

ILSR's Community Power Scorecard



The Community Power Scorecard from the Institute for Local Self-Reliance (ILSR) surveys a suite of state policies that help or hinder local clean energy action — because community power is necessary for an equitable, democratic transition away from the status quo. Each of the 18 policies is weighted based on the following:

- ▶ Does the policy support the development of distributed energy generation?
- ▶ Does the policy support local ownership of clean energy?
- ▶ Does the policy empower communities to pursue their own goals?
- ▶ Is the policy designed for the equitable transition to clean energy?
- ▶ Does the policy diminish the market power and abuses of monopoly utilities?
- ▶ Does the policy reduce bills for consumers?
- ▶ Does the impact of the policy depend on the strength of other state and local policies?

Together, the 18 policies evaluated in the scorecard are worth a maximum of 88 points. Policies are worth negative points when having a policy is worse than not having a policy.

Letter grading scale: A (90 - 100%); B (70 - 89%); C (50 - 69%); D (30 - 49%); and F (0 - 29%).

Net Metering

Rules on compensation for individuals and businesses who produce their own electricity on-site, but do not consume all of what they generate.

Through net metering, an independent power producer can “net” the difference between the electricity they generate in a month and the electricity they use in a month and either pay or be credited for the difference at predetermined rate. Net metering rules determine whether going solar is worth the investment, and if so, what size of solar installation the individual or business might install.

- ▶ Supports the development of distributed energy generation
- ▶ Supports local ownership of clean energy
- ▶ Diminishes the market power and abuses of monopoly utilities
- ▶ Reduces bills for consumers

A model net metering policy can be found in the Interstate Renewable Energy Council’s (IREC’s) **model net metering rules** with two small modifications; Add “reasonable” as a qualifier for any fixed charges that will not be able to be offset by on-site power generation; Require excess credits not used when a customer terminates service to be gifted to the state’s low-income assistance program. Maximum points: 10

Net metering rules are usually set by lawmakers, but may be changed by regulators. ←

Scoring Criteria	Points
A	+ 10
B	+ 8
C	+ 6
D	+ 4
F	+ 0

Credit to **SolarReviews** and their five grading criteria used for “The State of Net Metering in the United States in 2021,” a page that no longer exists. ILSR uses the SolarReviews rubric to reassign letter grades to states that have changed their net metering policies since 2021. **Click here** to learn more about net metering.

Third Party Ownership

— — ▶ **Agreements where a third party owns the solar installation and passes some of the financial return to the host through either a lease or power purchase agreement.**

Though **it has fewer benefits than full ownership**, third party ownership increases access to solar by removing the upfront installation cost and maintenance costs for an individual or business. The host provides a site for the solar panels and either leases them from the third party through a monthly payment or purchases the electricity generated by the kilowatt-hour. To allow a power purchase agreement (PPA), it must be stated that a PPA is a different service than buying power from a utility and the third party solar owner does not need to be regulated in the same way a utility is regulated.

- ▶ Supports the development of distributed energy generation
- ▶ Part of an equitable transition to clean energy
- ▶ Reduces bills for consumers
- ▶ Impact depends on the strength of other state and local policies

A model policy allows third party financing of solar through leases and power purchase agreements and allows power purchase agreements in all sectors. Maximum points: 6

Third party ownership must be enabled by state legislators. ← - - - - -

Scoring Criteria	Points
Allows third party financing?	+ 3
Allows third party power purchase agreements?	+ 2
Allows power purchase agreements in all sectors – not just schools, governments or other non-profit entities?	+ 1

Credit to DSIRE. [Click here](#) to learn more about third party ownership.

Interconnection

--> Standards and timelines for connecting renewable energy projects to the electric grid.

The Public Utility Regulatory Policies Act (PURPA) gives independent power producers the right to compete in the power generation market. However, with private monopolies controlling the distribution grid, it is necessary to set rules for interconnection that promote transparency, fairness, and efficiency.

- ▶ Supports the development of distributed energy generation
- ▶ Supports local ownership of clean energy
- ▶ Diminishes the market power and abuses of monopoly utilities

The Interstate Renewable Energy Council (IREC) releases **model interconnection procedures** every few years. A model interconnection policy in 2024 allows small projects to move quickly through the interconnection process, has a nuanced understanding of energy storage, and intentionally increases grid access for low-income or underserved communities. New Mexico is the only state with a provision on equitable interconnection and the only state to receive an 'A' grade for its interconnection policies in the 2023 edition of **Freeing the Grid**. Maximum points: 8

Interconnection rules are set by policymakers or regulators. ← - - - - -

Scoring Criteria	Points
A	+ 8
B	+ 6
C	+ 4
D	+ 2
F	+ 0

All credit to IREC and Vote Solar for their **Freeing the Grid** interconnection grades. [Click here](#) to learn more about interconnection.

Hosting Capacity Analysis

Information on how much energy generation or load can be added at any given location on the electric grid.

Though some utilities run hosting capacity analysis voluntarily, requiring utilities to publish certain information ensures that independent power producers can make the best decisions for where to try and install a project. A hosting capacity map has pop-ups explaining localized grid conditions, including how much generating capacity that section of the grid can still handle, the voltage of the line, and the existing generation on that part of the grid.

- ▶ Supports the development of distributed energy generation
- ▶ Diminishes the market power and abuses of monopoly utilities

The model policy for hosting capacity analysis requires the utility to run the analysis and publish a freely accessible map. To be useful, the data must be updated frequently — monthly or daily is best. As **California has implemented**, hosting capacity analysis should be used to streamline the interconnection process. Maximum points: 2

Rules for hosting capacity analysis are set by regulators, often as part of grid modernization. ← - - - -

Scoring Criteria	Points
Regulatory requirement to do hosting capacity analysis?	+ 2

[Click here](#) to learn more about hosting capacity analysis.

Community Solar

-- ► **Individuals subscribe to a portion of a nearby solar garden and get credits on their utility bill for the electricity it produces.**

Community solar provides a way for people without the financial means for solar on their rooftops and people who don't own suitable rooftops to reap the benefits of renewable energy. Part of a community solar policy is allowing virtual net metering, which allows many individuals to be credited for the generation of a single solar installation.

- ▶ Supports the development of distributed energy generation
- ▶ Supports local ownership of clean energy
- ▶ Part of an equitable transition to clean energy
- ▶ Diminishes the market power and abuses of monopoly utilities
- ▶ Reduces bills for consumers

To receive credit, a state's community solar policy must create a competitive market that allows independent power producers to develop and own community solar gardens. A model community solar policy has no cap, has a fair compensation rate, simplifies the billing process for subscribers, **meaningfully accounts for** the challenge of reaching low- and moderate-income (LMI) subscribers, and rewards other beneficial development or small subscriber-friendly practices. Maryland lawmakers amended **the state's community solar program** in 2023 and it now meets all of these criteria. Maximum points: 13

Community solar programs may be established by lawmakers or regulators. ←

Scoring Criteria	Points
Enabling state policy? Program does not have a cap?	+ 1 + 2
If capped, is the cap at least 75 watts per capita OR an annual cap of at least 10 watts per capita?	+ 1
Fair compensation rate?	+ 3
Consolidated billing?	+ 1
LMI carve out of at least 20, 30, or 40 percent? No credit check allowed?	+ 3 + 1
Other beneficial carveout or incentive?	+ 2
Other restrictive components?	- 2

Community Choice Energy

-- ► **Allows cities to choose their energy suppliers on behalf of all residential and small commercial customers.**

A community choice energy law gives local governments the opportunity to aggregate together and form a community choice entity. The entity then assumes responsibility for energy procurement, while the incumbent utility still owns the distribution system and bills customers on behalf of the entity. Because the community choice entity is a nonprofit organization, it can provide cleaner energy at lower prices. It also does not have the same perverse incentives as for-profit utilities to restrict local energy generation.

- Empowers communities to pursue their own goals
- Diminishes the market power and abuses of monopoly utilities
- Reduces bills for consumers

A model community choice energy policy provides the ability to aggregate multiple units of government and automatically enrolls customers, who may then opt out if they choose. The model policy also gives community choice entities the ability to take over energy efficiency programs from the utility. Maximum points: 6

Community choice must be enabled by state legislators and adopted by local elected officials. ◀ ---

Scoring Criteria	Points
Enables community choice energy?	+ 6

[Click here](#) to learn more about community choice energy.

Franchise Authority

-- ► **The ability for cities to negotiate their own utility franchise contracts and fees.**

Utilities have franchise contracts with cities in order to use the public right-of-way for power lines and pipelines. As part of these contracts, a city may be able to collect a **franchise fee** on utility customer bills and use this revenue as it chooses. Franchise expiration provides an opportunity for a city to negotiate for clean energy commitments.

- Empowers communities to pursue their own goals
- Diminishes the market power and abuses of monopoly utilities

The best state policy or code on utility franchise authority is one that gives cities the power to negotiate their own utility franchise contracts and assess franchise fees. For example, thanks to state policies in Minnesota and Colorado, Minneapolis and Denver have used their franchise negotiating power to **create clean energy partnerships**. Their resulting franchise fees fund a substantial portion of the cities' climate and energy justice efforts. Maximum points: 4

Statutes determine whether cities have franchise authority. ← - - - - -

Scoring Criteria	Points
Local determination of franchise contract?	+ 2
Local determination of franchise fee?	+ 2

[Click here](#) to learn more about utility franchise authority.

Gas Ban Preemption

— — ▶ **Preempting cities from making their own decisions on electrification ordinances and deciding whether buildings can connect to the gas network.**

A gas ban preemption law forces cities to continue their dependence on fossil gas.

- ▶ Prevents communities from pursuing their own goals
- ▶ Reinforces the market power and abuses of monopoly utilities

The best policy on the preemption of local gas bans is having no policy at all. Maximum points: 0

Gas bans are preempted by state legislators. ← - - - - -

Scoring Criteria	Points
Preempts local gas bans?	- 4

Credit to the **Natural Resources Defense Council (NRDC)**.

Renewable Portfolio Standard

— — ▶ Sometimes called a clean energy standard, it requires that utilities meet certain thresholds of renewable energy in their resource mix.

A broad renewable portfolio standard without any guidelines will give preference to large-scale, utility-owned energy generation, or even carbon offsets – leaving the economic benefits of the clean energy transition to utility shareholders. **Modeling by Vibrant Clean Energy**, however, has found that increasing distributed energy resource buildout reduces costs across the electricity system. Plus, **local clean energy ownership** provides more benefits to communities.

▶ Supports the development of distributed energy generation

A model renewable portfolio standard requires that utility companies purchase renewable electricity specifically from small-scale sources. If done through a percentage carve-out, this carve-out should be at least four percent of sales. States can also use compliance multipliers to incentivize the interconnection of distributed energy generation. Though it is not part of ILSR’s scoring, the Initiative for Energy Justice (IEJ) has a rubric for evaluating clean energy standards: the **Justice in 100 Scorecard**. The best renewable portfolio standard advances equity and justice in the ways outlined by IEJ. Maximum points: 3

Renewable portfolio standards and distributed energy standards are set by state legislators. ← — — — —

Scoring Criteria

Points

State has a distributed generation or distributed storage RPS carve out that is not expired and is at least four percent or a compliance multiplier of at least 2?

+ 3

Data from **DSIRE**.

Integrated Resource Plan Approval

— — ▶ **Utilities must file multi-year power supply plans to be reviewed and approved by state regulators.**

Investor-owned utilities have a fiduciary duty to their shareholders to secure the most financial return — which they typically earn from investing in new grid infrastructure or power plants. The more money these utilities spend, the more return for their shareholders. However, because state governments have granted utilities their monopolies, these utilities must justify to state regulators how their spending best serves the customers — or how utility spending helps the utility provide affordable, reliable electricity.

- ▶ Diminishes the market power and abuses of monopoly utilities
- ▶ Reduces bills for consumers

The model policy for integrated resource planning is requiring that utilities file a plan and get regulatory approval. There should be opportunities for the public to file comments as part of this proceeding. Within resource planning, we also believe distributed generation should be **considered as a resource**, but this is not part of our grading. Maximum points: 4

State codes and regulatory rules determine whether utilities must file and seek approval of their integrated resource plans. ← - - - - -

Scoring Criteria	Points
Requires resource plan approval?	+ 4

Disallow Construction Work in Progress

— — ► Prevents a utility from collecting power plant construction costs before the plant is operational.

If utilities are allowed to recover construction costs from customers while a project is underway, utilities are free to make risky investment decisions. In fact, since they are guaranteed a return on their investment, they are incentivized to make bigger and riskier bets. In Georgia, customers have been on the hook as **the world's most expensive power plant** has gone seven years and \$20 billion dollars over budget.

- Diminishes the market power and abuses of monopoly utilities
- Reduces bills for consumers

The model policy on construction work in progress is disallowing it, or disallowing rate recovery of power plant construction. Maximum points: 4

Statutes and regulations determine whether a utility can include construction work in progress in their rate base. ◀ — — — — —

Scoring Criteria	Points
Disallows construction work in progress?	+ 4

Inclusive Utility Investment

— — ▶ Sometimes called inclusive financing, tariff on-bill financing, or the trademarked Pay As You Save®, supports utility customers making energy-related upgrades to homes or businesses.

Inclusive utility investment helps utility customers with projects that will pay for themselves over time, including insulation, HVAC work, and even rooftop solar panels. The **utility pays upfront** for any cost-effective upgrades and then recovers its investment through part of the savings the customer receives on their energy bill. Anyone paying a utility bill is eligible to participate, thus getting around the barriers of credit worthiness, debt aversion, and housing tenure.

- ▶ Part of an equitable transition to clean energy
- ▶ Reduces bills for consumers
- ▶ Impact depends on the strength of other state and local policies

The model policy for inclusive utility investment is requiring that utilities offer it and not allowing consumer credit checks, as the cost recovery is tied to the meter rather than the customer. Ideally, all cost-effective energy upgrades are covered, including rooftop solar. Maximum points: 6

States can require inclusive utility investment through legislative mandates or regulatory commission orders. ← — — — — —

Scoring Criteria	Points
Requires inclusive utility investment?	+ 6

Data from [Clean Energy Works](#). [Click here](#) to learn more about inclusive financing.

Disconnection Prevention

— — ▶ **Protects customers from losing electricity service for nonpayment.**

Many states implemented moratoriums on utility disconnection in 2020 — but electricity is an **essential service at all times**, not just during an economic crisis or public health emergency. Research from the Center for Biological Diversity and Energy and Policy Institute found that **just one percent of shareholder dividends** for a dozen companies could have prevented 86 percent of the power shut offs between 2020 and 2022.

- ▶ Part of an equitable transition to clean energy
- ▶ Reduces bills for consumers

A model policy on disconnection prevention is prohibiting all utility shutoffs, requiring automatic reconnections, and eliminating late payment charges, deposits, and reconnection fees year-round for all households. Utilities should also publicly disclose disconnection and arrearage data. At the least, utilities should be prohibited from disconnecting particularly vulnerable households year round, all households in cold or heat (with date-based and temperature-based parameters), and all households on holidays and weekends. Maximum points: 6

Codes and regulations create disconnection protections. ← - - - - -

Scoring Criteria	Points
Prohibits utility shutoffs, requires automatic reconnections, and eliminates late payment charges, deposits, and reconnection fees year-round for all households.	+ 5
Prohibits utility shutoffs, requires automatic reconnections, and eliminates late payment charges, deposits, and reconnection fees year-round for particularly vulnerable households.	+ 2
Prohibits utility shutoffs, requires automatic reconnections, and eliminates late payment charges, deposits, and reconnection fees for all households in cold and heat.	+ 2
Mandates annual caps on utility disconnections or incentivizes reductions in utility disconnection rates.	+ 1
Requires that utilities disclose shutoff and arrearage data every month in a way that is accessible to the public.	+ 1

Data on state disclosure requirements from **Powerless in the U.S.**, a report by the **Center for Biological Diversity** and the **Energy and Policy Institute**. Data on disconnection prevention measures from the **Center for Biological Diversity**.

Intervenor Compensation

— — ► **Helps non-utilities with the financial burden of participating at the state regulatory commission.**

Regulatory proceedings have a high level of entry: participants must use a specific legal language, provide expert testimony, and the meetings take place during the work day. Compensating intervenors, especially those representing consumers and highly impacted communities, helps to level the playing field and bring more voices before decision makers.

- Part of an equitable transition to clean energy
- Diminishes the market power and abuses of monopoly utilities

The model policy for intervenor compensation is authorizing a program that awards grants to intervenors before the proceeding. A best practice is to also direct funding to intervenors who represent highly impacted communities and would not be able to intervene otherwise. Maximum points: 4

State legislatures can create programs for intervenor compensation, which are then administered by regulators. ← - - - - -

Scoring Criteria	Points
Has authorized a state program for intervenor compensation?	+ 1
Is the program active?	+ 2
Does the program have language directing funds to highly impacted communities?	+ 1

Data from the [National Association of Regulatory Utility Commissioners](#).

Disallow Lobbying Cost Recovery

— — ► **Utilities lobby decision makers at every level of government and, if allowed to do so, recover the costs from customers.**

Utilities lobby state legislators and regulators for the rules they want — rules that **often run counter to the interests of customers**. It is unfair, for example, for a utility to use customer dollars to advocate for rate hikes. Since ratepayers cannot shop around for electricity, their electric bills **should not be paying for political lobbying** that runs counter to their values.

- Diminishes the market power and abuses of monopoly utilities
- Reduces bills for consumers

The Energy and Policy Institute and Solar United Neighbors have developed **a model bill** on utility cost recovery of political expenses. The model policy for lobbying is to not allow cost recovery of any promotion, political advertising, or lobbying. Maximum points: 4

Statutes determine whether utilities can recover the cost of lobbying from their rate base. ← - - - - -

Scoring Criteria	Points
Disallows lobbying cost recovery?	+ 4

Disallow Trade Association Dues Cost Recovery

— — ► Utilities pay dues to trade associations to maintain their membership and, if allowed to do so, recover the cost of these dues from customers.

Trade associations are companies that develop standards for reliability and engineering, provide training, and host conferences. Trade associations **also engage in more subjective activities**, including setting policy positions for utilities, lobbying for these policies, and public outreach campaigns.

- ▶ Diminishes the market power and abuses of monopoly utilities
- ▶ Reduces bills for consumers

The Energy and Policy Institute and Solar United Neighbors have developed **a model bill** on utility cost recovery of political expenses. The model policy on trade association dues is to treat them as non-recoverable by default. The burden is then on the utility to provide sufficient evidence that trade associations benefit consumers and dues can be recovered. Maximum points: 4

Statutes determine whether utilities can recover the cost of trade association dues from their rate base. ← - - - - -

Scoring Criteria	Points
Disallows trade association dues recovery?	+ 4

Disallow Charitable Contribution Cost Recovery

Utilities make charitable contributions to local organizations and, if allowed to do so, recover these costs from customers.

Utilities use charitable contributions to boost their public image, but **also to influence policies and regulations**. Grantees may be expected to speak on the utility's behalf, or at the least, not speak out against the utility.

- ▶ Diminishes the market power and abuses of monopoly utilities
- ▶ Reduces bills for consumers

The Energy and Policy Institute and Solar United Neighbors have developed **a model bill** on utility cost recovery of political expenses. The model policy on charitable contribution cost recovery is to expressly disallow it.

Maximum points: 4

Statutes determine whether utilities can recover the cost of charitable contributions from their rate base. ←

Scoring Criteria	Points
Disallows charitable contribution cost recovery?	+ 4

Right of First Refusal

— — ► Gives incumbent utilities the exclusive option to build new regional transmission lines through their own territory, rather than soliciting competitive bids to build those lines.

By **controlling long-distance electricity transmission**, utilities can prevent competitors from installing new power plants and overcharge customers. To counteract these anti-competitive behaviors, the Federal Energy Regulatory Commission eliminated the right of first refusal in 2011, but **some states** have re-granted it.

► Reinforces the market power and abuses of monopoly utilities

The best policy on the right of first refusal is having no policy at all. Maximum points: 0

State legislatures have the power to reinstate and codify the right of first refusal. ← — — — — —

Scoring Criteria	Points
Gives utilities the exclusive right to build transmission through a right of first refusal law?	- 2

Data from **Inside Climate News**.