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Group Purchasing

Solar group purchases—or **solar aggregation** programs—reduce the up-front cost of solar installations by giving groups of individuals or businesses a discounted rate for bulk purchases. Local governments can organize **customer aggregation programs** or help fund or market programs run by third parties. In most cases, members of a community interested in installing solar are grouped into one purchasing pool, which negotiates a reduced rate from a solar provider for the cost of the systems and the installation.

Various organizations offer solar group purchases to local residents, and these types of purchases are growing in popularity. Another emerging group purchasing structure is the “co-op” model, in which home and business owners in an area come together as a group to secure preferential pricing from installation firms.

BENEFITS

By participating in a solar group purchasing program, buyers can lower their up-front purchase costs for **solar energy** systems. Such programs can help local governments reach solar energy goals faster by accelerating solar purchases.

Implementation Tips and Options

- Hold informational meetings with neighborhood associations or community groups to educate them on solar aggregation programs and to gauge their interest in participating.
- Create an online forum for community members interested in participating in such a program.
- Assist the community group or purchasing pool with preparing a request for proposal (RFP) for solar vendors.
- Review proposals from solar vendors and determine which best meet the needs of the aggregate purchasing pool (factors to consider include best cost, system type, and quality assurance).
- Select one or more reputable vendors with a track record of high-quality installations and be very clear about the terms of the contract.

Examples

San José, California: Targeting City Employees for Solar Group Buy Program

Recognizing the need for additional financing tools to remove the up-front cost barrier of going

solar, San José's Solar America City Program teamed up with the San José Credit Union to establish the San José Employee Solar Group Buy Program. San José has more than 6,000 employees and retirees and wants to enable all staff to lead by example. The program and credit union partnership has assisted an employee group in organizing a grassroots effort that offers a low-interest home-equity loan (as low as 3.99%) and the benefit of volume purchasing. As a result, city employees and retirees who are also credit union members are participating in this innovative program, which is the first of its kind in the United States. The program is unique because it

- Enables reaching a large number of people who share a common workplace and financial institution
- Welcomes participants from different areas of the city to the group (this differs from other group buy models that are city specific)
- Pioneers the first group buy in California for solar thermal systems
- Remains independent of the city's or credit union's procurement processes.

The partnership has also lent its combined technical and strategic expertise to help group members organize a competitive bid process, an independent evaluation committee, and a review process to select vendors. As of August 2010, the selected vendors offered the lowest pricing in California for **photovoltaic** (PV) and **solar water heating** (SWH) systems (40% off current market cost). The greater the participation, the lower the pricing schedule (up to 50% off the current market cost). A series of workshops allowed group participants to obtain information from the selected vendors and also garnered interest from prospective program participants.

Portland, Oregon: Coordinating Community-Based Volume Purchasing Campaigns

Portland is partnering with several neighborhood coalition offices to offer programmatic and technical support for neighborhood-based volume purchasing campaigns. Solarize Portland creates an easy, streamlined process for going solar with consistent pricing offered for a limited time. To help ensure that the grassroots campaigns are professionally run, Portland helps with program design, technical support for the neighborhoods in selecting solar contractors, and communication and outreach materials. The city also helps coordinate and deliver educational workshops about the volume purchasing concepts and the benefits of solar energy. For more information, visit www.portlandonline.com/bps/solarize.

San Francisco, California: Assisting Neighborhood Group Purchases

San Francisco's Department of the Environment works directly with local communities to facilitate solar group purchases. Organizers from neighborhoods, including Precita Valley Neighbors (100 households), Cathedral Hill (4 multitenant buildings), and St. Francis Woods (30 households), approached the city for assistance in obtaining preferential pricing from solar installers. The city supplied information on solar aggregation and assisted the communities in preparing RFPs for solar installers. The city also worked with One Block Off the Grid (1BOG), a program that organizes residential group purchases of solar energy systems, to get its program started in San Francisco. The city helped 1BOG prepare an RFP that went out to all of the solar installers that serve San Francisco. Because of its success in San Francisco, 1BOG has now expanded nationwide.

