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May 6, 2022

VIA ELECTRONIC MAIL
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Carmen D. Diaz
Acting Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

RE: In the Matter of the Community Solar Energy Program
BPU Docket No. QO22030153

Dear Acting Secretary Diaz:

Please accept the within correspondence as the submission of Atlantic City Electric Company in response to the Board of Public Utilities request for comments, issued on April 11, 2022 in the above-referenced docket.

Pursuant to the Board's directive, these comments will be uploaded via the Post Comments button on the Board's Public Documents Search tool.

We thank the Board and all parties for the courtesies extended. Feel free to contact the undersigned with any questions.

Respectfully submitted,



Cynthia L.M. Holland
An Attorney at Law of the
State of New Jersey

Enclosure

COMMENTS OF ATLANTIC CITY ELECTRIC COMPANY

In the Matter of the Community Solar Energy Program

Docket No. QO22030153

Introductory Statement

The Atlantic City Electric Company (“ACE” or the “Company”) appreciates the opportunity to offer comments that respond to the questions presented by Staff of the Board of Public Utilities (“Board” or “BPU”) regarding the design of the Permanent Community Solar Energy Program (“Permanent Program”) in Docket No. QO22030153. ACE supports the development of a robust and effective Permanent Program in New Jersey that is designed to provide solar access to low- and moderate-income customers and other customers who are unable to install solar arrays on their premises. ACE notes that the New Jersey electric distribution companies (“EDCs”) will be a critical part of making the Permanent Program a success. To that end, ACE provides the following responses to Staff’s specific questions in the sections below.

In advancing a Permanent Program, ACE believes it is important that the Board approve a utility cost recovery mechanism for both the existing Pilot Program and the planned future program in the near-term to address the cost recovery concerns of the EDCs. On June 1, 2021, ACE filed a petition, with supporting testimony, proposing its specific cost recovery proposal for the Pilot Program consistent with the method recommended by Board Staff. In addition to cost recovery, the Company sought approval of a proposed tariff provision the Board has approved for other EDCs. ACE held public hearings and has seen no action on its petition in nearly a year since its filing. ACE recommends that the Board approve its cost recovery petition, along with the necessary tariff for the Pilot Program, in the near-term and establish a similar utility cost recovery method for the Permanent Program.

The establishment of a Permanent Program will increase the size and number of distributed energy resources (“DERs”) interconnecting to ACE’s electric distribution system. ACE continues to be an active participant in the Board’s established Grid Modernization proceeding and will continue to advocate for improvements in the existing DER interconnection process to support the interconnection of additional renewable DERs. These interconnection improvements are fundamental to supporting New Jersey’s energy and environmental policy goals.

The Company continues to rely on its prior statements in related dockets at the Board. For example, the Company submitted comments on the Solar Successor Program on May 27, 2021, in Docket No. QO20020184. At that time, Staff requested response on several points and Section VII, questions 39-41, related to the Permanent Program. The Company also maintains its shared position with the EDCs on supplier consolidated billing, which was submitted in Docket Nos. QO20080556 and QO18060646, on May 28, 2021.

ACE again appreciates the opportunity to offer the following responses to select questions on the Permanent Program.

Responses to Select Questions

ACE has reviewed Staff's request for comment and presents responses to the following selected questions, which are numbered as published in the Public Notice.

3) Staff intends to recommend similar qualifications and ownership restrictions for solar developers participating in the Permanent Program as were implemented in the Pilot Program. Please comment.

ACE Comments:

The community solar regulations for the Permanent Program should be revised to permit New Jersey electric distribution companies (electric public utilities) to develop, own, and/or operate community solar projects. Over time, this change will result in additional innovative community solar projects that are competitively developed, installed rapidly, and designed to meet underserved customers. ACE's recommendation is consistent with the Clean Energy Act, N.J.S.A. 48:3-87.11f, which states that "[t]he [B]oard shall adopt rules and regulations for the Permanent Program that set forth standards for projects owned by electric public utilities, special purpose entities, and nonprofit entities." Restricting EDC participation in the Permanent Program would be contrary to law.

5) The CEA states that the Permanent Program rules and regulations shall "establish standards, fees, and uniform procedures for solar energy projects to be connected to the distribution system of an electric public utility" (Section 5(f)(11)). What changes, if any, should be made to the existing community solar interconnection standards and processes?

ACE Comments:

The interconnection of community solar projects is more complex than typical DERs due to their larger size. The additional complexity places an increasing burden on ACE's existing interconnection engineering and administrative teams. If the number of community solar project applications increase under the Permanent Program, the time required for interconnection review will increase and additional utility resources may be required.

In order to encourage community solar, and DER more broadly, ACE supports collaborating with the developer community to establish an interconnection fee structure that creates more certainty, reduces barriers to grid enhancements, and provides for a balanced and defined approach to cost recovery."

6) What measures should the Board implement to minimize negative impacts to the distribution system and maximize grid benefits?

ACE Comments:

Community solar installations should be encouraged to be sited at locations that are optimal for the electric distribution and transmission system and avoid, to the greatest extent possible, required distribution and/or transmission system upgrade expense. An allowed time period for project completion should be specified to avoid reserving unnecessary interconnection capacity on the

distribution system. Developers should be encouraged to consider the installation and use of energy storage to mitigate negative distribution system impacts, if possible.

8) Should the Board consider creating a waitlist for non-selected projects? If yes, why would a waitlist support the continued development of community solar projects without increasing program oversubscription? How should this waiting list be implemented to avoid a situation where all capacity is spoken for months or years ahead of a solicitation?

ACE Comments:

ACE recommends that a waitlist not be created for any non-selected projects. Creating a waitlist could require utility administration and engineering resources, and the reservation of distribution system capacity for projects that remain in development. To the extent possible, available resources should be dedicated to mature and shovel-ready projects.

III. Low- and Moderate-Income Access

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 Board support community outreach and education?

ACE Comments:

ACE recommends that a minimum targeted LMI participation level be established for each community solar project. The Board should maintain a list of community solar projects currently accepting LMI subscribers and other types of subscribers by EDC and post a frequently updated list on the BPU website. Community outreach and education for LMI customers about community solar could be accomplished through LMI community meetings that are sponsored by the BPU, non-profit organizations, local governments, EDCs, and community solar subscribing organizations.

IV. Community Solar Subscribers

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)? For context, the Pilot Program allowed projects to self-select the geographic limits of the project. Projects could choose between three options: municipality and adjacent municipalities, county and adjacent counties, and no limit (EDC-wide).

ACE Comments:

Community solar projects should be permitted to locate anywhere within each specific EDC service territory and recruit subscribers from the distribution customers in the EDC service territory where the project is located. In this way, community solar developers will have the greatest flexibility to select the optimal site (distribution interconnection feasibility and photovoltaic (“PV”) siting availability) while offering subscriptions to the greatest numbers of EDC distribution customers. The “community link” can be maintained by the community solar subscriber organizations through their communications materials. Note that ACE hosting capacity

restrictions will determine the size and quantity of projects that can be interconnected at a reasonable cost to its electric distribution system in the absence of system upgrades.

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?

ACE Comments:

Please refer to the joint EDC comments that were filed with the BPU in Docket No. QX20090594 on January 15, 2021. ACE maintains the position held by the joint EDCs. The filed comments, in particular the legal concerns about automatic enrollment without customer consent, are applicable to both the Pilot Program and the planned Permanent Program.

V. Community Solar Bill Credits

18) If applicable, please discuss your experience with subscriber management and the allocation of community solar bill credits. What changes, if any, should be made to communications between community solar subscriber organizations and the EDCs, or to the allocation of bill credits by the EDCs?

ACE Comments:

ACE's existing internet-based community solar subscription tool should be relied on for subscription management. ACE has updated its distribution billing system to automatically process community solar billing credits for customers who subscribe to community solar pilot projects. Significant revisions to ACE's subscription tool or to community solar billing for the Permanent Program could require IT changes that carry additional cost and require time to develop and deploy.

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

ACE Comments:

ACE continues to recommend that both a subscriber's net excess credits and a project operator's remaining generation credits be compensated at the average wholesale hourly ACE Zonal Locational Marginal Price from prior periods. Valuation based on the wholesale market energy value will help to avoid retail cost subsidies that would be paid by other electric distribution customers.

ACE believes the provision for project operators to be able to bank excess credits and distribute them to subscribers is difficult to implement in practice, at scale and in an automated fashion. The system for subscription enrollments is separate from the billing system. Although this may be accommodated manually on a limited basis, ACE is concerned that this will be difficult to accomplish for the Permanent Program. This may lead to significant billing issues. Compensation for unsubscribed energy should be set at the average ACE Zonal LMP from the prior period.

To the extent possible, all other community solar billing credit calculations should be identical to those required for the Pilot Program to avoid costly EDC billing system modifications. Notably, no BPU approved pilot projects are currently operational in the ACE service territory.

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. . . . Do you agree with the EDCs' recommendations? If not, why? How do you recommend the Board address payment default by customers?

ACE Comments:

The Company maintains its shared position with the EDCs on supplier consolidated billing, as stated in the report that was submitted in Docket Nos. QO20080556 and QO18060646, on May 28, 2021.

VI. Other

21) Please provide comments on any issues not specifically addressed in the questions above.

ACE Comments:

EDC Community Solar Program Cost Recovery: The BPU must determine the manner that EDC community solar costs are recovered for both the Permanent and Pilot community solar programs. On June 1, 2021, ACE submitted a petition to the BPU requesting the establishment of a community solar cost recovery mechanism that would recover ACE community solar billing credit costs and other community solar costs through the Company's Regional Greenhouse Gas Initiative Recovery Charge ("Rider RGGI"). The cost recovery method contained in ACE's petition should be approved by the Board and made applicable to both the permanent and pilot community solar programs.

EDC Community Solar Tariff: ACE proposed a community solar Pilot Program tariff as part of its June 1, 2021 petition. ACE recommends that the Board approve ACE's proposed Pilot Program tariff and, to the extent practicable, establish a similar tariff for the Permanent Program.

Rate Class Eligibility: ACE believes that the Permanent Program should exclude certain classes from eligibility. The Community Solar Energy Pilot Program was intended to increase access to solar energy for customers who have less access to solar energy through other existing programs. The commercial and industrial customers that participate in the Commercial and Industrial Energy Pricing ("CIEP") category are not the customer class for which this program was intended. CIEP customers have the ability and sophistication to access solar through other existing programs.

Additionally, the rate classes of Street and Private Lighting, Contributed Street Lighting, and Direct Distribution Connection should also be excluded. These classes are also not the intended target classes for community solar. The eligibility for the Permanent Program should be limited to the Residential and Small Commercial customer classes. However, if CIEP customers are not excluded from the Permanent Program, these customers should be priced at an average hourly rate based on PJM wholesale market prices for the ACE PJM Zone for pricing certainty and ease of administration.

Grandfathering of Pilot Program Regulations: Where possible, and with certain exceptions, such as utility ownership, regulations adopted for the Permanent Program should be similar to those established for the Pilot Program to avoid the difficulty of administering one set of regulations for the Pilot Program projects and a second set of regulations for the Permanent Program. ACE is concerned that it would be difficult, costly, and inefficient to implement two different sets of programs and processes.

Permanent Program Rulemaking: A rulemaking for the Permanent Program should be in place at least six months in advance of the start of the Permanent Program, to permit time for required utility administrative changes. If significant billing changes are required, additional time could be required.