



State of New Jersey

DIVISION OF RATE COUNSEL

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STEFANIE A. BRAND
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April 9, 2021

By Electronic Mail

Honorable Aida Camacho-Welch, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

**Re: Comments regarding Docket No. QO18060646
Community Solar Consolidated Billing of Subscriber Fees**

Dear Secretary Camacho-Welch:

Please accept for filing these comments being submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in accordance with the Notice issued by the Board of Public Utilities ("Board") in this matter on March 11, 2021. In accordance with the Notice, these comments are being filed electronically with the Board's Secretary at board.secretary@bpu.nj.gov.

Please acknowledge receipt of these comments.

Honorable Aida Camacho-Welch, Secretary
April 9, 2021

Thank you for our consideration and attention to this matter.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: /s/Sarah H. Steindel
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Enclosure

cc: Paul E. Flanagan, BPU
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STATE OF NEW JERSEY
BEFORE THE BOARD OF PUBLIC UTILITIES

In the Matter of New Jersey Community) **BPU Docket No. QO18060646**
Solar Energy Pilot Program)

COMMENTS OF THE
NEW JERSEY DIVISION OF RATE COUNSEL
ON CONSOLIDATED BILLING OF SUBSCRIBER FEES

April 9, 2021

Introduction

The Division of Rate Counsel (“Rate Counsel”) thanks the Board of Public Utilities (“Board” or “BPU”) for the opportunity to provide comments on community solar consolidated billing proposals that are being considered as part of New Jersey’s Community Solar Energy Pilot Program (“Pilot Program”) and the future permanent Community Solar Program. Rate Counsel’s comments specifically address the questions identified in the Notice issued by the Board on March 11, 2021.

General Comments

Consolidated utility billing for community solar has the potential to improve customer convenience while reducing billing costs. Rate Counsel supports mechanisms that can reduce costs and increase overall administrative efficiency. However, ratepayer interests need to be considered in this process. Consolidated billing, while likely more efficient, will still result in a cost to New Jersey’s electric distribution companies (“EDCs”). Rate Counsel recommends that EDCs be compensated for the billing efforts and that those costs be recovered by community solar projects, not broadly across all ratepayers. These costs can be recovered using a “net crediting” approach where EDC costs are netted against the community solar credit.

Comments on Specific Stakeholder Questions

Question 1: In New Jersey, customers who purchase their electricity supply from a Third Party Supplier (TPS) are typically billed by their EDC. Known as Utility Consolidated Billing, the customer receives a single bill that includes supply charges and related taxes from its TPS and delivery charges and related taxes and charges from its utility. Occasionally, in NJ and in other jurisdictions, dual billing is employed where a customer receives a bill from the customer’s utility company that includes only the utility’s charges and a separate bill from the customer’s TPS that includes only the TPS charges. In other jurisdictions, the TPS sends the utility bill to the customer, which contains all of the utility’s relevant charges. This billing methodology is sometimes called TPS Consolidated Billing.

What lessons can be drawn from consolidated billing for TPS customers with respect to its potential application to community solar? What are the advantages or disadvantages of Utility Consolidated Billing, TPS Consolidated Billing and dual billing as they apply to community solar?

Comment: New Jersey customers that purchase their electricity supply from a third-party supplier ("TPS") are typically billed by their EDC and receive a single bill that includes not only TPS-related delivery charges and taxes, but also any relevant costs (and non-bypassable charges) incurred by, or required of EDCs. Rate Counsel recognizes that this consolidated billing approach can reduce TPS billing costs and increases accessibility of TPS services for LMI and other less financially sophisticated consumers.

Question 2: Do you recommend implementation of some form of consolidated billing for community solar projects? If so, do you recommend Utility Consolidated Billing, or third-party provision of consolidated billing for community solar subscriber fees (Subscriber Organization Consolidated Billing)? Please consider this question from the perspective of billing implementation and administration, community solar project financing, and subscriber (customer) protection.

Comment: Rate Counsel recommends that the Board consider utilizing an EDC-based consolidated billing approach for community solar. The costs of implementing this approach, however, need to be paid for its primary beneficiaries: community solar developers and subscriber organizations. Rate Counsel recommends that EDCs retain a portion of the subscriber payments it collects, as either a per customer fee or a percentage of the amount collected.

The recent experience in New York underscores the importance of assuring that community solar costs are not paid for by all ratepayers. National Grid recently estimated that the overall costs (revenue requirement) associated with the implementation of a comparable community solar consolidated billing program could be as large as \$6 million in the first year

and \$2.1 million in subsequent years.¹ These first year costs likely reflect a large amount of initial, one-time set up costs to integrate EDC billing systems with those of the community solar developers. The Board could consider relaxing the initial fees for consolidated billing during a limited pilot program period. However, the Board should assure that those costs, over the long run (as the program becomes permanent) are paid for by community solar developers and subscriber organizations, not by all New Jersey ratepayers.

Question 3: Please describe in detail how your proposed method of consolidated billing would work and the benefits you believe would be achieved by the use of consolidated billing for community solar. If you are or represent a community solar developer or subscriber organization, please speak specifically to your experience. Please address all related issues, including the following:

- Would the bill be sent by the utility (Utility Consolidated Billing) or the subscriber organization (Subscriber Organization Consolidated Billing)?
- How would your proposal address customer nonpayment of bills, partial payment of bills, and late payment of bills? In cases of partial payment of bills, which portion of the bill should the payment be allocated towards?
- Should customers be dropped from consolidated billing for late payments?
- Discuss any purchase of receivables issues.
- Discuss any issues relating to consumer credit.
- Should there be a fee using consolidated billing and, if yes, what should it be?
- Discuss any consumer protection implications of utilizing consolidated billing for community solar, including data privacy and data protection.
- How would customer specific data be exchanged?

Alternatively, please address why you and/or your organization prefer dual billing.

Comment: Rate Counsel recommends the following protocols for an EDC-based consolidated billing program:

- Bills will be sent directly by EDCs.
- EDCs will utilize a “net crediting” approach in which costs (or subscriber fees) are netted against community solar net metering credits. This approach should reduce EDC credit

¹ State of New York Public Service Commission, Case 19-M-0463 -- In the Matter of Consolidated Billing for Distributed Energy Resources, Order Regarding Consolidated Billing for Community Distributed Generation, page 7.

risks and could also accommodate current EDC TPS billing practices for late payments, partial payment or non-payment of bills.

- Participating community solar customers will not be dropped from consolidated billing as a result of late payments, but they will be dropped due to non-payment resulting in suspension of service.
- EDCs will not purchase receivables.
- Consolidated billing for community solar should be utilized in a way that reduces barriers to LMI participation.
- Rate Counsel recommends that EDCs assess a fee on either a fixed per customer basis or as a percentage of total revenues collected. These fees should be designed make EDCs whole for costs incurred in facilitating the community solar consolidated billing program, while protecting non-participating ratepayers from bearing these costs.
- The Board should develop a working group of relevant stakeholders (EDCs, solar developers, Rate Counsel) to develop a uniform set of specific protocols, across all EDCs, that will protect sensitive customer-specific data.

Question 4: If you are or represent a community solar developer or subscriber organization, please describe in detail the terms of the agreement between the subscriber and the subscriber organization. In particular, please explain the following:

- What are the fees and contract terms for subscribers?
- Are the fees and contract terms consistent among all subscribers? Does it differ by customer class?
- Do subscriber organizations intend to offer guaranteed savings to the subscriber?
- Do subscriber fees vary each month?

Comment: Rate Counsel does not have an opinion on this question at the current time.

Question 5: Do any subscriber organizations currently use consolidated billing for community solar subscriber fees in other jurisdictions? If so, please identify the jurisdictions and explain the design of the billing framework, being sure to address the issues identified in Question 2 and 3 above.

Comment: The use of consolidated billing for community solar subscriber fees was approved by the New York Public Service Commission in December 2019.² New York uses a net credit approach as described earlier. New York's utilities are in the process of upgrading their billing systems, revising their tariffs and performing the other tasks necessary to implement community solar consolidated billing.³

Question 6: Are subscriber organizations paying an administrative fee to EDCs for the use of consolidated billing of subscriber fees in other jurisdictions? If so, how is it structured? If not, how does the EDC recover those costs? Please provide your recommended method of cost recovery.

Comment: The New York method of consolidated billing allows utilities to collect administrative fees. The New York Commission set the administrative fee at one percent of the total value of the community solar credit. The New York Commission will allow utilities to modify this arrangement, upon a request and filing, that is supported by actual billing experience and data that supports a change from the initially established one percent level.

Question 7: Should consolidated billing of community solar subscriber fees only be available to projects that provide a guaranteed monthly savings to subscribers? If not, would the provider of consolidated billing be expected to charge subscribers for their community solar participation resulting in an amount due greater than the amount due for electric service? Should this result be permitted for low- to moderate-income (LMI) customers?

² State of New York Public Service Commission, Case 19-M-0463 – In the Matter of Consolidated Billing for Distributed Energy Resources, Order Regarding Consolidated Billing for Community Distributed Generation, page 7.

³ See State of New York Public Service Commission Docket for Matter Number 19-01480, <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?Mattercaseno=19-M-0463>

Comment: If consolidated billing is not limited to projects that provide a guaranteed monthly savings to subscribers, then the provider of consolidated billing should be expected to charge subscribers for their community solar participation in months in which the subscriber fee exceeded the community solar credit.

Question 8: Please provide comments on the following framework for utility consolidated billing of subscriber fees, which is currently being implemented in New York:

- a. Utility consolidated billing of subscriber fees is optional for community solar projects. If a project chooses utility consolidated billing of subscriber fees, all subscribers enrolled in that project are billed via utility consolidated billing (with the exception of one anchor subscriber per project).
- b. In order to participate in utility consolidated billing, all subscribers enrolled in the project must receive a percentage of their original community solar credit on their bills each month. Currently, this minimum percentage is five percent (5%) in New York.
- c. The subscriber fee is a percentage of the subscriber's original community solar credit each month. The dollar amount of the subscriber fee varies each month based upon the underlying community solar credit.
 - o Example: The subscriber fee is 90% of a customer's community solar credit. On the monthly bill, the customer receives 10% of their credit. The remaining 90% of the credit is remitted by the EDC to the subscriber organization less the administrative fee retained by the EDC.
- d. At least 60 days prior to operating under a consolidated billing framework, the community solar project owner must provide the EDC with the percentage of the subscriber community solar credits that is available to be applied to the subscribers' bills.
- e. The same percentage must be applied to all subscribers for the same project (with the exception of an anchor subscriber, if applicable, that will receive its entire community solar credit on its utility bill and is billed by the community solar project owner for subscription fees). The percentage can change no more frequently than every six (6) months.
- f. Subscriber organizations must agree to use the EDC's communication tool for sharing subscriber percentage information.
- g. The EDC retains a portion of the subscriber fee to compensate for their implementation and administrative costs associated with utility consolidated billing. This results in the Subscriber Fee percentage in item "c" above being reduced.
- h. The EDC receives timely recovery of subscriber credits through a surcharge or similar mechanism.

Comment: Rate Counsel supports the framework but recommends that community solar project participation be restricted to those projects that can show substantial customer benefits. Rate Counsel recommends a level higher than five percent of the original consumer solar credit but also one that is likely to sustain a high benefit percentage over an extended time period. Rate Counsel also recommends that any EDCs recover for subscriber credit in the same manner as they recover for the revenue impacts of other net metering credits, i.e., in EDC's next base rate case.

Question 9: If you disagree with any portion of the framework in Question 8, please describe in detail the framework you would support (or refer to your response to Question 3, as relevant). Include specific examples from other jurisdictions, if possible.

Comment: Rate Counsel has no additional comments at this time.

Question 10: In the case of Utility Consolidated Billing, if you are a community solar subscription organization, should you opt to participate in Utility Consolidated Billing would you maintain back- up billing procedures to bill customers who fail to pay the EDC for their community solar subscription? What other options would you suggest to address the risk of non-payment by customers?

Comment: Rate Counsel recommends that community solar subscription organizations be responsible for billing customers who fail to pay their community solar subscription fees to their EDC and also bear the risk of non-payment. This would protect ratepayers from bearing the expense of unpaid subscription fees. The use of a "net crediting" approach would also reduce the risk of non-payment because netting the community solar credit against the subscription fee would reduce the amount of subscription fees due from customers.

Question 11: What are the potential challenges to implement consolidated billing for community solar? How can these challenges be addressed?

Comment: Rate Counsel believes that the primary challenges to implementing consolidated billing for community solar will be establishing protocols for the exchange of billing and other consumer data that are mutually acceptable to EDCs and community solar developers; protecting consumer data to ensure privacy; and ensuring that the costs of consolidated billing for utility solar are paid for its primary beneficiaries: community solar subscribers and developers.

Question 12: If Utility Consolidated Billing were available, how would subscriber billing inquiries be handled? Would subscriber inquiries regarding subscriber fees and/or community solar credits be handled by the subscribing entity or the developer, or would the utility be required to take on that role?

Comment: Rate Counsel recommends that the community solar developer handle subscriber inquiries regarding subscriber fees and/or community solar credits. Project developers are most able to respond to project-specific subscriber inquiries and the costs of responding to subscriber inquiries to be paid for its primary beneficiaries: community solar subscribers and developers.

Question 13: If Utility Consolidated Billing were available, how would subscriber billing information be provided to the utility?

Comment: Rate Counsel recommends, per the response to question 3, that the Board develop a working group of relevant stakeholders (EDCs, solar developers, Rate Counsel) to develop a uniform set of specific protocols, across all EDCs, which would specify how subscriber billing information and other data would be handled.