

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

In the Matter of The Community Solar Energy Program)))	Docket No. QO22030153
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COMMENTS OF NRG ENERGY, INC.

NRG Energy, Inc. (“NRG”) submits these comments in the above-captioned proceeding in response for the Request for Comments on the design of the Community Solar Energy Program (“Permanent Program”) filed on April 11, 2022. NRG supports the efforts of the New Jersey Board of Public Utilities (“the Board”) to make improvements to the Community Solar Energy Program as it becomes a permanent fixture for the residents of New Jersey.

Who We Are

Headquartered in Houston, TX, and with an eastern U.S. corporate home in Princeton, NJ NRG is a leading integrated energy and home services company in the U.S. A Fortune 500 company, NRG is at the forefront of changing how people use, buy, and think about energy. We strive to empower our residential, commercial, and industrial customers with reliable and cost-effective energy solutions. We draw on our deep industry experience to provide products and services that suit our customer’s needs with the consistency and innovation expected from the nation’s leading integrated energy and home services provider. Together, we are creating a sustainable energy future by fostering smarter energy choices and providing reliable, cleaner power. NRG’s retail brands maintained one of the largest combined competitive retail energy portfolios in the U.S. with 152,000 GWh of electricity and 914 MMDth of natural gas sold in 2020 and approximately six million customers served. Our roughly 7,300 employees provide a range of

products and services including demand response and energy efficiency, 100% renewable energy, energy plans bundled with energy efficiency technology, such as Nest thermostats, as well as loyalty rewards and charitable giving products through “Choose to Give” plans. NRG has numerous licensed Third Party Suppliers (“TPSs”) that are actively serving electricity and natural gas customers throughout New Jersey¹. NRG retail affiliates have been serving customers in New Jersey since 2002. NRG Home is supporting community solar developers by helping subscribe our customers to projects in New York and Massachusetts, with plans to expand to New Jersey soon.

NRG supports improvements to the design of the program. Our comments are limited to certain questions contained in the Request for Comments filed on April 11, 2022.

I. Program Design and Eligibility

Question 2: Should the Permanent Program capacity be divided into separate blocks, and if yes, how? (i.e., By EDC service territory? By project type or size)? Additionally, the Solar Act of 2021 requires the Board to consider “the economic and demographic characteristics of the area served by the facility, including whether it is located in an overburdened community. How should any blocks address this requirement?

¹ *Reliant Energy Northeast LLC d/b/a NRG Home/NRG Business ESL-0093 and GSL-0176; Green Mountain Energy Company ESL-0233; Energy Plus Holdings LLC ESL-0087; Energy Plus Natural Gas LLC GSL-0100; XOOM Energy New Jersey, LLC ESL-0115 and GSL-0112; Stream Energy New Jersey, LLC ESL-0109 and GSL-0120; Direct Energy Services, LLC ESL-0078 and GSL-0088; Direct Energy Business, LLC ESL-0165 and GSL-0145; Direct Energy Business Marketing, LLC ESL-0142 and GSL-0128; and Gateway Energy Services Corporation ESL-0166 and GSL-0146.*

NRG suggests blocks that are divided up within each EDC service territory based upon the population of that specific EDC territory. A portion of each block should be dedicated to anchor tenants with the rest split between residential and commercial and industrial. An anchor tenant is usually a larger use electric customer who is stable in the market and credit worthy. The anchor tenants normally subscribe to a large portion of the project's capacity to ensure the developer's return on investment.

Question 4: What land use restrictions and limitations, if any, should apply to the siting of community solar projects? While Section 6 of the Solar Act of 2021 does not establish siting standards for Community Solar projects, should the Board adopt comparable standards be extended to also apply to community solar facilities? What should those standards look like?

While NRG will leave this topic to solar developers in the state, NRG cautions the Board that setting these standards high will make it too restrictive for project developers to want to build in the market.

III. Low- and Moderate-Income Access

Question 11: What policies and measures should the Board consider to ensure that the Permanent Program maintains a high level of low- to moderate-income ("LMI") participation? How can the Bord support community outreach and education?

NRG recommends maintaining or even reducing the 40% set-aside for LMI customer enrollment. The 40% set-aside is already a high amount of project capacity dedicated to LMI customers. Utility consolidated billing and other improvements will automatically spark more

interest and participation by developers and customers alike. There is no need to raise this percentage at this time.

Question 12: Should the Board modify the Pilot Program's income verification standards (see the Pilot Program rules at N.J.A.C. 14:8-9.8)? If so, how?

The Board should make the income verification standards as simple as possible, perhaps a self-attestation process where the customer can simply attest to whether they meet the requirements for an LMI participant. In New York, the LMI definition includes any customer who is participating in a utility assistance program and the customers do not have to show any specific proof of their participation. Similar measures should be put in place for this program.

IV. Community Solar Subscribers

Question 14: What should the geographic limitations for community solar projects and subscribers be (i.e., How far from the project can subscribers to the project reside)?

No geographic limitations should be placed on projects and subscribers – essentially all customers in a particular EDC service territory should be eligible. In fact, all New Jersey residents should have access to community solar.

Question 15: The Pilot Program mandated that each community solar project must have a minimum of 10 subscribers, and a maximum of 250 subscribers per MW of installed capacity. Should either of these mandates be changed under the Permanent Program?

When more and more subscribers sign up, each of those subscribers get a smaller percentage of the project. NRG recommends that the Board implement a floor limit on the subscription percentage to guarantee that the subscriber is receiving a minimum amount of credits to offset their annual energy costs. In this case, the customer's subscription percentage would not be allowed to drop below a certain number as established by the Board because the smaller the percentage, the lower the credits the customer receives.

One alternative to setting subscriber limits is to set a minimum savings level that every customer must receive on their annual electricity bills. This could be a worthwhile policy especially for LMI customers.

Question 17: In November 2020, the Board proposed a rule amendment to the Community Solar Energy Pilot Program rules, which would have allowed certain projects owned and operated by public entities to automatically enroll subscribers without first seeking subscribers' affirmative consent to join the project. Subscribers would then have the option to "opt-out" of the project should they not wish to participate. How can the Board best support subscriber education and acquisition? Should the Board revisit its automatic enrollment proposal, and if yes, how can automatic enrollment be implemented consistent with customer data privacy rights?

Opt-out (automatic enrollment) community solar programs should only be allowed if certain criteria are met. First, while NRG fully supports the expansion of community solar programs, these programs should not be owned or operated by the utilities or other public entities. These programs should be provided by third parties who are already administering these programs

and have experience serving customers in this fashion. The programs should be structured in a manner that does not exclude competitive providers who are already working in this space. The utilities/public entities should focus on providing customers with reliable distribution and transmission of energy and allow other third-party businesses to flourish while providing community solar, a product with which third party providers have much expertise and experience.

Furthermore, NRG does not want to be precluded from offering community solar because the utilities or other public entities in New Jersey have used up all the available program capacity in the State. As a competitive business that is not guaranteed a return on investment through customer rates, NRG encourages programs to be developed to encourage fair and competitive participation by all companies; not participation by only the monopoly utility companies.

Second, opt-out community solar programs should only be allowed if they are coupled with a commodity supply offer. Bundling a TPS offer with energy efficiency, community solar, or demand response products would further advance the State's clean energy objectives. If the TPS supply component is eliminated the potential for more renewable product offerings is also eliminated. Currently, NRG serves many of our aggregation programs with 100% renewable products. Utilizing an opt-out aggregation program in place of a 100% renewable TPS commodity offering totally negates any additional value that coupling both these programs could bring. Allowing standalone opt-out community solar without an energy commodity component results in lost opportunities.

Third, enabling opt-out community solar will cause more community solar subscribers in a specific municipality area, thus possibly preventing other customers who reside in other towns and municipalities from having access. Since there are a limited number of developers and a limited amount of community solar projects available, a large municipality could in fact use up most of the available projects preventing other areas of the State from participating.

Community solar should be available to everyone in the State.

V. Community Solar Bill Credits

Question 19: What modifications, if any, should the Board consider making to the value of the community solar bill credits?

The Board should consider decoupling the bill credit values from existing tariff rate schedules and instead adopt a bill credit methodology that reflects monetary value of electricity generated by community solar projects. The current bill credit values are set too low. The Board should look at other states that have been successful in implementing credits based on appropriate values.

New York uses the Value of Distributed Energy Resources (“VDER”) to determine the value of projects. The VDER compensates projects based on when and where they provide electricity to the grid. This is determined by the resource’s:

- Energy Value
- Capacity Value
- Environmental Value
- Demand Reduction Value
- Locational System Relief Value

Additionally, certain Community Distributed Generation projects may have a Market Transition Credit or Community Credit which recognize the benefits that distributed energy resources provide to the grid and society, including avoided carbon emissions, cost savings to customers and utilities, and other savings from avoiding expensive capital investments.²

Minnesota is another good example of project compensation that is done well. The basic concept behind Minnesota's Value of Solar ("VOS") is that utilities should pay a transparent and market-based price for solar energy. The value of solar energy is based on:

- Avoiding the purchase of energy from other, polluting sources
- Avoiding the need to build additional power plant capacity to meet peak energy needs
- Providing energy for decades at a fixed price
- Reducing wear and tear on the electric grid, including power lines, substations, and power plants³

Both the New York and Minnesota programs recognize the value of the projects based on a variety of transparent, market-based calculations. NRG suggests that New Jersey revisit the incentives to ensure they are in line with actual market values.

² <https://www.nyseda.ny.gov/All-Programs/NY%20Sun/Contractors/Value%20of%20Distributed%20Energy%20Resources>

³ <https://ilsr.org/minnesotas-value-of-solar/>

Question 20: In May 2021, following an opportunity for public comment, The EDCs submitted a report to the Board with options and recommendations regarding the implementation of consolidated billing for community solar. In summary, the EDCs recommend that, if the Board adopts consolidated billing for community solar projects, this billing process be handled by the EDCs. The EDCs further recommended that the method of reflecting subscription fees on a subscriber's EDC bill be determined by each EDC based on the format that best corresponds to their existing billing practices. The EDCs did not recommend that the Board allow non-EDC billing options. Do you agree with the EDCs' recommendations? If not, why? How do you recommend that the Board address payment default by customers?

NRG fully supports implementing utility consolidated billing for community solar, with a few caveats. First, the EDCs should not have full discretion on how to effectuate the way in which bill credit allocations are presented on the bill. This process should be sorted out in a working group process where project owners/operators and other market participants work together toward a process that takes utility billing system limitations, developers' lessons learned, and practical customer convenience into account.

Second, any methodology employed by the EDCs should be standardized and transparent as this will certainly impact the project revenue streams of the project owner/ operators. Project owners/ operators will need to fully understand how it works and what is required to get the billing done accurately. If each EDC creates their own processes, it will cause a lot of programming headaches and additional work for market participants and leave room for errors and confusion.

Lastly, the current Purchase of Receivables should be utilized with some additional changes. Currently, if a customer's account goes into arrears, the EDCs eventually drop that customer from the utility consolidated bill thereby forcing the TPS to dual bill the customer. Many of the project owner/operators will not be able to effectuate this dual billing task and will likely sign up fewer residential customers (including LMI customers) if this provision isn't revised.

VI. Other

Access to Data

NRG believes that access to customer information needs to be addressed under the community solar umbrella. Historical usage information is used in community solar markets to calculate a customer's necessary subscription size. There is currently no consistent method for project developers or operators to access a customer's utility account number and usage, leaning the market into a door-to-door sales approach as this is the only method in which a customer will have this information handy. Utility account information and usage data should be readily accessible by customers so that they may call into the utility at any time to obtain their account number and usage history. In the past, some utilities in New Jersey have pushed back on this approach such that if a customer calls to request it, the utility will only provide it via US mail. In a world where most things can be obtained immediately, waiting for account information to be delivered via US mail is non-sensical.

Other methods of obtaining this data could include a portal lookup tool in which the community solar provider could easily and immediately access this information to be able to subscribe the customer into the program or Electronic Data Interchange (EDI) in which a developer submits a request for data and receives a response back electronically. Any method that is considered should be simply and easy for the customer, in other words – a customer gives the project owner/operator consent, and the owner/operator does the rest of the work. Requiring customers to perform multi-step processes such as setting up an online account, logging into that account, finding the appropriate page that allows them to provide consent to third parties, clicking on the box to provide consent and then actually choosing the correct owner/operator from a list it too many steps for a customer to take and most customers get frustrated in that process. In this case, the Board should keep it as simple and easy as possible for the consumers.

Shop With Your Wallet

Signing up for community solar is a complicated task given the current consumer protection rules as well as all the state and local laws that pertain to marketing. Many times, after engaging a customer, explaining community solar, discussing different subscription options, and getting the customer excited and interested in in the project, the process hits a brick wall when the customer does not have their utility account number memorized or handy.

In today's world, a consumer can walk into a bank and sign up for a 30-year mortgage, buy a car with a 20-year loan, and sign up for cell phone service on a 2-year contract – all with only the

contents in their wallet. Energy is one of the only industries which require customers to provide a utility account number to sign up. Consumers are often frustrated with the enrollment process and the amount of time and data that is required for it to be completed. One of the sales methods used by NRG takes place at a farmer's market, local community event, or in a retail store. Since most customers do not carry around a copy of their utility bill, they often have to make a return trip to the retail location or market to complete the task. This process is very inconvenient to the customer. Eliminating this requirement empowers consumers to make decisions about their energy without added inconvenience.

Instead, customers should be able to sign up using alternative information like a home address or telephone number that is linked to the customer's utility account. This information will allow customers a method of enrolling in community solar that is simple, accurate, and secure, thus making the community solar experience a positive one.

Conclusion

NRG applauds the Board's efforts to make the Community Solar Program a Permanent Program. As always, NRG appreciates the opportunity to be a resource on this topic now and in the future.

Respectfully submitted,

/s/ Angela Schorr

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