Submitted *Via* Email

April 12, 2021

Aida Camacho-Welch,
Secretary New Jersey Board of Public
Utilities Post Office Box 350
Trenton, New Jersey 08625

RE: New Jersey Community Solar Energy Pilot Program Consolidated Billing of Subscriber Fees Docket No. QO18060646

Dear Secretary Camacho-Welch:

Please find enclosed the comments of the Natural Resources Defense Council concerning the above referenced docket, as well as the joint comments of NRDC and other organizations on a similar proceeding in New York included within this document.

Sincerely,

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I. INTRODUCTION

On October 2, 2020 Board of Public Utilities' ("BPU" or "Board") issued an Order directing the New Jersey's Electric Distribution Companies ("EDCs") to develop options for implementing consolidated billing for community solar, whether customer pays both their normal electric utility charges and community solar subscriber fees through a single bill. As part of the process, the EDC's requested an extension to allow for stakeholder engagement and the development of consolidate billing options for community solar. As part of that process, the Board issued an order on March 11, 2021 requesting stakeholder comment on thirteen questions. We than the Board for allowing stakeholders the opportunity to provide input on this topic.

The Natural Resources Defense Council ("NRDC") is a national non-profit membership organization with more than 3 million members and engaged community participants. NRDC is committed to the preservation and protection of the environment, public health, and natural resources. To this end, NRDC is actively involved in advancing policies that reduce greenhouse gas emissions and other dangerous forms of air pollution and accelerate the deployment of clean energy resources. For the past several years, NRDC has been working in New Jersey to expand the deployment of, and access to, clean energy resources in New Jersey such as solar.

NRDC supports the usage of Utility Consolidated Billing ("UCB"). If implemented properly with a reasonable fee structure and easy-to-understand customer interface, UCB could provide direct benefits to consumers of community solar – including low-to-moderate income ("LMI") subscribers who make up the majority of sought-after customers under New Jersey's Community Solar Pilot Program. A similar proceeding is underway in New York, and NRDC recommends

the Board and EDCs look to that proceeding for information on how to structure a similar mechanism in New Jersey.

II. COMMENTS

Question 1: 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 Bill and dual billing as the apply to community solar.

At a minimum, customers who participate in New Jersey's community solar program should be billed using the UCB Model, whereby the customer receives a single bill that includes supply charges, delivery charges, and related taxes regardless of whether that customer receives its energy from a Third Party Supplier. In the case of community solar, UCD would operate similarly – the utility would collect the costs of the community solar project and would add the charge to a customer's monthly utility bill along with the credits received from the projects. Under this model, a customer would receive only one monthly bill, and project developers would be able to collect the costs of these projects directly from the utility, which New York found would reduce expected billing and customer-interface costs by as much as 85%.

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?

Yes, NRDC recommends the use of an opt-in model UCB-POR for community solar projects. More specifically, UCB should use the purchase of receivables ("POR") model. Under the UCB-POR model, the utility would purchase the receivables of the community solar project; more simply, the utility would, for a reasonable fee, purchase the "debt" that the community solar provider expects to recover from subscribers, and then the utility would become responsible for collecting those subscriber fees. This has benefits for both customers and project developers.

From the customer's point of view, UCB-POR fundamentally changes the relationship between the customer and the community solar provider by placing all associated costs and savings on the subscriber's utility bill. This would enhance the customer experience for those that prefer a single bill. For LMI customers this is especially important, because increasing the number of bills that LMI customers must pay is a significant barrier, even if the result of their participating in a community solar project is a net savings.

From the community solar providers point of view, to the extent those project financing models require subscriber credit checks, UCV-POR would enable greater participation from customers with limited or no credit. Even for potential community solar customers with good credit, being subjected to a credit check for a community solar subscription is a barrier to participation. UCB-POR removes this barrier to participation for customers regardless of credit history by substituting the subscriber's credit risk with a default risk that will be pre-determined by the POR Discount (i.e., the fee charged by the utility to the community solar provider participating in UCB-POR). Additionally, financing parties will be more comfortable with this approach because credit checks as are more widely eliminated, the addressable market of community solar participants is increased allowing greater substitutability of community solar customers for transfers and cancelations.

Finally, UCB-POR reduces billing and collection costs for community solar providers who might opt-in because they no longer have to pay to send bills, monitor collections, or experience lost

revenue as a result of customer non-payment. Therefore UCB-POR has the potential to reduce soft costs associated with community solar project development and operations.

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 used of consolidated billing for community solar.

NRDC recommends the following process for the implementation of UCB-POR:

1. The utility calculates the customer community solar bill credit for the production period
2. The utility makes the community solar bill credit report available to the provider to review and verify via a secure date exchange mechanism
3. The provider verifies the utility-provide bill credit report and provides the corresponding customer subscription charges and fees back to the utility
4. The utility then post both the community solar credit and subscription fee on the customers invoice
5. The utility then pays the provider for the community solar receivable less the established POR fee.

III. CONCLUSION

NRDC appreciates the opportunity to provide comment on this topic. New Jersey's community solar program is one of many on-going programs at the Board to grow the market to clean energy, particularly with regard to access for LMI customers. Therefore, NRDC recommends the Board and EDC's establish a program that reduces barriers to participation in community solar projects while providing adequate customer protections. Included with these comments is "Attachment A," below, which is a joint-comment letter to a similar proceeding in New York.