



August 10th, 2020

Joseph L. Fiordaliso, President
State of New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Re: Docket No. QO18060646
New Jersey Community Solar Energy Pilot Program, Year 1 Lessons Learned

Dear President Fiordaliso:

Thank you for this opportunity to provide feedback on lessons learned from Year 1 of the Community Solar Pilot Program, and to provide initial feedback for Year 2. Nexamp is grateful to have been awarded projects under Year 1, and we look forward to future projects and to continuing to work with the Board on our shared goal of delivering clean energy to New Jersey residents and businesses.

Nexamp was founded over a decade ago, and since that time has grown from a small residential solar installer to a fully integrated solar development company with 165 operational projects totaling 150 MW of solar installations in seven states. The growth and success of our program can be attributed to our fair and equitable subscription program. Our program was designed to ensure that everyone – regardless of income, credit history, roof space or geographic location – can participate in community solar. We do not run credit checks on prospective customers, there is no cost to join our program and no penalty for leaving the program (we ask for 90 days' notice), and we offer a stable, guaranteed discount of at least 10% against the customers' standard electricity rates. Even as rates change over time, our customers are guaranteed the same fixed discount for as long as they choose to participate in one of our community solar farms.

We are proud of the program we have built and the access to clean, renewable energy that it has afforded residents, small businesses, non-profits and others. We have developed projects with reserved offtake for low and moderate income ("LMI") customers in Illinois, Maryland and in New York State; and we are excited to now be able to bring our program to New Jersey residents.

Nexamp appreciates the Board and Board Staff's commitment to the Community Solar Program and their diligent efforts so far to make it a success. To that end, there are several important issues that the Board should address to ensure Year 2 and beyond can build off that success.

In particular, Nexamp urges the Board to significantly increase the proposed capacity level for Year 2 in line with what CCSA has proposed. Doing so will further expand market access for underserved populations in New Jersey, help address the State's ambitious goals, and it will send a strong signal to the industry about potential future growth. Particularly in light of the current health and economic crisis, projects that can deliver reliable investment in New Jersey communities, and can offer meaningful savings to New Jersey residents, are needed more than ever. The Board has an opportunity unlock more of this potential for New Jersey in Year 2.

In addition to the Board's broader clean energy objectives, the Board deserves credit for sending a strong message about the inclusion of LMI populations in Year 1 of the Community Solar Program. Central to achieving this goal will be ensuring easy access to the program for LMI customers and a positive customer experience. Nexamp urges the Board to revisit the program's income verification rules and has made recommendations to that effect below, which in our view represent the most positive action the Board could take to ensure LMI participation.

Finally, the Board can act to provide greater project certainty by placing Year 2 projects into the TREC incentive program and by taking steps to improve the interconnection process for community solar projects. Without the Successor Incentive Program in place prior to submitting Year 2 applications, developers would be submitting applications without a firm understanding of each project's economics. Nexamp urges the Board to place Year 2 projects in the TREC program to remove any uncertainty and increase the eventual prospects of success for each awarded project. In addition, the Board should carefully monitor the interconnection process and consider implementing formal timelines for the utilities to ensure awarded projects are moving forward at the pace the Board expects.

Nexamp has provided answers to many of the Board's specific questions below. In addition to the comments provided here, Nexamp fully supports the comments filed by the Coalition for Community Solar Access ("CCSA").

Topic 1: Equity and the Inclusion of Low- and Moderate-Income Households

Question 1: How can the Board ease the process by which developers validate LMI status when enrolling subscribers?

- a) **Should the Board consider amending the current rules regarding LMI subscriber verification, as defined at N.J.A.C. 14:8-9.8? If yes, how? For reference, please see Appendix 1 for selected excerpts of the relevant section of the rules.**
- b) **Please include a discussion of the following verification metrics, with examples from other states where applicable:**
 - a. **LMI income affidavit;**
 - b. **verification by census tract; and**
 - c. **other means of encouraging and supporting LMI community solar participation.**

Nexamp appreciates the Board's willingness to revisit the current rules regarding income verification. The current program requirements are not workable for many LMI customers and in practice can serve as a barrier to participation for LMI customers. Turning over three years of tax returns requires customers to hand over sensitive personal information to a third party. Customers rightly do not want to have to hand over sensitive personal information, and they should not be asked to. Based on our experience, many customers would prefer to simply not participate in the program if asked to provide sensitive documentation.

Except for the Board's requirement, Nexamp does not need or want this kind of information from our subscribers, and we do not believe we or other companies should have it.

In principle, a program that is designed to ease the path to participation in clean energy for LMI customers should not have such barriers to entry. Moreover, it raises concerns of equity when the LMI customers in the program have a hurdle to participation while others do not, particularly when that

hurdle is providing sensitive information. LMI customers are also not guaranteed any benefit beyond their non-LMI peers under the program, and so the added burden is difficult to justify in our view.

In addition, requiring tax return information for verification will exclude many eligible participants categorically. Particularly in this difficult economic situation, many New Jersey residents may be experiencing a sudden loss of income that the prior 3 years of tax returns would not capture. The immediate savings from community solar may be particularly meaningful for those in this situation, and so long as these customers meet the current income requirements, they should have a way to participate.

Nexamp urges the Board to allow participants to demonstrate eligibility through proof of participation in any program that meets the income requirements of the community solar program, or through an attestation of their income. This is the most inclusive and equitable process. It allows for all LMI subscribers who meet the income requirements to participate, and it does not require sensitive information to change hands. In our experience, customers do not misrepresent themselves as being low-income and we should not expect them to do so.

Question 2: Current rules mandate that developers use the “opt-in” model for subscriber enrollment, in which a subscriber must affirm a community solar subscription with a wet or electronic signature. This is distinguished from the “opt-out” model, in which a subscriber is enrolled without affirmative consent, and given the option to unsubscribe (i.e., opt out) from the community solar subscription.

Based on experience with Program Year 1, as well as the successes or failures in other states, please provide feedback on the efficacy of the “opt-in” model, or, in the alternative, on the benefits and risks of the “opt-out” model for subscriber enrollment. In particular, please discuss:

Opt-in Model:

- a) From your perspective as a developer, subscriber, community organization, third-party entity, etc., please describe your experience using the “opt-in” model in Program Year 1. What challenges did you encounter? What, if anything, would you change about the process? Please specifically identify whether you are working on a community solar project approved in Program Year 1.
- b) Are there examples of other states that have been particularly successful or unsuccessful using an “opt-in” model for community solar? What has made them successful or unsuccessful?

Opt-out Model:

- c) What would be the advantages and risks of implementing opt-out for community solar? Is an opt-out model the best approach to facilitating low- and moderate-income subscriber enrollment?
- d) What consumer protection measures would need to be established in order to implement an opt-out mechanism for community solar?
- e) In what ways could an opt-out model of community solar subscriber enrollment be similar to, and different from, the model currently implemented under Government Energy Aggregation in New Jersey?
- f) Are there examples of other states successfully using an “opt-out” model for community solar? If so, what makes them successful?

Nexamp appreciates the interest from some stakeholders in the potential of opt-out models. While the Board may choose to explore this topic going forward, Nexamp respectfully urges the Board not to shift the program away from the current opt-in model. The opt-in model is not a barrier to the participation of LMI customers and has several key strengths.

In Nexamp's view, the full range of benefits of community solar go beyond the clean energy added to the grid and the savings for our customers, although those are rightly highlighted. More broadly, community solar provides a direct connection between people and clean energy and it empowers subscribers and their communities. For customers who are not able to host rooftop solar, for example, community solar can replicate the satisfaction of personally contributing to addressing climate change, it can educate customers about their energy usage and options, and it opens the door into the clean energy economy. For LMI or otherwise disadvantaged communities, this engagement is a central part of what makes community solar meaningful.

Under an opt-out model, these goals are difficult to achieve. In practice, it may also limit LMI outreach to only certain areas that have aggregation programs, which may not be fully representative of LMI populations or need in New Jersey. Additionally, if done on a large scale across a whole community, individual LMI customers may see only a minimal savings. In our view, the program would be better served helping fewer customers with a larger benefit, than to substantially dilute the savings.

Nexamp respectfully urges to Board to continue with the opt-in approach, and to keep the overall customer experience under the program front of mind when considering any such changes.

Question 3: How can the Board leverage existing programs (e.g. Comfort Partners, USF, etc.) to facilitate enrollment of LMI customers in community solar?

The Board should consider and promote community solar alongside its other assistance programs, and should use, as appropriate, those programs to help educate LMI customers about the community solar program.

Question 4: How can the Board leverage, or partner with, community organizations or others to facilitate equitable inclusion of community solar subscribers, including education, marketing, and enrollment?

The Board can continue to play a vital role in promoting the Community Solar Program and serving as a source of information for community organizations. Community organizations that are trusted partners within LMI communities can be important in connecting those communities to community solar. These organizations may or may not have direct experience with clean energy options, however, and so education about the program is important. While Subscriber Organizations can and do take on these outreach and education efforts, it is important to have an entity like the Board doing the same from a neutral perspective.

The Board can play this informational role by continuing to host updated information on its website, and through direct outreach to organizations in the state through informational sessions or other similar types of programming.

Question 5: What are the challenges specific to ensuring that low- and moderate-income households in master-meter buildings can become community solar subscribers?

- a) **How common are these type of master metered apartments?**
- b) **Please describe the feasibility of reforming rates to ensure customers in master metered buildings receive community solar credits equivalent to those of single-family households.**
- c) **Please address any unintended consequences of this type of rate reform?**
- d) **What measures should the Board consider to alleviate these challenges?**

In our experience, master metered housing and individually metered apartments are equally common in New Jersey. Because they are on a commercial rate, the value of the bill credit currently is significantly lower for master metered buildings. The Board's order from August 2019, which set the value of the bill credit, specifically excluded demand charges from the calculation and this exclusion in particular makes it very difficult for master metered buildings to see savings from community solar.

The Board should consider revisiting its decision regarding the bill credit master metered customers, if the Board wants to ensure participation from these entities going forward. The Board could act narrowly for this segment of customers or could more broadly revisit the bill credit to make it more economically attractive.

Question 6: What additional suggestions do you have to facilitate inclusion of LMI households?

Managing customers, particularly LMI customers, is a unique challenge under community solar. Currently, the Board does not ask applicants to demonstrate any prior experience in this type of customer management. The Board has clearly established that LMI inclusion is a key metric for applicants, but it is less clear how the Board is evaluating whether applicants have the ability to deliver on their commitments to LMI subscribers. Asking applicants to demonstrate experience add weight to the commitments made in an applicant and provide greater confidence to the Board that the projects that receive awards will be able to succeed.

This will improve the experience for LMI subscribers and will benefit the program as a whole, because it will limit the number of entities attempting to subscribe customers through the pitfalls of trial and error. Entities rushing to acquire LMI customers without a prior plan in place could make mistakes that inadvertently hurt the credibility of the Community Solar Program in those LMI communities.

Topic 2: Program Year 1 Application Form and Application Process

Question 7: Please provide feedback on the process of submitting an Application. In particular, please discuss:

- a) **Length of the application period: should the PY2 application period be longer, shorter, or equal to the 5-month application period in PY1?**
- b) **Should the Board implement a process for submitting an application via an online application form? If it is not possible to establish an online application process, how can the Board improve the process for submitting a hard copy application?**

While the 5-month application period was sufficient for Year 1, the Board should narrow the application window substantially for Year 2. Nexamp recommends no longer than a 2-month application window for Year 2. This will ensure that the Board is able to keep the program moving forward and can meet the stated timeline for project selection by the end of 2020 or in early 2021.

The Board should also implement an online application process for Year 2, which would be the most efficient manner for processing applications for both applicants and Board staff. If an online submission is not possible, the Board should limit the number of hard copies of applications that are required, which will simplify the process considerably for applicants.

Question 9: Please provide feedback on Section B of the PY1 Application Form (community solar project description). In particular, please discuss:

- a) Were certain questions unclear?
- b) Should certain questions in the PY1 Application Form be omitted from the PY2 Application Form? Why would you recommend excluding them?
- c) Should certain questions that were not asked in the PY1 Application Form be included in the PY2 Application Form? What would you recommend, and why?

Nexamp offers the following suggestions to the Board regarding the Year 1 application:

- **Section VIII, Question 4:** A screenshot of the hosting capacity map should not disqualify a project. In our experience the hosting capacity maps are not necessarily reliable indicators of distribution system capacity and are not currently a sufficient enough proxy to allow for their use as a definitive indicator for judging appropriate siting potential. Nexamp recommends that the Board improve upon this process, or change this part of the application process.
- **Section IX, Questions 6 and 8:** Answers to these questions are not necessarily known at the time of project application.
- **Section XI:** Estimating project costs should not be necessary at this stage, particularly without an understanding of a project's interconnection costs.

In addition, Nexamp suggests that the Board add a question to the Year 2 application regarding whether the applicant has previous experience subscribing customers under community solar, and LMI subscribers specifically. As discussed above, managing subscribers is a unique aspect to community solar and demonstrating prior experience adds weight to an application and the commitments that are made in it.

Question 13: Please provide feedback on Appendix C: Evaluation Criteria from the PY1 Application Form. In particular, please discuss:

- a) Was Appendix C useful to Applicants in creating their applications?
- b) Should the Board modify the evaluation criteria for PY2? For example, should the Board give more or less weight to certain evaluation criteria in PY2?
- c) Are there criteria that were not considered in PY1 that should be considered in PY2? If yes, how would the Board evaluate, score, and verify these criteria?
- d) Please address whether the Board should consider awarding more potential points for projects proposing to serve more than 51% LMI customers and how such scoring would work.

Appendix C was useful, but further breakout of scoring sections would be more helpful to applicants.

Topic 3: Program Year 2 Application Process

Question 14: The PY1 capacity was 75 MW(dc). Pursuant to N.J.A.C. 14:8-9.4(b), the PY2 capacity must be at least 75 MW(dc), but could be more. Staff is considering recommending that the Board increase capacity in PY2 to 100 MW(dc), and to 125 MW(dc) for PY3, with the intention of soliciting annually for 150 MW(dc) in the permanent program. Please comment on this proposed plan.

While we appreciate the Board's intentions to scale the program, the capacity levels proposed here are not in line with our view of the demand for community solar in New Jersey, the interest from the solar industry, and New Jersey's ambitious clean energy goals. There is a significant population in New Jersey of renters, low-income customers, and many others who are unable to participate in traditional rooftop solar, all of whom are currently underserved. Nexamp respectfully urges the Board to size Year 2, and the program longer term, to scale to those clean energy goals and to the needs of that population.

Nexamp supports CCSA's proposal for 300 MW of capacity for Year 2. Even though the program is in a pilot phase, the over 600 MW of applications submitted for Year 1 alone clearly show that the market can support this level of projects. In addition, an expansion in capacity would send a clear signal to Nexamp and others in the industry that there is a growing, stable market in New Jersey to invest time and capital, and it will allow for a greater diversity of project types.

The Board should also consider community solar's important role in meeting New Jersey's energy goals. With project sizes up to 5 MW, community solar can make a meaningful contribution to reducing carbon emissions and reaching New Jersey's targets. But community solar is also a bridge to the benefits of clean energy for otherwise underserved segments of the population. The Community Solar Program is helping to close that gap, but as the state ramps up growth in other market segments, the Board should ensure that community solar keeps pace to prevent that gap widening even further.

Nexamp also encourages the Board to consider implementing a waitlist of projects for Year 2. Projects that did not receive initial awards from the Board could be organized on a waitlist for each service territory and ranked using the same scoring methodology. If an awarded project were to fail to move forward for whatever reason, the Board could reallocate that capacity to the next project on the waitlist. This would ensure that the Board's capacity targets are ultimately being met and being met efficiently. For developers this would serve as an incentive to continue due diligence and to keep projects moving forward, even if they were not initially selected.

Question 17: The PY1 Application Form made certain sections optional for government entities. Did this facilitate applications by government entities? Should the Board consider a fully separate carve-out and application process for government entities?

If the Board is concerned that government entities will not be able to participate under the current program structure, then the Board should consider establishing a separate application process with an additional number of target MWs for those entities. Taking this approach would allow for the Board to account for any changes that need to occur for government entities, while ensuring that the rules for each application process are standard for all applicants.

If there is not a separate carve-out, however, the Board should ensure that all applicants are held to the same requirements and standards to ensure the process is truly competitive. At a minimum, government entities applying to the program should have to demonstrate that a developer has already been selected through an RFP or equivalent process. A uniform application of the program rules is critical for the integrity of the application process, and for the Board to be able to accurately compare and score applications.

Topic 4: Other

Question 18: Should the Board consider amending the Pilot Program rules to require that community solar subscriptions guarantee savings compared to the subscriber's electric bill without community solar, as an added consumer protection measure, particularly given that all awarded projects already committed to doing so in the PY1 applications?

Nexamp would support a guaranteed savings requirement for subscriptions, but the Board should not specify a certain level of savings and should continue allowing flexibility for subscriber organizations and the market to determine savings levels.

Question 19: Should the Board consider amending the construction timelines and extension policies at N.J.A.C. 14:8-9.3(c)? If yes, how? Currently, applicants have 6 months to start construction, and 12 months to become fully operational, with an unlimited number of possible extensions (so long as projects can demonstrate continued progress). Excerpts of the relevant section of the rules are provided in Appendix 1 below.

Nexamp respectfully urges the Board to amend the timelines to provide for 12 months to start construction and 18 months to be fully operational. While Year 1 projects faced challenges from the impact of Covid-19 that will hopefully not impact Year 2 projects, the current timelines are narrow and difficult to meet for many project types, particularly those located on brownfield or landfill sites.

So far in Year 1 there have been challenges in the interconnection process that may continue to delay projects in Year 2. Nexamp encourages the Board to look at ways to streamline the interconnection process more broadly, but consideration should be given in project timelines as well.

Nexamp appreciates the Board's inclusion of a process to request extensions, and recommends the Board continue this practice. An addition of 6 months to the current timeline, however, will in our view keep projects moving forward while reducing the number of extension requests that may prove to be a drain on the Board's time.

Question 21: How is the Pilot Program impacted by the ongoing transition in solar incentives from the Transition Incentive Program to the Successor Program?

The current transition in solar incentive programs has injected uncertainty into potential Year 2 community solar projects. The Board has not yet made clear whether Year 2 projects will be included under the TREC program or the forthcoming Successor Program. The incentive program is a crucial underlying economic component of projects, and for developers like Nexamp to bring viable projects forward, we need to understand the program structures. When left to speculation and assumptions about key project components, the quality of project applications that the Board receives will range significantly, and in general are likely to suffer.

Nexamp appreciates the many challenging and important issues currently being managed by the Board and Staff and the complexity of the Successor Program design in particular. Given our understanding of the current timeline of the processes for both Year 2 and the Successor Program, it is likely that elements of the Successor Program will still be uncertain at the time of submitting Year 2 applications. Given this challenge, Nexamp recommends that the Board remove the uncertainty from the Year 2 program by clarifying that awarded projects will participate in the TREC program. At a minimum,

Nexamp respectfully requests that the Board clarify in advance of the application period which of the incentive programs will be applicable for Year 2 projects.

Question 24: Please provide comments on issues associated with the Pilot Program not specifically addressed in the questions above.

Nexamp urges the Board to give greater consideration to the interconnection process as part of the program. In particular, the Board should actively monitor the length of the interconnection process for community solar projects and should consider proposing timelines on the utility process to ensure projects are being studied in a timely manner. Extended timelines lead to uncertainty and to delayed projects but can be avoided by setting out clear standards that developers and the utilities can work from. In addition, the Board should implement an interconnection working group, as CCSA has proposed, that would allow for developers, the utilities, and Board staff to be aware of and address challenges in the interconnection process on an ongoing basis.

Respectfully,

Jake Springer
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Nexamp