

PEC Set to Approve New Rate Structure that Would Penalize Residential Solar Users

PEC Board Moves Closer to July 16 Final Vote to Raise Rates Sharply for Solar Users and Discourage New Solar Installations

AUSTIN, TEXAS—June 21, 2021. Austin-based Freedom Solar, the leading turnkey solar energy installer in Texas and the longest-existing residential and commercial solar power provider in the state, today raised objections to a slate of regressive policies, including at least a 20-25% rate increase, that Pedernales Electric Cooperative (PEC) plans to initiate for its members who choose to use [solar energy for their homes](#). The PEC Board of Directors approved the action unanimously in December 2020 and plans a final vote on it on July 16, 2021. If approved, the policy changes and rate increases would take effect January 1, 2022.

“We are opposed to the action PEC is taking to discriminate against its own members who already have solar arrays on their homes and discourage solar installations among other homeowners by making it less financially attractive,” said Freedom Solar CEO Bret Biggart. “At a time when solar, the most popular energy source with 84% support according to Pew Research Center, has become increasingly affordable and is being strongly incentivized by both the federal and local governments, PEC’s action would essentially torpedo the move toward solar within its customer service region. But it is not a done deal; there is still time to stop it if enough PEC customers ban together and tell the board they oppose this action.”

Biggart said PEC is trying to justify the proposed changes by saying members with solar arrays are not paying their fair share, but the co-op has not done a comprehensive analysis of both the costs and benefits of solar to its entire member base. Dozens of such studies conducted for states, cities and electric utilities nationwide have shown that customer-sited solar provides savings to the homeowner, and to utilities like PEC, as well.

“PEC also has not adequately informed its members of the impending changes to its rate policies and structure, or given them a sufficient opportunity to respond,” Biggart said. “Only PEC members who currently have solar have received any direct communication about the proposal, and those communications have directed them to PEC website pages that provide complex data, not user-friendly information. The rest of PEC’s membership—many of whom may well be considering solar—have been left in the dark about what may be about to occur.”

Additionally, PEC members’ opportunities to gather information and give feedback have been limited so far to two online webinars. One more is planned on July 12, at 6:00 p.m. Members can sign up for the webinar, which PEC calls “Distributed Generation Rates Member Virtual Forums,” at <https://www.pec.coop/your-service/distributed-generation>.

“It was a lot to unpack,” said Richard Hrabik, a PEC member in Leander who installed 32 SunPower® solar panels on a ground mount at his home last summer and participated in the first webinar. “I’m an engineer,

and I had a hard time following their presentation. Since then, I have spent hours upon hours studying the PEC proposal, comparative to my own bills since I installed solar, and I can't conclude what type of rate increase to expect for solar users like me. In addition to the current Service Availability Charge all PEC customers now pay, PEC wants to levy an additional Peak Demand monthly fee that could be as high as \$90. No amount of net energy generation can whittle down this cost to what a non-DG member may pay for similar energy usage."

Biggart agreed. Not only would the policies and rate increase preliminarily approved by the PEC board last December result in big rate increases for members who already have solar, he said, they would make their bills far more confusing, with two new demand charges and time-of-use (TOU) rates.

All PEC residential members with solar arrays would be forced into a complex TOU rate structure that would charge members more for using energy at certain times of the day and less at other times. More importantly, the energy their solar arrays produce would be devalued, extending payback time—or "break-even point" at which the system begins paying for itself—and reducing return-on-investment (ROI). Biggart said TOU rates should be optional because some users do not have the flexibility to control when they use their energy, so their bills increase unavoidably. "Solar energy users should not be singled out for mandatory TOU rates," he said.

Additionally, all PEC residential members who use solar—current and future—would be subject to two different demand charges:

- one based on their usage during the Electric Reliability Council of Texas (ERCOT) Four Coincident Peak (4CP) periods—the highest energy usage hours for each of the four summer months, and
- one based on peak usage each month.

Biggart said demand charges can be hard to control and reducing them is not just about lowering overall energy usage; if a member's usage happens to spike when one of the 4CP events occurs, they will have a higher bill for the rest of the year. Further, PEC says the demand charge is intended to cover the costs of operating its grid system, but all customers drive those costs, so a demand charge for solar customers only is unfair.

Additionally, PEC's new rate structure would discourage homeowners within its region from installing solar by instituting an upfront fee of \$650 to be paid to PEC when applying to install a solar array. Even if the application for solar is denied, members would still pay \$250 for PEC's consideration.

"Bottom line, if you're a PEC customer and you already have solar, this proposed rate structure change will harshly penalize you. This should also raise an alarm if you don't have solar yet but are considering it, and for the community at large given the benefits of solar power," Biggart said. "PEC is worried about losing revenues due to its increasing number of solar members, but they are missing the bigger picture of how onsite solar makes electricity less expensive. It is a rush to judgment that needs to be given more comprehensive study and receive more input from PEC members. The good news is the horse is not yet out of the barn; there is still time for PEC members to make their voices heard."

Pedernales Electric Cooperative members who have concerns about the proposed rate changes are encouraged to call PEC at 888/554-4732, email the board member for your district, and sign up for the "Distributed Generation Rates Member Virtual Forum" at <https://www.pec.coop/your-service/distributed-generation>.

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About Freedom Solar

Freedom Solar is the leader in turnkey solar installations in Texas, providing high-quality, cost-effective, reliable solar solutions for the residential and commercial markets. Also a Tesla Powerwall Certified installer, Freedom Solar has installed more than 88 megawatts of solar panels since 2007 and ranks number 338 on *Inc.* magazine's 500 fastest-growing private companies in America. The company has been recognized by Austin Energy as the number-one supplier of residential solar systems in Austin, by *GreenTech Media* as the largest residential solar installer in Texas for three years running and by the *Austin Business Journal* as the fourth fastest-growing company in Central Texas. Freedom Solar was named by the *Austin Business Journal* as a Best Place to Work for the second consecutive year in 2020 and was ranked 129th on the 2019 Top Solar Contracts List by *Solar Power World* magazine, up from 220th the previous year. Freedom Solar has completed projects for numerous corporate clients including Whole Foods, Office Depot, Lake Flato Architects, and The University of Texas, among others. For more information, visit www.freedomsolarpower.com.