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SOLAR FOR COMMUNITY ACTION AGENCIES

New federal funding helps community action agencies access clean, resilient solar power

Cap Solar has helped New Jersey nonprofits adopt solar energy and cut their power costs in half. Now, with new funding from the Biden administration's Inflation Reduction Act, Cap Solar is poised to bring solar plus battery storage to community action agencies across the U.S.

In 2011, Greater Bergen Community Action (GBCA) was in a bind. The New Jersey-based community action agency faced sharply rising energy costs at its facilities. "While the energy bills were going up, our funding was not," says Robert Halsch, GBCA's President and CEO.

Solar power was an obvious solution. Halsch considered a power purchase agreement, in which a developer installs solar panels on the customer's roof, then charges a fixed rate for power. But he soon realized that the developers were profiting from generous tax credits and other incentives, without passing along much of those savings. "We said to ourselves, 'Why leave all that opportunity on the table for private developers to take, when we could be the developers ourselves, and help other nonprofits get a better deal?'"

Halsch, along with GBCA colleague (now Cap Solar President) Steven Leitner, launched Cap Solar to seize that opportunity. Like its for-profit counterparts, Cap Solar identifies potential clients, puts together a pipeline of investment-ready solar projects, and arranges financing and installation. Cap Solar's clients

enter a power purchase agreement, paying a fixed price per kilowatt-hour of electricity used. But there's a difference: Cap Solar ensures that its fellow nonprofit clients get the maximum savings from their solar installations. Those savings are significant: Cap Solar's 36 clients – which include churches, a food bank, and a health center – have cut their energy costs in half, collectively saving more than \$2 million over 12 years.

The IRA: A game changer

When Cap Solar was founded, nonprofits were not able to directly access federal tax incentives for solar power; without a tax liability, they had no use for tax credits. So, Halsch and Leitner teamed up with Goldman Sachs' urban investment group, which financed Cap Solar's projects and received tax credits in return.

Now, thanks to the Biden administration's Inflation Reduction Act (IRA), nonprofits can access federal solar tax benefits directly. "It's a game changer," Leitner says. Instead of entering into complex and expensive legal arrangements with for-profit investors, nonprofits can now receive direct payments from the Treasury



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equal to at least 30% of the costs of their solar projects. Nonprofits can also tap into the IRA's Greenhouse Gas Reduction Fund, which is investing \$27 billion in clean energy development, especially in low-income communities.

Cap Solar is poised to leverage this extraordinary opportunity, by bringing affordable, resilient solar energy to community action agencies across the U.S. To that end, Cap Solar has partnered with the National Community Action Partnership to launch Electric CAP (eCAP). The effort will build on CAP Solar's work in New Jersey, building pipelines for solar projects and connecting agencies to new funding opportunities.

Community action agencies: ready for solar

The timing is right. "We have a lot of agencies that are incredibly interested in deploying solar right now," says Denise Harlow, CEO of the National Community Action Partnership (NCAP). With roots in the 1960s War on Poverty, the nation's 1,000 community action agencies provide vital services in 99% of U.S. counties. Those services include Head Start programs, clinics, and food banks, as well as energy assistance and weatherization programs for low-income families.

Solar can help the agencies better serve their communities, says Harlow: "Agencies can install solar on their buildings, save money on energy, and have more money for their mission." And, by including battery backup in their solar projects, the agencies can boost their resilience. "Solar plus battery storage means the agencies can stay open in a power outage," Harlow says. "The food bank can keep donated milk refrigerated. The clinic can keep medicines cold. They can provide a warm place to shelter in the winter and a place to cool off in the summer." As climate disasters increase in number and severity, that continuity of service could be a literal lifesaver.

By pooling many projects into an investment-ready pipeline, eCAP will ensure that community action agencies get the best deal in the solar marketplace. The new group will also provide technical assistance, and, utilizing NCAP's existing network, eCAP will help agencies learn from each other's challenges and successes. "The peer-to-peer sharing we have in our network will make a big difference," says Harlow. "People trust their colleagues. If their colleagues have figured it out and found a win, other agencies will follow."

More broadly, eCAP could build a powerful constituency for equitable clean energy policy. Community action agencies are effective advocates for low-income Americans, with a voice in every state. If mobilized, that network could ensure that the benefits of solar are shared fairly. "Resources are available that wealthier communities and middle-class communities have access to," says Harlow. "We need to ensure low-income communities are not left behind."

It all comes down to organizing, says Halsch. "Because if we don't, those federal dollars will not go to economically distressed communities. They won't go to communities of color. By organizing the nationwide network of community action agencies, we can make sure that funding for affordable, resilient solar energy goes where it is needed most."

AT A GLANCE

- Year established: 2011
- Solar installed: 2.3 megawatts
- Number of projects: 36
- Savings to nonprofit organizations: \$2.1 million



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