

PowerMarket

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May 6, 2022

Honorable Carmen D. Diaz
Acting Secretary of the Board
State of New Jersey
Board of Public Utilities
44 South Clinton Ave., 1st Floor
PO Box 350
Trenton, NJ 08625-0350

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

Dear Acting Secretary Diaz:

PowerMarket hereby submits comments concerning the Board's request seeking preliminary input on the design of the permanent Community Solar Energy Program. PowerMarket applauds the Board for its leadership in developing the permanent program as a key component of Governor Murphy's goal of achieving 100 percent clean energy by 2050.

PowerMarket has significant experience with community solar programs including managing over 500 MW of community solar across nine states with over 50,000 subscriber accounts participating in its projects. PowerMarket has had the privilege of managing many of the first community solar projects in these markets, including several projects under New Jersey's pilot program, providing it unique insight and experience in addressing the inevitable challenges that arise in the administration of community solar. PowerMarket is excited for the advancement of community solar in New Jersey and requests certain changes and additions so the program can have the greatest opportunity for success.

We respectfully submit the bulleted comments below for your consideration.

- **Make net-crediting/consolidated-billing a key strategic priority**
The requirement that community solar customers pay two separate bills limits access to the benefits of community solar, especially among low- to moderate-income (LMI) households, because it drives up soft costs that impact consumers and ratepayers. The Board's intent is clearly to create a robust and inclusive community solar market in New Jersey. To achieve that goal, it is critical that a viable "one-bill" solution be implemented for community solar. PowerMarket recommends that the Board review and reference the State of New York Public Service Commission's Order Regarding Consolidated Billing for Community Distributed Generation, Case 19-M-0463 (Issued and Effective December 12, 2019). The implementation of net-crediting/consolidated-billing will significantly reduce costs for community solar projects in New Jersey while also increasing benefits for subscribers and low-income customers.
- **Establish procedures for the handling of Banked Credits**
The Board should consider procedures where 1) banked credits roll over in perpetuity on a subscriber account, 2) banked credits on a subscriber account are automatically returned to the Host if a subscriber is removed from a community solar project, and 3) the Host has two years from the time credits are

applied to its bank to transfer to subscribers. By adopting these procedures, the subscriber organization will be able to fully monetize those banked credits and not lose out on any value by nature of an action taken by a subscriber. PowerMarket recommends that the Board review and reference the State of New York Public Service Commission's Order Clarifying Banking Rules Under the Community Distributed Generation Program, Case 15-E-0751 (Issued and Effective May 17, 2021). This Order provides a prudent and well-thought out approach to treating banked credits and should be used as a guide by the Board to implement similar rules in New Jersey.

- **Allow multi-family properties to receive residential community solar value**

Because the current community solar credit value is based on the subscriber rate class, this mechanism fundamentally disincentivizes the inclusion of multi-family affordable housing since they are on a rate class that has a lower retail rate of electricity and therefore a lower community solar credit value. The Board should consider ways to equalize the value of community solar credits across subscriber rate classes.

In New York and Massachusetts, the credit rate applicable to each kWh generated from the solar project is the same regardless if a subscriber is a residential homeowner, a small business, or a multi-family affordable housing. Equalization of these values would help achieve equity in the community solar market, whereby residents of mastered-metered multi-family properties have the same access to the benefits of community solar as other residential subscribers.

- **Streamline LMI rules by designating low-income-focused geographic areas**

PowerMarket supports placing a strong emphasis on efforts to improve and facilitate LMI inclusion. There are practical concerns that should be considered. Straightforward rules should be established to allow enrollment of accounts that support LMI populations without onerous or burdensome verification requirements. Specific geographic areas could be designated where eligible accounts located within that geography would be considered LMI as of right. For example, in Massachusetts, low-income-focused projects are those where 50% of the project capacity are allocated to either participants in utility financial assistance programs or residents of low income designated Environmental Justice areas where one or more of the following criteria are true: 1) the annual median household income is not more than 65 per cent of the statewide annual median household income; 2) minorities comprise 40 per cent or more of the population; 3) 25 per cent or more of households lack English language proficiency; or 4) minorities comprise 25 per cent or more of the population and the annual median household income of the municipality in which the neighborhood is located does not exceed 150 per cent of the statewide annual median household income. This type of framework ensures the program is clear, streamlined, and effective.

To maximize the realization of benefits to LMI residents, including those that reside in multi-family affordable housing, the Board should consider providing a community solar credit value to multi-family properties, including multifamily affordable housing, at a residential rate, not a commercial rate.

- **Eliminate unnecessary geographic limitations**

PowerMarket recommends the Board eliminate the criteria that favors projects that place a geographic restriction on the subscribers for the lifetime of the project. While it makes sense that the project be located within the EDC service territory or in a low-income focused geographic area, it is not clear that additional geographic restrictions result in a material benefit to the state. These additional requirements may cause unintended harm by increasing customer acquisition costs because the pool of available subscribers is limited. It could also potentially exclude certain residents and communities. At a minimum,

low-income subscribers should be provided a general waiver to allow low-income households to be subscribed to any project regardless of location within the EDC service territory.

- **Spur significant new solar development with automatic enrollment**

While PowerMarket wholeheartedly agrees that consolidated billing is a pre-requisite, the implementation of an “opt-out” community solar model is the most straightforward way to significantly increase access of LMI households to community solar. Rules should be established to prioritize the enrollment of LMI customers within jurisdictions that locally authorize “opt-out” programs. This will reduce soft costs associated with solar by eliminating the need for individual customer contracts and customer credit checks while reducing, although not eliminating, customer acquisition costs. Connecting people, at scale, with cost-efficient solar represents a giant leap forward and it is PowerMarket’s recommendation that this policy be aggressively pursued by the Board.

- **Consider increasing the overall size of the community solar program**

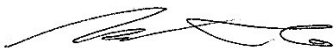
Community solar has potential to be a great strategy for increasing solar in the state. Community solar projects are appropriately sized for the communities in which they are located. In addition, the positive relationship between subscribers and these community-scale projects, presents a unique and powerful opportunity to achieve board-based support for the development of new renewable energy resources in New Jersey. We certainly support the allocations that have been made and would encourage the Board to consider further increasing the size of the program over time.

Again, we applaud the Board’s leadership and considerable efforts in advancing New Jersey towards its goals on renewable energy and more generally, the Governor’s comprehensive energy strategy embodied in the state’s Energy Master Plan.

We would be grateful for your consideration of the comments submitted.

Please do not hesitate to contact me if you have any questions at (716) 466-5666 or brad.tito@powermarket.io.

Respectfully yours,



Brad Tito
Director of Community Energy
PowerMarket