer: \$31,200.00

Energy Storage Price: \$25,998.00

Total Sold Price to Home Owner: \$57,198.00

Contractors Payment from the Bank: \$44,000

Bank Dealer Fee (Estimated 29.99%) kept by bank to cover risk/profits: \$13,198.00

This Dealer fee seldom disclosed to customers unless the client asked to see a cash price and a finance price to compare. Then some simple arithmetic highlights the difference in price. Many of these finance partners require contractors not to disclose the cash price or line item the dealer fee on proposals and contracts.

Here is a more in-depth view including rebates and how incentives affect the finance charge. Please note that per previous legislation and administrative rules, Finance fees should be considered ineligible expenses when considering the net project cost to calculate the state rebate.

Cash Deal:

Non-Income Qualifying Oregonian

Solar Plus Storage System Size: 8000W PV and 13kWh of Storage

PV Price: $(\$24000 - \$950 - \$1600) = \$21,450$

Energy Trust Rebate: $(-\$950)$

State Solar Rebate: $(\$0.20 \times 8000) = (-\$1,600.00)$

Energy Storage Price: $(\$20,000.00 - \$5700 - \$2500) = \$11,800.00$

Energy Trust Incentive: $(-\$5,700)$

State Energy Storage Rebate: $(-\$2500.00)$

Total Sold Price to Homeowner: \$33,250.00

Contractors Payment from the Energy Trust: \$6,650.00

Contractors Payment from the State Rebate: \$4,100.00

Income Qualifying Oregonian

Solar Plus Storage System Size: 8000W PV and 13kWh of Storage

PV Price: $(\$24000 - \$6600 - \$5000) = \$12,400.00$

Energy Trust Rebate: $(-\$6,600)$

State Solar Rebate: $(\$1.80 \times 8000) = (\$14400.00 > \$5000 \text{ Max}) = \text{Rebate} = (-\$5000)$

Energy Storage Price: $(\$20,000.00 - \$11,700 - \$2500) = \$5,800.00$

Energy Trust Incentive: $(-\$11,700)$

State Energy Storage Rebate: $(-\$2500.00)$

Total Sold Price to Homeowner: \$18,200.00

Contractors Payment from the Energy Trust: \$18,300.00

Contractors Payment from the State Rebate: \$7,500.00

Financed Deal Through Contractor Banking Partner:

Non-Income Qualifying Oregonian

Solar Plus Storage System Size: 8000W PV and 13kWh of Storage

4.99% Interest Rate on 25 Year Loan

PV Price: $(\$24000 - \$950 - \$1600) \times (\text{Dealer Fee } 1 + 0.2999) = \$27,882.85$

Energy Trust Rebate: $(-\$950)$

State Solar Rebate: $(\$0.20 \times 8000) = (-\$1,600.00)$

Energy Storage Price: $(\$20,000 - \$5700 - \$2500) \times (\text{Dealer Fee } 1 + 0.2999) = \$15,338.82$

Energy Trust Incentive: $(-\$5,700)$

State Energy Storage Rebate: $(-\$2500.00)$

Total Sold Price to Homeowner: \$43,221.67

Contractors' Payment from the Bank: \$33,250.00

Contractors Payment from the Energy Trust: \$6,650.00

Contractors Payment from the State Rebate: \$4,100.00

Bank Dealer Fee (Estimated 29.99%) kept by bank to cover risk/profits: \$9,971.67

Income Qualifying Oregonian

Solar Plus Storage System Size: 8000W PV and 13kWh of Storage

4.99% Interest Rate on 25 Year Loan

PV Price: $(\$24000 - \$6600 - \$5000) \times (\text{Dealer Fee } 1 + 0.2999) = \$16,118.76$

Energy Trust Rebate: $(-\$6,600)$

State Solar Rebate: $(\$1.80 \times 8000) = (\$14400.00 > \$5000 \text{ Max}) = \text{Rebate} = (-\$5000)$

Energy Storage Price: $(\$20,000 - \$11,700 - \$2500) \times (\text{Dealer Fee } 1 + 0.2999) = \$7,539.42$

Energy Trust Incentive: $(-\$11,700)$

State Energy Storage Rebate: $(-\$2500.00)$

Total Sold Price to Homeowner: \$23,658.18

Contractors Payment from the Bank: \$18,200.00

Contractors Payment from the Energy Trust: \$18,300.00

Contractors Payment from the State Rebate: \$7,500.00

Bank Dealer Fee (Estimated 29.99%) kept by bank to cover risk/profits: \$5,458.18

These financed projects are regulated by the finance contract and have little oversight from the PUC regarding cost of energy or payments. Unlike utilities if the solar stops working, the customer has little recourse, but to pay both the loan and now the utility payment, the solar was meant to reduce. I would also like to point out this dealer fee situation is an industrywide problem. Please see the recent report issued by Consumers Financial Protection Bureau dated August 7, 2024.

Link Attached: [Consumer Financial Protection Bureau - Solar Financing](#)

Lastly, I want to point to you a new trend developing over the last 2-3 years. 3rd party sales organizations. These firms specialize in customer acquisition and "sell" sign customers up for installation partners for a fee/Commission. These firms typically request a commission of \$0.90 to \$1.30 price per watt fee for their services or roughly 20-25% of the homeowners contract price. Typical solar commissions run somewhere between 5-12% or \$0.20-0.36 per watt. This is typically tacked onto the installation contract in an equivalent manner to the Dealer fee. More concerning is these commission fees are applied ahead of any dealer fee, leading clients enticed by these organizations to be charged for both the dealer fee and large commission fee. Need I remind you neither of these items are disclosed to the client as a standard operating procedure.

Let's look at the previous example now applying the 3rd party sales fee.

3rd party Cash Deal:

Non-Income Qualifying Oregonian

Solar Plus Storage System Size: 8,000W PV and 13kWh of Storage

PV Price: $(\$24,000 + \$7,200 - \$950 - \$1,600) = \$28,650.00$

3rd party commission = $(8,000 \times \$0.90) = \$7,200.00$

Energy Trust Rebate: $(-\$950)$

State Solar Rebate: $(\$0.20 \times 8000) = (-\$1,600.00)$

Energy Storage Price: $(\$20,000 + \$4,000 - \$5,700 - \$2,500) = \$15,800.00$

3rd party commission = $(\$20,000 \times 20\%) = \$4,000.00$

Energy Trust Incentive: $(-\$5,700)$

State Energy Storage Rebate: $(-\$2,500.00)$

Total Sold Price to Homeowner: \$44,450.00

Contractors Payment from the Energy Trust: \$6,650.00

Contractors Payment from the State Rebate: \$4,100.00

Income Qualifying Oregonian

Solar Plus Storage System Size: 8,000W PV and 13kWh of Storage

PV Price: $(\$24,000 + \$7,200 - \$6,600 - \$5,000) = \$19,600.00$

3rd party commission = $(8,000 \times \$0.90) = \$7,200.00$

Energy Trust Rebate: $(-\$6,600)$

State Solar Rebate: $(\$1.80 \times 8,000) = (\$14,400.00 > \$5,000 \text{ Max}) = \text{Rebate} = (-\$5,000)$

Energy Storage Price: $(\$20,000 + \$4,000 - \$11,700 - \$2,500) = \$9,800.00$

3rd party commission = $(\$20,000 \times 20\%) = \$4,000.00$

Energy Trust Incentive: $(-\$11,700)$

State Energy Storage Rebate: $(-\$2,500.00)$

Total Sold Price to Home Owner: \$29,400.00

Contractors Payment from the Energy Trust: \$18,300.00

Contractors Payment from the State Rebate: \$7,500.00

3rd party sales financed Deal Through Contractor Banking Partner:

Non-Income Qualifying Oregonian

Solar Plus Storage System Size: 8000W PV and 13kWh of Storage

4.99% Interest Rate on 25 Year Loan

PV Price: $(\$24000 + \$7200 - \$950 - \$1600) \times (\text{Dealer Fee } 1 + 0.2999) = \37242.13

3rd party commission = $(8,000 \times \$0.90) = \$7,200.00$

Energy Trust Rebate: $(-\$950)$

State Solar Rebate: $(\$0.20 \times 8000) = (-\$1,600.00)$

Energy Storage Price: $(\$20,000 + \$4000 - \$5700 - \$2500) \times (\text{Dealer Fee } 1 + 0.2999) = \$20,538.42$

3rd party commission = $(\$20,000 \times 20\%) = \$4,000.00$

Energy Trust Incentive: $(-\$5,700)$

State Energy Storage Rebate: $(-\$2500.00)$

Total Sold Price to Home Owner: \$57,780.55

Contractors Payment from the Bank: \$44,450.00

Contractors Payment from the Energy Trust: \$6,650.00

Contractors Payment from the State Rebate: \$4,100.00

Bank Dealer Fee (Estimated 29.99%) kept by bank to cover risk/profits: \$13,330.55

Income Qualifying Oregonian

Solar Plus Storage System Size: 8000W PV and 13kWh of Storage

4.99% Interest Rate on 25 Year Loan

PV Price: $(\$24000 + \$7200 - \$6600 - \$5000) \times (\text{Dealer Fee } 1 + 0.2999) = \$25,478.04$

3rd party commission = $(8,000 \times \$0.90) = \$7,200.00$

Energy Trust Rebate: $(-\$6,600)$

State Solar Rebate: $(\$1.80 \times 8000) = (\$14400.00 > \$5000 \text{ Max}) = \text{Rebate} = (-\$5000)$

Energy Storage Price: $(\$20,000 + \$4000 - \$11,700 - \$2500) \times (\text{Dealer Fee } 1 + 0.2999) = \$12,739.02$

3rd party commission = $(\$20,000 \times 20\%) = \$4,000.00$

Energy Trust Incentive: $(-\$11,700)$

State Energy Storage Rebate: $(-\$2500.00)$

Total Sold Price to Homeowner: \$38,217.06

Contractors Payment from the Bank: \$29,400.00

Contractors Payment from the Energy Trust: \$18,300.00

Contractors Payment from the State Rebate: \$7,500.00

Bank Dealer Fee (Estimated 29.99%) kept by bank to cover risk/profits: \$8,817.06

Suggested Solutions:

Some solutions to increase transparency and ensure clients and taxpayers are informed is:

- Require as part of Rebate submission providing customer due diligence, via providing at least 2 bids.
- Require dealer fees or origination fees to be disclosed on the contract and proposals.
- Require 3rd party sales organizations and their representative to be identified on contract.
- Require all Financing organizations be registered with Oregon Division of Financial Regulation

I Support SB827 and encourage the committee to look at providing additional protection in SB827 pushing contractors for greater transparency in solar transactions. SB827 and the Solar plus Storage Rebate have fanned the flame for a more sustainable energy source, though without adequate consumer protection and transparency, I fear greed may undo the good solar can bring to All Oregonians.

Kind Regards,

Concerned Oregon Solar Professional