



UTAH DEPARTMENT
OF COMMERCE

Division of Consumer Protection

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Shedding Light on the Solar Industry in
Utah

Business & Labor Interim Committee, June 2024
(Updated 6.28.24)



Utah Solar Industry Data

133 Solar Related Companies in Utah

- 56 Installers
- 19 Manufacturers
- 53 Other companies

Total solar investment in Utah: \$4.7 billion to date

Total number of solar installations in Utah: 73,571

[Solar Energies Industries Association data](#), current through Q1 2024



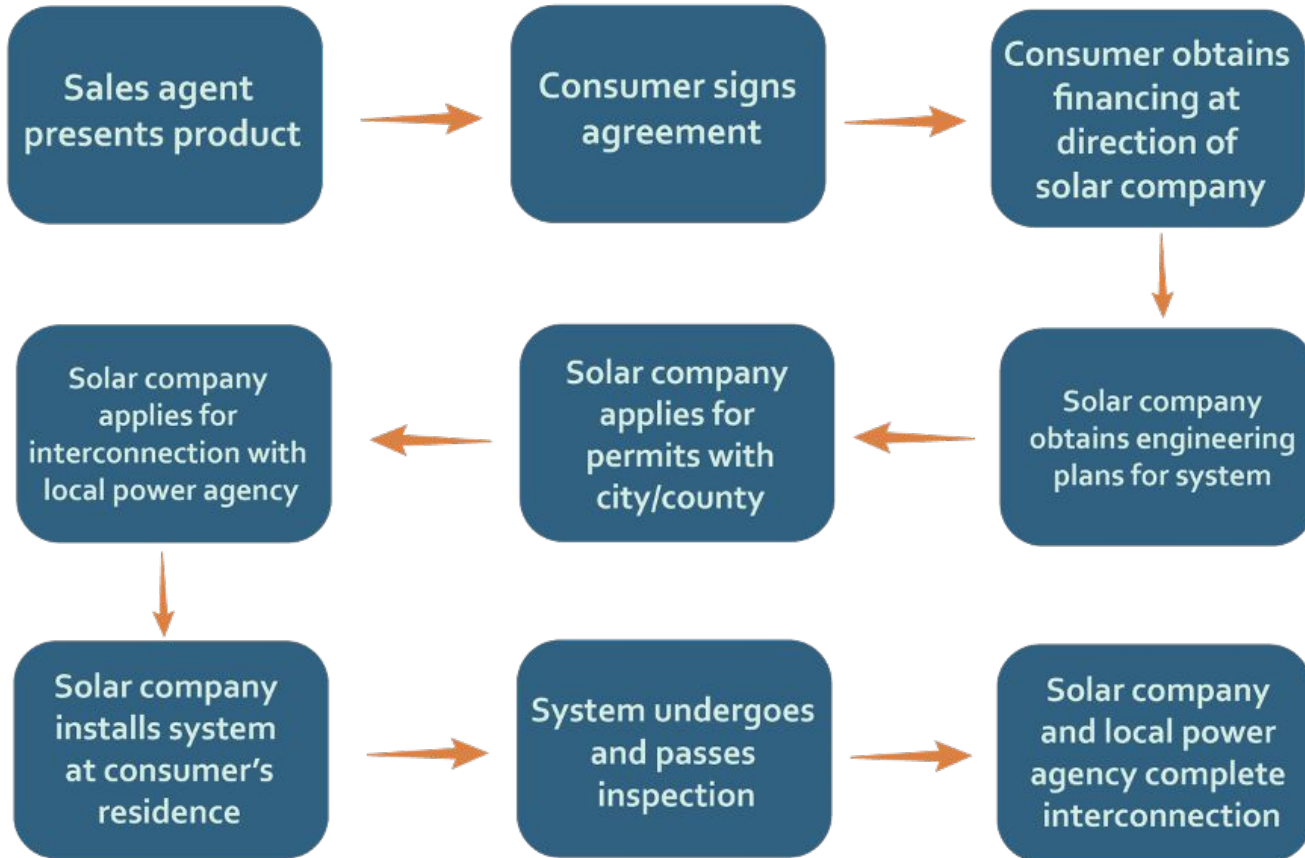
DOPL Licensing



1. General Electrical Contractors (E200):
2,467
2. Residential Electrical Contractors (E201):
326
3. Solar Photovoltaic Contractor (S202): 206

Data current as of 6/4/24

The Process



Sales Cycle: Initiation and Financing

1. Sales agent presents product and consumer purchases system

- a. Represents that company is connected to the power company, when in fact, they are not (Utah Code 13-11-4(2)(i))
- b. Represents extensive savings without covering methodology for calculating savings. These savings are not frequently realized. (Utah Code 13-11-4(2)(a))
- c. Represents warranties in pitch which are not honored at a later time (Utah Code 13-11-4(2)(j)(ii))
- d. Fails to provide required disclosures upon purchase (Utah Code 13-52-201(1))
- e. Sales pitch in one language, and provides the contract in another (Utah Admin. Code R152-11-9(A)(7))

2. Consumer financing

- a. Opaque interest rates & hidden fees in contracts (see Minn. AG Complaint, 27-CV-24-3558)
- b. Consumer begins making payments on secured loan for months after “substantial completion” but non-functioning system (Utah Code 13-11-4(2)(l))

Sales Cycle: Permits

- 3. The solar company obtains engineering plans and applies for permits with the city/county and interconnection with local power agency**
 - a. Fails to submit applications for required permits to city/county (Utah Code 13-11-4(2)(a))
 - b. Fails to submit applications for interconnection to power agency (Utah Code 13-11-4(2)(a))
 - c. Fails to respond to consumer communications when consumer is notified of failure to obtain permits and approval

Sales Cycle: Installation, Inspection, Interconnection

4. Solar system is installed, passes inspection and is interconnected with power grid

- a. Fails to install system to secure proper function pre-interconnection (bad wiring, missing parts, etc.) (Utah Code 13-11-4(2)(b))
- b. Fails to prepare system in order to pass inspection (Utah Code 13-11-4(2)(b))
- c. Communicates to consumer that system is “substantially completed” but fails to inform consumer that system will not work until interconnection is complete. (Utah Code 13-11-4(2)(b))
- d. Fails to communicate with consumers when issues arise around appointments, maintenance, interconnection, etc.
- e. Fails to schedule or appear for inspection and interconnection appointments

DOPL Investigations

- 33 citations against solar companies since 2023
 - Investigations covered
 - job abandonment,
 - aiding unlicensed practice,
 - failure to obtain a building permit, and
 - engaging in trade without a license.



Division of Consumer Protection Solar Cases

Solar cases rank #3 on the DCP Top 10 Consumer Complaints list for 2023

FY 2022 to Present: 320 cases (covering 11,054 separate consumer contracts)

- \$3,039,711 in claimed consumer losses
- \$1,376,665 recovered through Division actions

FY 2014 to FY 2022: 171 cases*

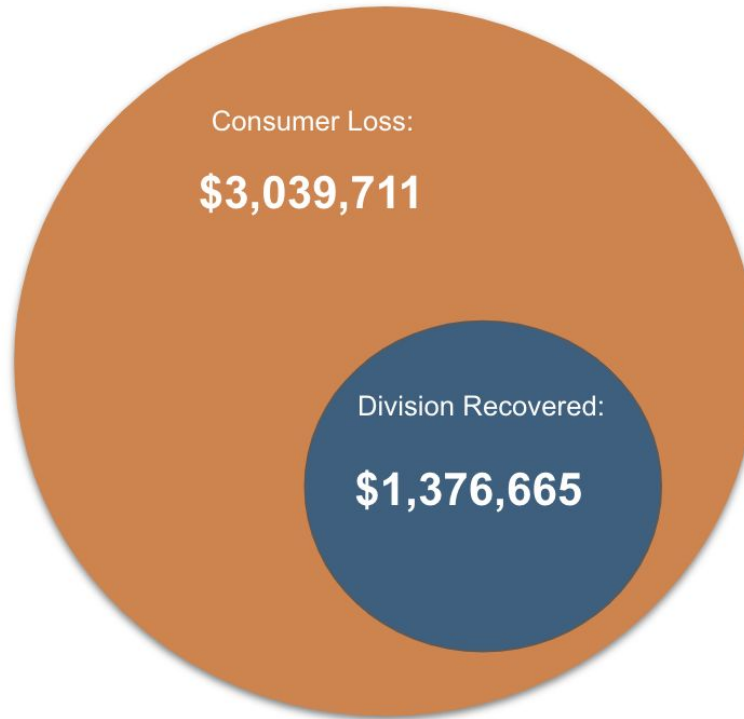
- \$1,218,860 in claimed consumer losses
- \$533,232 recovered through Division actions

******Complaints to DCP underreport the actual number of consumer issues******

*Data prior to FY 2022 is stored in an old database that is less reliable and searchable

Data at a Glance

FY 2022 - Present



Examples From Recent Citations And Complaints

Legal File CP-2024-048

- ❖ No RSEDA disclosure statements were provided to the consumer.
- ❖ System was never connected to the grid.
- ❖ Solar Company promised two batteries in the original bid but only gave one battery that did not function properly.

Legal File CP-2023-054

- ❖ Solar company entered into at least 2,123 sales agreements in Utah without providing RSEDA disclosure statements.

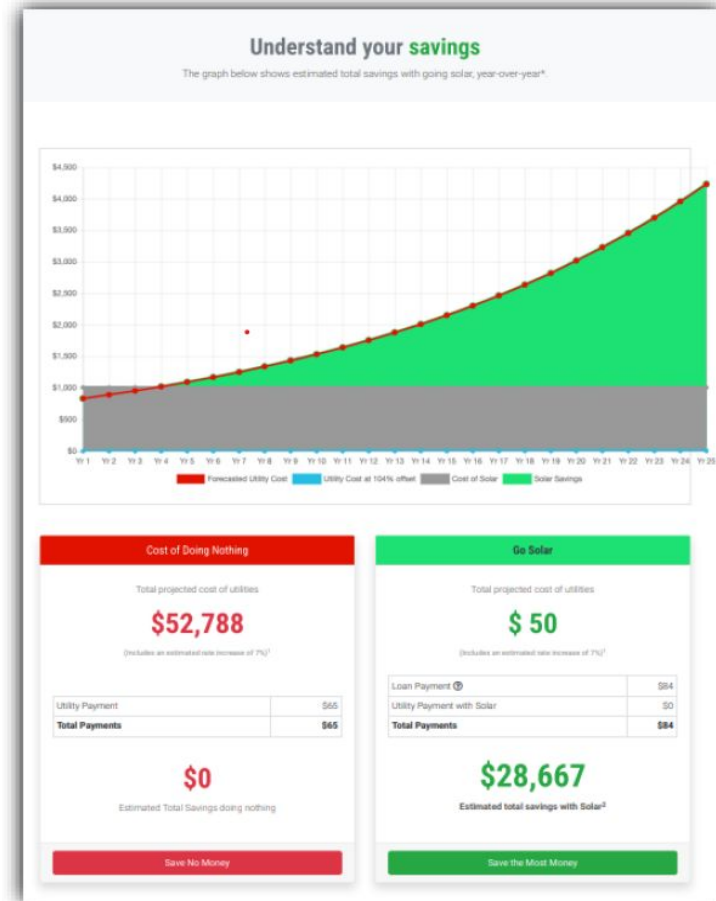
Legal File CP-2020-007

- ❖ Consumer paid \$60,000 to solar company, which the solar company used it to pay its creditors.
- ❖ Solar company then voided the contract without performing any work or returning funds



Example of Savings Claims

Solar companies use marketing materials to show “savings” that are general, lack supporting data, and are do not take into consideration the individual home features, or tax credit availability.



Residential Solar Energy Disclosure Act - § 13-52-202 (2018)

Required disclosures to potential customers include:

- Solar seller is not part of the utility company
- Whether or not maintenance is included
- Written estimates must be confined to the useful life of the system, and should be based on actual utility costs or rate changes included
- Tax credits and other government incentives may not apply, or may change
- Approximate start and completion dates
- Any warranties that apply, or a statement that no warranties apply
- Descriptions of any guarantee of solar energy production
- Descriptions of the solar equipment that will be installed, positioning on roof, estimated annual production, etc.



Residential Solar Energy Disclosure Act - § 13-52-101 (2018) cont.

Solar companies often fail to provide the proper information to the consumer as required by law

- Solar companies provide projected savings based on averages and not a specific projection based on their home as required by 13-52-202(2)
- In many cases consumers either do not receive a copy of the contract at all, or it is received in a language other than the one used during the sales pitch
- The law requires that the consumer be given a paper copy of the contract unless they decline the paper copy in writing, in the language of the marketing used during the sale

Consumer Sales Practices Act - § 13-11

- **Utah Code 13-11-4(2)(a) indicates that the subject of a consumer transaction has sponsorship, approval, performance characteristics, accessories, uses, or benefits, if it has not;**
 - Misrepresent the tax benefits to the consumer if they purchase solar
 - Misrepresent the savings a consumer will realize on their power bill
- **Utah Code 13-11-4(2)(i) indicates that the supplier has a sponsorship, approval, license, certification, or affiliation the supplier does not have;**
 - Falsely claim to be affiliated with the power company or with a local government entity
- **Utah Code 13-11-4(2)(l) after receipts of payment for goods and services, fails to ship the goods or furnish the services within the time advertised or otherwise represented or, if no specific time is advertised or represented, fails to ship the goods or furnish the services within 30 days...;**
 - Solar panels are installed but the system is not functional. The solar company received full payment from lender.
 - Consumer is abandoned, paying their power bill and installments on a loan with accruing interest

Sales Pitch and Contract, Same Language

Utah Admin. Code R152-11-9(A)(7) requires “receipt of copy of any contract pertaining to such sale ... is in the **same language** (e.g. Spanish) as that principally used in the oral sales presentation...”

- Common for the sales pitch to be in Spanish and the contract to be in English
- Also common for the consumer to not receive a copy of the contract in any language



Troubling Times Ahead In The Solar Industry*

“In 2023, the solar industry witnessed a significant number of contractors going out of business, a trend fueled by a confluence of economic and policy-driven factors.”

Similar trends are taking place among solar financing companies.

Recent bankruptcies in the solar industry:

- Titan Solar Power
- Sunlight Financial
- Vision Solar
- Pink Energy
- Encor Solar

BUSINESS • CLIMATE CHANGE

Another Solar Company Goes Bust

Titan Solar, which installed thousands of systems across the U.S., informed its employees June 13 that it was “closing its doors,” having failed to secure a buyer for the company, according to an email obtained by TIME. In the email, Titan said that it had helped over 100,000 households go solar.



Deals

Sunlight Financial files for bankruptcy, reaches deal to sell itself

By Reuters

October 31, 2023 2:54 AM MDT · Updated 8 months ago



Possible Legislative Approaches

- Bonding of solar retailers and/or installers
- Registration of door-to-door sellers through DOPL
- Registration of solar companies through DCP
- Prohibit knocking on doors with “no soliciting” signs
- Mandate that all workers, including salespeople, be W-2 employees, not independent contractors
- Presumption in favor of consumer if there is a dispute about the sales presentation
- Mandate recorded sales presentations
- Mandate a compliance call after the sale (Nevada)
- Remove consumer liability for payments on solar loans until the system is fully operational
- Added disclosures
 - If the seller is not part of the solar company
 - Whether or not the system works if the grid is down
 - That the consumer will still receive a power bill

Note: DCP and DOPL are not recommending any of these statutory changes

References

Deceptive Acts under Consumer Sales Protection Act (U.C.A. 13-11-4): https://le.utah.gov/xcode/Title13/Chapter11/13-11-S4.html?v=C13-11-S4_2024050120240501

Consumer Sales Protection Act Rule:(R152-11): <https://adminrules.utah.gov/public/rule/R152-11/Current%20Rules?searchText=R152-11>

Residential Solar Energy Disclosure Act mandated disclosure statement (U.C.A. 13-52-201): https://le.utah.gov/xcode/Title13/Chapter52/13-52-S201.html?v=C13-52-S201_2024050120240501

Residential Solar Energy Disclosure Act required components of disclosure statement (U.C.A. 13-52-202): <https://le.utah.gov/xcode/Title13/Chapter52/13-52-S202.html>

Minnesota AG complaint on hidden fees: https://www.ag.state.mn.us/Office/Communications/2024/docs/SolarLending_Complaint.pdf

References (cont.)

Quote on slide 17: <https://www.solarinsure.com/the-complete-list-of-solar-bankruptcies-and-business-closures>

Titan Solar Power: <https://time.com/6989810/titan-solar-closing/>

Sunlight Financial: <https://www.reuters.com/markets/deals/sunlight-financial-files-bankruptcy-reaches-deal-sell-itself-2023-10-31/>

Vision Solar:

<https://eu.courierpostonline.com/story/news/local/south-jersey/2023/12/30/vision-solar-gloucester-township-chapter-7-bankruptcy/72061388007/>

Pink Energy:

<https://local21news.com/news/local/pink-energy-customers-left-with-lasting-effects-of-shutdown-solar-energy-bankruptcy-generac>

Encor Solar: <https://www.wral.com/story/we-got-your-money-see-ya-customers-frustrated-by-encor-solar-closure/21280472/>



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Thank You.