



April 9, 2021

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
3rd Floor – Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

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

Dear Ms. Camacho-Welch:

As the largest solar owner-operator in the state, NJR Clean Energy Ventures (NJRCEV) serves both residential and commercial customers and provides renewable power to the grid with over 350 MW of solar capacity in New Jersey.

We are eager to become an active participant in New Jersey's community solar market, helping to advance the State's clean energy and environmental justice goals.

Consolidated billing implementation is an important catalyst that will support continued growth of New Jersey's community solar program. In the comments that follow, **we express our support for utility consolidated billing combined with a purchase of receivables program.** Under this structure, community solar providers and electric distribution companies (EDCs), can utilize existing processes and systems that have made energy deregulation successful in New Jersey for 20 years.

NJRCEV applauds BPU Staff for recognizing the benefits consolidating billing can bring to community solar, and hopes our comments provide helpful guidance on implementation as the program continues to grow.

Sincerely,

A handwritten signature in cursive script that reads 'Katie Feery'.

Katie Feery
Manager of Corporate Strategy

Cc: Mark F. Valori, Vice President
Chris Savastano, Managing Director of Development
Larry Barth, Director of Corporate Strategy

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?*

Answer: Utility consolidated billing (UCB) simplifies payments for customers and allows them to better track their energy usage, solar credits, and expenses in one bill. Doing the reconciliation on multiple bills received on different days in the month would complicate and confuse the consumer. Using consolidated billing provides a customer-friendly, one-time, monthly view of electricity cost savings from a known provider. Furthermore, it streamlines the payment process for customers with a single payment processed each month.

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.*

Answer: The best way to achieve successful enrollment of community solar subscribers at reasonable, long-term prices is through consolidated billing along with a purchase of receivables (POR) program. This is the model that has proven successful for Basic Generation Service (BGS) transactions, where the utility pays the BGS provider directly for every kWh delivered and customers are sent a consolidated bill. This payment mechanism that has been in place and successfully employed in New Jersey for more than 20 years.

Under this structure, the community solar provider would deliver renewable power to the Electric Distribution Company (EDC) and receive payment for energy delivered irrespective of the solar subscribers' payment patterns to the EDC. The utility would bill the customer and can recover costs in the same manner applicable to their existing process used for bad debt associated with BGS customers.

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.*

Answer: UCB with POR has helped make energy deregulation in New Jersey a success, enabling BGS providers to reduce risk and cash flow premiums that would otherwise be embedded in BGS prices. When applied to community solar, this same benefit of stable revenue flow to community solar providers would be translated to community solar subscribers in the form of lower prices.

It would only be fair for community solar providers – who are supporting the clean energy and environmental justice goals of the State – to be treated the same way as BGS suppliers. And it would encourage community solar project developers to support even greater participation of low- to moderate-income (LMI) customers than the required 50 percent per project – resulting in wider expansion of New Jersey’s community solar program.

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.*

Answer: NJR Clean Energy Ventures (NJRCEV) does not have any subscription agreements in place currently.

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.*

Answer: NJRCEV does not have any subscription agreements in place currently.

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.*

Answer: NJRCEV does not have any subscription agreements in place currently.

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?*

Answer: While NJRCEV recognizes and supports the importance of providing low-cost renewable energy through community solar projects, especially for LMI customers, community solar customers should not lose benefits based on the pricing decisions of their solar provider. Consolidated billing should be available to customers regardless of their community solar rate. Today, customers who chose to purchase their electricity from a third-party supplier can participate in consolidated billing regardless of what they pay their supplier.

A better way to guarantee customer savings would be to reserve eligibility for participation in a POR program to solar providers who demonstrate they are providing savings to customers. This

would ensure a simplified and consistent process for all community solar customers; however, the solar provider would not receive the benefit of stable cash flows from the utility. Instead, their billing would mimic that of third-party suppliers today.

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.

Answer: NJRCEV agrees with several aspects of the NY consolidated billing process described including a, d, e, f, and g.

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.*

Answer: NJRCEV has detailed the importance of using consolidated billing with a POR program in the response to Questions 2 and 3. In the details described above, it is unclear if the

consolidated billing program in New York provides a financeable revenue stream for community solar providers, which the current BGS program provides.

As indicated in response to Question 7, it makes good sense to implement consolidated billing for all subscribers, regardless of the rate charged by their solar provider

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 backup 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?*

Answer: Each community solar provider should be able to determine the process that best fits the financial risk they are willing to take. In turn, subscription contract terms should be very clear in addressing the issue of non-payment for subscribers.

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

Answer: It is a challenge to ensure community solar providers in the State have the proper systems and processes in place to integrate into the existing structure of consolidated billing used by the EDC. That is why, in these comments, NJRCEV strongly recommends the use of the existing systems and processes, which have proven effective for 20 years.

There will no doubt be other challenges to implementation, but solar providers with current subscribers would be better able to address additional challenges.

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?*

Answer: Subscriber billing inquiries should always be handled by the community solar provider. Speaking from experience as a residential solar provider in New Jersey, when customers seek guidance from the electric utility on their solar billing questions, they are often left frustrated. Customer service representatives of EDCs cannot be expected to know the contract details of the multiple community solar subscriptions throughout their service territories. Subscriber organizations and providers are much better equipped to handle such questions. Whether subscriber entities or providers would handle questions should be left to each provider to decide.

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

Answer: The Electric Data Interchange should be used to provide subscriber billing information to the utility. This secure, widely known platform has been in use for 20 years. CEV believes there is no reason to create additional systems to facilitate the implementation of consolidated billing. Doing so would only drive up unnecessary costs that would ultimately be borne by community solar subscribers.