Shedding *Light* on Solar Scams

THE U.S. DEPARTMENT OF THE TREASURY, the Consumer Financial Protection Bureau, and the Federal Trade Commission collaboratively launched a unified effort on Aug. 7 encouraging consumers to report solar scams. The campaign also aims to educate consumers about the common tactics of solar scammers. By encouraging consumers to report unscrupulous solar companies, the agencies say they can better track complaints and, in turn, hold accountable companies that violate the law.

Americans' investment in solar panels has surged since August 2022 when the Inflation Reduction Act (IRA) was passed, offering a federal tax credit to homeowners who install them and a boom to residential solar companies. To capitalize on the increasing residential solar demand, some solar companies turned to contracted door-to-door salespeople who are most often incentivized to make a sale — and the bigger the solar system, the bigger the paycheck.

Nationwide, hundreds of lawsuits allege that solar salespeople overpromise and underdeliver. In Kansas, electric cooperatives have worked with reputable solar companies that are based in the Sunflower State. On the flip side, the co-ops have also reported dealing with the aftermath of bad solar system sales to their co-op members.

"We have certainly heard from members who have been overpromised on how much they can expect to save on their bills," said Doug Graham, communications specialist with Heartland Rural Electric Cooperative in Girard. "Many times, people are given savings estimates based on wildly oversized systems, and often they don't even take our actual rates into account."

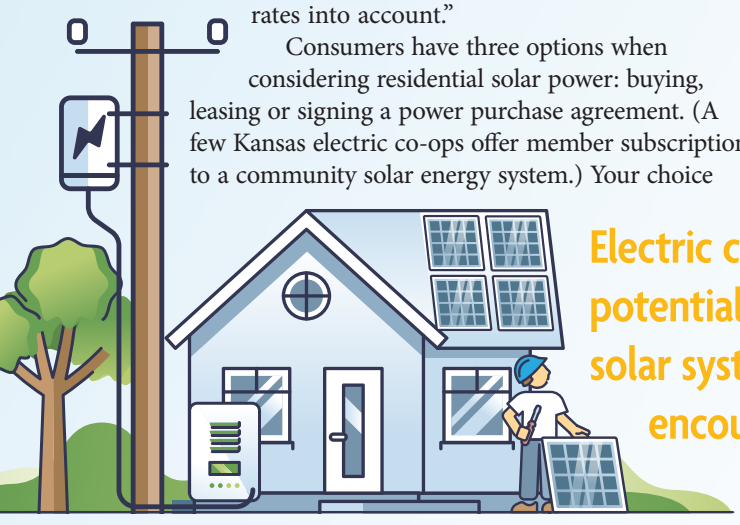
Consumers have three options when considering residential solar power: buying, leasing or signing a power purchase agreement. (A few Kansas electric co-ops offer member subscriptions to a community solar energy system.) Your choice affects how much you spend, up front and over the life of the system. Your choice also determines whether you can take advantage of tax incentives. It's imperative for consumers to understand the differences in residential solar options in conjunction with their co-op's solar policies before discussing solar with a salesperson, because oftentimes, salespeople estimate a consumer's potential solar savings using widespread assumptions rather than a specific co-op's policies and rates along with the consumer's energy consumption.

The Victory Electric Cooperative, based in Dodge City, reports their members have been misled concerning costs, projected savings on their electric bill, and expected tax credits. The co-op has also logged complaints about aggressive sales tactics noting that solar companies have told co-op members they would no longer have an electric bill, but rather a "solar bill," which, in essence, is their loan payment to the company financing their solar equipment.

Dylan Ratts, key accounts coordinator for Victory Electric, says the estimated savings information given by some solar salespeople in their service territory are not based on the co-op's specific rates or solar policies, resulting in their members receiving unrealistic data on how much they can save on their energy bills.

"This is all information they tell the member to show the 'savings' over time when it is simply not how it works," Ratts said. "I have also had a complaint saying they were told they could claim the full tax credit the year of installation where that was not the case for this specific member." In actuality, the member had to split the tax credit up over several years.

Another type of aggressive sales tactic reported involves a cash incentive of a $1,000 check when installation is complete if the consumer signs up that same day. "We believe this is the reason for a lot of our lower income members who have gotten solar. They believe they will no longer have an electric bill, and they get a $1,000," Ratts said.



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"We have seen several small solar systems installed that will unlikely offset even half of the members' usage in summer months," Ratts said. "The members are led to believe the sizing they are getting will be large enough to offset all their usage."

In addition, the earlier you get your electric co-op involved in the process, the better. The electric co-ops have worked with reputable solar companies in Kansas who oftentimes contact the co-op first to help determine the appropriate size system for a member.

"That is the best way to avoid issues," Graham said. "We provide the requirements, including the maximum interconnection size based on the member's past usage and current grid conditions, and let them take it from there," he said. "It is crucial that they take a critical eye at anything the installer tells them. Download your usage data from SmartHub. Crunch the numbers. See if it makes sense."

Heartland Rural Electric says several of their members signed contracts with solar installers before contacting the co-op to determine the size of system the co-op can safely allow. This has led to the members searching for a remedy and a way out of a bad solar contract.

"We have some installers who know to reach out to us right upfront to find out the appropriate size. That's the best way to avoid issues with contracts," Graham said.

For consumers looking for ways to save on their energy bills, start with an energy audit to find low-cost, high impact improvements. Professional energy auditors are not connected to salespeople or installers — in other words they do not make money from your solar energy project. Instead, they check to make sure that improvements you are thinking about are cost effective.

"If you want to make an investment in something that will help you save on your utility bills, you should take a look at energy efficiency improvements like insulation first," Graham said. "Then you might think about a new HVAC system." **KCL**

HIGH-PRESSURE SALES TACTICS
pressuring customers into signing contracts, saying the deal is only available for a limited time.

EXAGGERATED PROMISES
about energy savings without the salesperson/solar company fully surveying your roof, considering your energy usage and current rates you pay.

CLAIMS OF FREE SOLAR PANELS
may indicate your contract includes hidden fees.
SOLAR IS NOT FREE.

INCENTIVE CHECKS
AFTER a system is installed.

SOLAR SCAM RED FLAGS

AVOID BEING TAKEN!

DETERMINE WHETHER SOLAR ENERGY IS RIGHT FOR YOU.
If you're considering whether solar energy is right for you, check out the Department of Energy's guide for homeowners and learn more at www.energy.gov/eere/solar/homeowners-guide-going-solar.

CONSULT WITH YOUR CO-OP FIRST
Your electric co-op has worked with reputable solar companies in Kansas who oftentimes contact the co-op first to help determine the appropriate size system for a member.

TAKE YOUR TIME
Legitimate businesses won't pressure you to act quickly, nor will they require you to pay with cash, wire transfer, cryptocurrency.

CONFIRM INSURANCE COVERAGE
Ensure the contractor has general liability insurance and workers' compensation insurance and request certificates of insurance as proof and verify directly with the insurance company that the policies are active.

ASK FOR REFERENCES
Get a list of recent clients (ideally similar projects to yours) and contact them and ask them about their experience with the contractor's quality of work, communication, timeliness, and adherence to budget.

GET MORE THAN ONE ESTIMATE
Get written estimates from at least three contractors to compare pricing and scope of work. It's important that the estimates are itemized with labor costs, materials costs, timeline, and payment schedule.

GET IT IN WRITING
Insist on a detailed contract specifying the scope of work in full detail. Get payment terms, start and finish dates, change order procedures if something unexpected comes up, and warranty details.