



"Serving Western Legislatures"

Resolution: 16-02

Resolution Urging Consumer Protections for Distributed Generation Customers

- WHEREAS,** Distributed generation (DG) can be defined as decentralized electricity generation, usually on a small scale, which is interconnected with the distribution system, located at or near the load (i.e., a customer's home, business or other facility) and includes energy sources such as solar panels, small wind, energy storage devices, fuel cells and microturbines; and
- WHEREAS,** In recent years, development of distributed generation has increased in many states due to the adoption of public policies supporting the development of decentralized or small-scale renewable energy generation; and
- WHEREAS,** The cost of rooftop solar energy systems has fallen significantly and there is growing consumer demand for solar energy; and
- WHEREAS,** DG providers (third-party DG providers), such as solar companies, are offering more financing options which allow customers to participate in DG without having to make large capital investments; and
- WHEREAS,** These financing arrangements may include third-party ownership business models (third-party DG contracts) such as power purchase agreements and lease agreements which may require little or no upfront down payments; and
- WHEREAS,** Although these third-party DG ownership models may provide benefits for consumers, entities such as the Better Business Bureau have received complaints regarding the business practices of certain third-party DG providers; and
- WHEREAS,** These complaints demonstrate that more oversight and consumer education is warranted because of the potentially significant risks for consumers engaging in DG contracts; and
- WHEREAS,** The risks for the consumer include misrepresentation of the potential energy output of the DG system, exaggeration of the value of the DG system, improperly installed DG systems, including poor workmanship or systems failing to meet interconnection requirements which can result in safety hazards, unfulfilled contract obligations, such as third-party DG providers' failure to maintain or repair the system pursuant to contract terms, difficulty to understand and inadequate disclosure of contract terms, and more; and
- NOW, THEREFORE, BE IT RESOLVED** that Council of State Governments West acknowledges the growing distributed generation market and supports efforts to establish measures that enhance protection of DG customers; and

BE IT FURTHER RESOLVED, that Council of State Governments West encourages state legislatures, state public utility commissions, consumer advocates, state attorneys general and other consumer protection agencies to coordinate their respective activities in regard to this market in order to:

1. Ensure that the rights of DG customers are fully and fairly protected and enforced under existing legal and regulatory mechanisms, or if necessary, new statutes and regulations;
2. Educate consumers regarding their rights and obligations under third-party DG contracts either from a utility or third party program;
3. Establish and enforce standards for the DG marketplace which promote equitable treatment and safety of consumers; and

BE IT FURTHER RESOLVED, that copies of this resolution are transmitted to all Council of State Governments West governors, state attorneys general, state public utility/service commissioners and chairs of relevant state House and Senate committees with jurisdiction over energy and electricity policy in Council of State Governments West States.

Adopted by the CSG West Executive Committee on September 9, 2016 during the CSG West 69th Annual Meeting in Coeur d'Alene, Idaho.