



ELECTRICITY AFFORDABILITY TOOLKIT

Community Solar Programs

CUSTOMER AGENCY

AT A GLANCE



TARGET COST DRIVERS

This policy addresses overall affordability, easing customer cost pressures that may arise from any of the drivers listed below

- Aging grid infrastructure
- Fuel price volatility
- Extreme weather/wildfires
- Load growth
- Misaligned utility incentives



IMPACT TIME HORIZON

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How long it typically takes before changes materialize in utility behavior or customer bills



Medium-term (2-5 years)



POTENTIAL COST SAVINGS

Page 2

The level of cost savings that can reasonably be expected to result from this policy



Medium

CONTEXT AND BACKGROUND

[Community solar programs](#) provide the cost savings of solar energy to households without them needing to install solar systems on their homes, giving customers more control over their electricity bills.

Here's [how it works](#): a utility, third-party developer, or community entity constructs a mid-size solar array ([typically 1 MW-20 MW](#)) whose electricity is distributed to the grid.

Typically, households pay a monthly fee to the project owner for a share of the electricity generated by the solar array and then receive a credit on their electric bill for that amount of electricity.

Since the fee paid to the community solar project should be less than the retail electricity rate, customers generally [save 5%-20% on their electricity costs](#) compared to purchasing all of their electricity from their utility.

For example, a customer might pay \$0.14/kWh to the community solar developer each month but receive a credit of \$0.16/kWh from the utility for their share of electricity generated from the community solar project.

How community solar works



PARTICIPANTS: Pay for share of the solar farm

SOLAR PANELS: Distribute electricity to the grid

UTILITIES: Credit participants for their share of generated electricity

REAL-WORLD EXAMPLES

As of [2025](#), **44 states have community solar programs**, and **24 states have legislation enabling community solar**. Many of these programs vary in size and scope, and this list includes one-off programs that are now closed.



Georgia currently has 135 MW of installed community solar capacity, but does not have a statewide program in place. In 2024 and 2025, legislators introduced the [Homegrown Solar Act](#) (H.B. 507), which would require the Georgia PSC to develop a community solar program for customers in Georgia Power's service area, but the legislation did not pass in either year.



Massachusetts has over 1,000 MW of community solar capacity. About 600 MW of this capacity is attributed to the Solar Massachusetts Renewable Target (SMART) program, a statewide solar incentive program developed by the Massachusetts Department of Energy Resources as a result of [2016 legislation](#) (S.B. 1979).



Minnesota has installed over [900 MW](#) of community solar capacity since it was first enabled by [legislation](#) (H.F. 729) in 2013. In 2023, the state passed new [legislation](#) (H.F. 2310), which established annual program growth caps and carve-outs for low-to-moderate income (LMI) subscribers. A [2024 study](#) commissioned by the Minnesota Department of Commerce found that the program could deliver \$2.9 billion in benefits to the state over the next 40 years and 3%-8% bill reductions to subscribing customers.

[In addition](#) to cost savings for individual customers, community solar paired with battery storage and equipment to “island” the facility from the grid can also provide valuable resilience during power outages and enable electrification by meeting local demand and reducing stress on the grid.



IMPACT TIME HORIZON

Medium-term (2–5 years)

It can take [2-5 years](#) to build a community solar project.



POTENTIAL COST SAVINGS

Medium

While cost savings will vary with program design and implementation, community solar subscribers generally save between [5%-20% on annual electricity costs](#).



FURTHER READING

- [“State Policies and Programs for Community Solar”](#), National Renewable Energy Laboratory, 2025
- [“Policy Guidebook: Expanding Solar Access through Informed Policy Decisions”](#), Coalition for Community Solar Access, 2024
- [“Focusing the Sun: State Considerations for Designing Community Solar Policy”](#), National Renewable Energy Laboratory, 2018
- [“Community Solar+”](#), RMI, 2022



LEGISLATIVE DESIGN AND IMPLEMENTATION CONSIDERATIONS

Legislation enabling community solar could include the following principles:

Program caps

[At least half](#) of states with community solar programs have some type of overall program size cap (usually based on overall capacity). [These caps](#) can be a standalone target, based on a state's existing net energy metering rules, or even based on a [percentage of total electric retail sales](#). Program caps can provide more ability for policymakers and regulators to monitor deployment and address challenges, but they may limit scaling relative to uncapped programs which allow market forces to dictate deployment.

Carefully designed programs can support long-term, stable market environments for developers without the need for program caps which may require future legislative action to modify.

Project size requirements

Similar to overall program caps, about [half of states](#) have caps on the size of individual community solar projects. These caps are usually in the range of

5-20 MW. [Larger projects](#) may benefit from economies of scale relative to smaller projects, however, smaller projects may be easier to site, disperse throughout the state, and connect to the distribution grid.

These factors will vary from state to state, so policymakers can consider if individual project size caps are necessary for their state policy objectives.

Eligibility criteria

Subscriber location and eligibility requirements are key elements of a community solar program. In every state, subscribers must be located in the [same electric utility service territory](#) as the solar project which helps avoid billing and other administrative issues.

[Additionally](#), while having a large “anchor offtaker” can be helpful in securing project financing, establishing a minimum number of subscribers per project and/or a maximum percentage of the project that a single subscriber

The table below provides examples of how authority and responsibility for community solar programs may be distributed across key entities.

| VENUE | POTENTIAL ROLES |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legislature | <ul style="list-style-type: none"> Establish criteria for program structure (size caps, eligibility requirements, low-income customer participation, etc.) Provide funding for program administration, compliance, and evaluation conducted by regulators or state agencies Create customer engagement and protection standards for community solar projects |
| Regulator | <ul style="list-style-type: none"> Design and implement program as directed by legislatures Enforce requirements related to LMI provisions and customer protection measures Establish interconnection procedures for community solar projects (if applicable) |
| Administration | <ul style="list-style-type: none"> Convene stakeholders to inform program structure, LMI provisions, and customer protections Coordinate with other agencies and localities to incentivize siting for community solar projects |
| RTO/ISO | <ul style="list-style-type: none"> Establish interconnection procedures for community solar projects (if applicable) Administer billing and crediting for subscribers |



LEGISLATIVE DESIGN AND IMPLEMENTATION CONSIDERATIONS (CONTINUED)

can hold (usually 40%-60%) can help ensure that large subscribers are not crowding out other potential subscribers.

Incentives for development

Providing direct monetary incentives or exemptions from other restrictions to projects located on brownfields, landfills, parking facilities, or other underutilized land can facilitate project development by helping developers

overcome the higher costs associated with building in these more complex locations.

Subscriber compensation

States have an important role in determining how community solar subscribers are [compensated](#), which has critical implications for potential cost savings. Key decisions include determining the rate at which subscribers are compensated for the

generated electricity and the associated renewable energy certificates.

Low-income customer participation

Including provisions for low-income customer participation can expand community solar access for LMI households. Many [states](#) include carve-outs, a specific percentage of program capacity dedicated to LMI subscribers, or financial incentives like extra funding

or rate adders to expand access to LMI households.

Additional funding for customer outreach and education, coupling with other low-income customer programs (e.g., weatherization, energy efficiency), and guaranteed savings requirements are [additional policy features](#) that can promote low-income customer participation and savings from community solar.

