



Agenda Date: 7/10/19
Agenda Item: 8G

STATE OF NEW JERSEY
Board of Public Utilities
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Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE COMMUNITY SOLAR
ENERGY PILOT PROGRAM

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ORDER

DOCKET NO. QO18060646

Parties of Record:

- Philip Passanante, Esq.**, on behalf on Atlantic City Electric Company
- Thomas Donadio**, on behalf of Jersey Central Power & Light Company
- Joseph Shea, Esq.**, on behalf of Public Service Electric and Gas Company
- JoAnne Seibel**, on behalf of Rockland Electric Company
- Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

This Order implements provisions of the Clean Energy Act of 2018 ("Clean Energy Act"), P.L. 2018, c. 17, which directs the New Jersey Board of Public Utilities ("Board" or "BPU") to adopt rules and regulations establishing a Community Solar Energy Pilot Program ("Pilot Program") within 210 days of the effective date of the Clean Energy Act.

BACKGROUND

On May 23, 2018, the Clean Energy Act was signed into law, directing the Board to adopt rules and regulations establishing a Community Solar Energy Pilot Program. This Pilot Program will enable New Jersey electric utility customers to participate in a solar energy project that may be remotely located from their properties and receive a credit on their utility bills. Community solar will therefore enable access to local clean energy for utility customers currently unable to place solar generation directly on their own properties. The BPU is particularly interested in ensuring that low-and moderate-income ("LMI") customers are able to access community solar, and that community solar development is pursued without materially compromising the preservation of open space or protected lands in New Jersey. The Pilot Program will provide necessary experience and lay the groundwork for the development and implementation of a full-scale Community Solar Energy Program within 36 months, in conformance with the Clean Energy Act.

On July 6, 2018, the BPU released a Request for Comments which provided an opportunity for interested stakeholders to provide input on the proposed Pilot Program. A public meeting was held on July 24, 2018. Written comments were solicited with a deadline of receipt by the Board of July 31, 2018.

On August 29, 2018, the Board approved the Community Solar Energy Pilot Program Proposed Rules ("Proposed Rules"). The Proposed Rules were published in the New Jersey Register on October 1, 2018 and subject to a 60-day public comment period, which closed on November 30, 2018. Additionally, the BPU held two (2) public hearings on the Proposed Rules on November 8, 2018.

Additional stakeholder engagement was solicited as part of the development of the Pilot Program's Application process. A draft Application Form was published on November 28, 2018, along with drafts of the Community Solar Subscriber Organization Registration Form and the Community Solar Subscriber Disclosure Form. Written comments were received until December 21, 2018. Three (3) public meetings were held on December 6, December 13, and December 17, 2018.

The Board adopted the Pilot Program Rules on January 17, 2019 with no substantive changes. The adopted Rules were filed with the Office of Administrative Law and published in the New Jersey Register on February 19, 2019. The final Rules provide the framework necessary for the development and implementation of community solar in New Jersey.

On March 29, 2019, the Board approved and released the Community Solar Energy Pilot Program Application Form. The Application Period opened on April 9, 2019 at 9:00 a.m. and will close on September 9, 2019 at 5:00 p.m. On March 29, 2019, the Board also issued an Order clarifying the interconnection process for community solar projects, and directed the Electric Distribution Companies ("EDCs") to apply the interconnection standards set forth in N.J.A.C. 14:8-5 to all community solar projects approved by the Board for participation in the Pilot Program.

Since the implementation of the Pilot Program, Board staff received a number of inquiries from stakeholders asking the Board to clarify the method for determination of the value of the community solar bill credit. The bill credit is defined at N.J.A.C. 14:8-9.7. In particular, N.J.A.C. 14:8-9.7(a) states: "The value of the bill credit shall be set at retail rate, inclusive of supply and delivery charges." N.J.A.C. 14:8-9.7(b) states: "The calculation of the value of the bill credit shall remain in conformance with retail rate, as determined in (a) above and shall remain in effect for the life of the project, defined as no more than 20 years from the date of commercial operation of the project or the period until the project is decommissioned, whichever comes first." Finally, N.J.A.C. 14:8-9.7(c) states: "The credit may not be applied to non-bypassable charges."¹ Stakeholders have specifically requested clarification of the definition of non-bypassable charges, the method of calculation of the bill credit given varying customer rate structures, the application of the bill credit for customers of third party suppliers, and the determination of the rate schedule for master-meter customers subscribing to community solar on behalf of their tenants.

Beginning in December 2018, Board staff established a working group with the EDCs that meets monthly to discuss the implementation of the Community Solar Energy Pilot Program. The calculation of the bill credit, and its allocation to subscribers' electric utility bills, has been regularly discussed at these working group meetings. On May 15, 2019, the EDCs submitted to Board Staff written proposals regarding the identification of non-bypassable charges, the method of calculation of the retail rate bill credit, and the process for the allocation of bill credits to community solar subscribers.

¹ The language at N.J.A.C. 14:8-9.7(a) and N.J.A.C. 14:8-9.7(c) as published in the February 19, 2019 New Jersey Register contained two errors, which were corrected in a Notice of Administrative Correction published on May 6, 2019.

STAFF RECOMMENDATIONS

Board Staff carefully considered stakeholder questions and comments submitted to the communitysolar@njcleanenergy.com email address after the enactment of the Pilot Program rule on February 19, 2019 and the publication of the Application Form on March 29, 2019. Board Staff also reviewed proposals for the calculation of the bill credit submitted by the EDCs.

With respect to the calculation of the bill credit, and pursuant to N.J.A.C. 14:8-9.7(a), (b), and (c), Board Staff recommends that the bill credit be calculated based upon the applicable pre sales and use tax ("Pre-SUT") retail rate, inclusive of supply and delivery charges, minus non-bypassable charges. Board Staff recommends that the Board clarify that the value of the bill credit does not include demand charges.

The Board determined in its response to comments in the rule adoption document published on February 19, 2019, that N.J.A.C. 14:8-9.7(c) refers to "charges that are identified as 'non-bypassable' in the EDECA, N.J.S.A. 48:3-51 *et seq.*, or other relevant statutes." After a review of applicable statutes, Board Staff recommends that the following charges be defined as non-bypassable exclusively for purposes of the Pilot Program: 1) the Societal Benefits Charge ("SBC"), established at N.J.S.A. 48:3-60; 2) the Market Transition Charge ("MTC"), established at N.J.S.A. 48:3-61; 3) the Transition Bond Charge ("TBC"), established at N.J.S.A. 48:3-62; and 4) the Zero Emissions Certificates ("ZEC"), established at N.J.S.A. 48:3-87.5. Staff recommends that the Board assess any future additional charges or modifications to existing charges on a case-by-case basis, to determine whether they should be considered non-bypassable for purposes of the Pilot Program.

Board Staff further recommends that the Board direct the EDCs to calculate the value of the bill credit for each rate class based upon the applicable Pre-SUT Basic Generation Service ("BGS") charges. The bill credit would be calculated based on the rates in effect during the month the output is generated by the community solar facility, not the month the credit is applied to the subscriber's electric utility bill. Pursuant to N.J.A.C. 14:8-9.7, the bill credit would be applied to subscribers' electric utility bills based upon their respective rate class, including third party supplier customers.

The bill credit will be represented on subscribers' electric utility bills in conformance with the provisions at N.J.A.C. 14:8-9. The bill credit will be applied to the subscriber's monthly kWh subscription share of their community solar project, as reported to the EDCs by the subscriber organization using the method established by the EDCs and Board Staff pursuant to N.J.A.C. 14:8-9.7(l) and N.J.A.C. 14:8-9.7(m). Pursuant to the provisions at N.J.A.C. 14:8-9.7(n), the bill credit must be a dollar credit and/or a kWh credit placed as a separately-identified line on subscribers' electric utility bills.

With respect to the determination of the rate schedule for master-metered customers subscribing to community solar on behalf of their tenants, Staff recommends that the Board evaluate the question in light of the Applications received in Program Year 1 ("PY1") and, if justified by the experiences of PY1, consider an amendment to the Pilot Program rules to support access to community solar for master-metered customers, particularly those representing low-and moderate-income households.

FINDINGS AND CONCLUSIONS

The Board reviewed Staff's recommendations and the provisions established at N.J.A.C. 14:8-9.7. The EDCs are **HEREBY DIRECTED** to calculate the bill credit for each rate class, set at the Pre-SUT retail rate, including supply and delivery charges, excluding demand charges, and minus non-bypassable charges. The Board currently defines non-bypassable charges, for purposes of the Pilot Program only, as the SBC, the MTC, the TBC, and the ZEC. Any future additional charges, or any future modifications to existing charges, will be examined on a case-by-case basis to determine whether they should be considered non-bypassable for purposes of the Pilot Program. The bill credit should be based upon the applicable Pre-SUT BGS charges at the time the energy output being credited to the subscriber was produced by the community solar facility. Furthermore, the EDCs are **HEREBY DIRECTED** to apply the bill credit to subscribers' electric utility bills based on their respective rate class, and based upon the percentage of a project's kWh output assigned to each subscriber by the project's subscriber organization and reported to the EDCs via the method determined by Board Staff and the EDCs pursuant to N.J.A.C. 14:8-9.7(l).

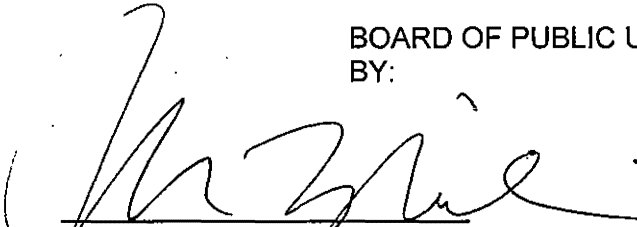
The Board **FURTHER DIRECTS** the EDCs to submit to Board Staff for posting on the New Jersey Clean Energy Program website, a sample bill for each rate class, along with the underlying method of bill credit calculation, no later than Friday, August 9, 2019.


This Order applies only to the value of the bill credit as defined for the Community Solar Energy Pilot Program, and in conformance with the provisions at N.J.A.C. 14:8-9.

The effective date of this order is July 20, 2019.

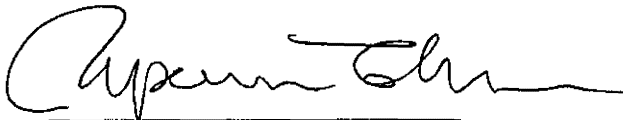
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BOARD OF PUBLIC UTILITIES
BY:

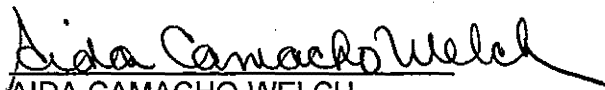

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AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE COMMUNITY SOLAR ENERGY PILOT PROGRAM

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