

Arcadia

May 6, 2022
Request for Comments
In the Matter of the Community Solar Energy Program
Docket No. QO22030153

New Jersey Board of Public Utilities

Comments of Arcadia on Community Solar Permanent Program

Arcadia appreciates the opportunity to provide comments to the Board of Public Utilities (the “Board”) as part of the community solar permanent program rulemaking process. New Jersey is poised to be a national leader in community solar. The state’s emphasis on continuous improvement and incorporating stakeholder feedback throughout this process is highly commendable. This process coupled with the Board’s commitment to robust standards will ensure a sustainable community solar permanent program available to all interested New Jersey households.

Below is an overview of Arcadia’s extensive experience working in the renewable energy sector across the United States. This is followed by responses to the Board’s questions that are most important to Arcadia, notably numbers 7, 11, 12, 14, 17, and 18.

Background

Arcadia is building the software necessary for everyone in New Jersey to realize the full benefits of clean energy. Today, customers face a bewildering assortment of energy technologies – ranging from energy efficiency and renewable energy offerings to battery storage and electric vehicles – all of which have unique capabilities, costs, and user experiences. Arcadia’s software makes it possible for energy technology providers to delight their customers and move clean energy forward by enabling simple user experiences that will save people money. The first industry served with Arcadia’s software is community solar, where Arcadia manages subscribers across more than 700 MW nationwide - making it the largest manager of residential community solar subscribers in the United States.

Recommendations

II. Project Selection

#7 How should projects be selected for participation in the Permanent Program? Please provide a detailed description and discussion of the advantages and disadvantages of your proposed method of selection, with an emphasis on establishing criteria that are transparent and easily verifiable.

The permanent program should transition to an Open Tariff Enrollment setup under the Administratively Determined Incentive Program. Such a

process can be done in a way that meets all of the Board's objectives, including robust LMI participation. The open tariff enrollment approach has the added benefit of reducing administrative burden from that of the original solicitation process. This will lead to more regulatory certainty and ultimately, more community solar projects coming online and serving more customers faster. In fact, the nation's leading community solar programs, including those in New York, Massachusetts, Maryland, and Maine, all use this type of process. It would be reasonable for the Board to consider a transition period to implement this important change.

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?

The Board should continue the existing low and moderate income (LMI) requirements in the permanent program. To be sure, this requirement is only tenable with additional enhancements to LMI verification methods and processes. In addition to the proposal below, additional suggestions are laid out in Arcadia's answer to question #12.

Requiring geographic proximity is a barrier for low income customers.

Low income customers, or the 51% of projects serving low income customers, should not be required to follow strict county or municipal adjacency requirements. U.S. Census Bureau data demonstrates that New Jersey's LMI populations tend to be concentrated in urban areas, including Newark, Paterson, and Camden.¹ A limited number of projects will actually be located in the same or adjacent counties and municipalities as these populations. The end result will be significant LMI populations that will have little to no access to the program.

To prevent that, Arcadia suggests that any LMI household in New Jersey be able to subscribe to any project within the same electric distribution company territory, without any preference given to those in the same or adjacent counties/municipalities, so as to not under-incentivize some LMI households based on their location and lack of proximity to an ample supply of projects.

Additional action is needed to support community outreach and education.

It is important to recognize that when many households first learn about community solar – a product that allows them to support local solar power and

¹ United States Census Bureau. QuickFacts: Camden city, New Jersey; Paterson city, New Jersey; Newark city, New Jersey; New Jersey
<https://www.census.gov/quickfacts/fact/table/camdencitynewjersey.patersoncitynewjersey.newarkcitynewjersey,NJ/PST045221>

receive bill savings – they are skeptical. And many think the offering sounds too good to be true.

Helping dispel the notion that a legitimate community solar offering is too good to be true would significantly improve customer interest in the program. In particular, government-produced material, including literature, online videos, and emails endorsing the program will increase customer trust and confidence. Above other options, Arcadia strongly recommends a brief, one-minute video address by Governor Phil Murphy or Board President Joseph Fiordaliso to be posted on the Board's website, and which can be shared with new community solar subscribers, welcoming them to the program.

#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?

LMI verification enhancements are needed to achieve the Board's robust LMI participation goals. Arcadia understands and agrees with the Board's desire to maintain robust LMI participation in the community solar program. Naturally, having more ways to verify someone as LMI increases the number of ways these important customers can verify their income status and increases the probability that they can properly enroll and participate. Simply put, the more LMI verification methods available, the better. Conversely, onerous LMI verification methods discourage qualifying customers from participating and add unnecessary burden to subscriber organizations. Notably, self-attestation should be allowed. In addition, the Board should expand geoelegibility methods to include designated LMI Census Tracts and Census Tracts with substantial populations of overburdened communities, and all government income-based assistance programs should auto-qualify customers as LMI.

Customers should be able to self-attest that their annual income is at or below the LMI threshold as noted in the program regulations with a single click or signature. Self-attestation is the single most important LMI Verification method that will increase LMI enrollment. From our experience, customers are exceptionally honest about their income. Allowing customers to review the HUD income threshold of 80 percent of the median income, and checking a box to indicate their income is above or below that threshold, is a simple way for customers to attest to their income, without the need to find and share additional documentation.

Geoelegibility should be expanded to include overburdened communities. Auto-qualifying customers based on their Census area is the least burdensome method of LMI verification available. Because customers in these areas do not need to take any additional action or find further documentation to qualify, this is simply the easiest way for LMI customers to be verified. As the Board has an

interest in removing barriers to program participation for LMI customers, we strongly suggest an expansion of the auto-qualifying Census areas through two means: 1) Include overburdened communities as defined by the Board's Office of Clean Energy Equity; and 2) Expand to designated Census Tracts.

New York allows for the auto-qualification of customers in priority Census Tracts that are low- and moderate- income or are considered to have a substantial disadvantaged community population.² The "Disadvantaged Communities" designation goes beyond income to identify geographic regions including, "those that bear the burdens of negative public health effects, environmental pollution, impacts of climate change, and possess certain socioeconomic criteria, or comprise high-concentrations of low- and moderate- income households."³ Specifically, New York's main community solar program, the Community Distributed Generation program, is planning to use the state's formal disadvantaged communities definition to target the benefits of clean energy investments once finalized early next year. In the interim, they currently accept an expansive interim definition of "disadvantaged communities" to include New York Opportunity Zone Census Tracts, which are defined as, "An Opportunity Zone is a low-income census tract with an individual poverty rate of at least 20 percent and median family income no greater than 80 percent of the area median."⁴

All federal and state income based assistance programs should-auto qualify customers as LMI. Participation in any income-based assistance programs with a maximum income threshold at or below 80 percent of the median income, as determined by annual HUD income limits, should qualify a customer as LMI, without the need for the Board to list the specific program.

For example, Medicaid participation should qualify a customer as LMI in the community solar program. Medicaid is a widely-used, jointly funded state and federal health care program for eligible individuals with limited financial means - and often disabilities, dependents, and other notable health circumstances. In New Jersey, qualifying Medicaid recipients must have annual incomes at or below 138% of the Federal Poverty Level (FPL) which is set at \$18,756 annual income for a qualifying individual in 2022, and 205% of the FPL for pregnant women, which is \$27,859 annual income for a qualifying individual. As of March 2022, New Jersey has 1,151,405 adult residents over the age of 20 enrolled in the NJ FamilyCare Plan, As such, Medicaid recipients, which represent roughly ~17% of total New Jersey adult residents over the age of 20, inherently

² New York State Energy Research and Development Authority. Disadvantaged Communities. <https://www.nysesda.ny.gov/ny/disadvantaged-communities>.

³ New York State Department of Environmental Conservation. Disadvantaged Communities Criteria <https://climate.ny.gov/DAC-Criteria>.

⁴ Empire State Development. Opportunity Zone Program: Building Investment in Under-Served Communities <https://esd.ny.gov/opportunity-zones>.

encompass some of the most impoverished members of the New Jersey (and American) populace.

In addition, the Board accepts participation in the Lifeline Utility Assistance Program (LUAP) as LMI verification and notably anyone in NJ may qualify for LUAP by being on Medicaid. This facilitates subscribing interested eligible LMI customers. From the rules:

14:8-9.8(i) Proof of participation in one or more of the following: LIHEAP, Universal Service Fund, Comfort Partners, Lifeline Utility Assistance Program, Payment Assistance for Gas and Electric, Section 8 Housing Choice Voucher Program, Supplemental Nutrition Assistance Program, the Lifeline program administered by the Universal Service Administrative Company, or other low- or moderate-income local, State, or Federal programs, as may be added to this list by the Board by Board Order;

Pay stubs should be an accepted document for verifying LMI status.

Customers participating in a low income program can not always readily point to their program award letter or other proof. Indeed, not all low income customers who qualify for low income assistance programs actually participate in them. For these very customers, and particularly those not in an geo-eligible Census Block Group, there is currently no other way for them to verify their LMI status. However, pay stubs are abundant and most customers are able to locate these documents. Therefore, customers should be able to present a pay stub as proof that their income is within the accepted LMI range. This is important when other methods may not be available, and is effectively a last chance to ensure these customers can be qualified to participate when they cannot otherwise provide verification. While pay stubs should be accepted, they are in no way a substitute or tradeoff for any other method, particularly self-attestation and expanded geoelegibility. Indeed, not every low income customer is gainfully employed and receiving pay stubs.

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).

Customers care about supporting local clean energy and bill savings, not project proximity.

Arcadia understands the Board's desire to have customers sited close to their project. When Arcadia first entered the community solar business, we assumed

customers had this same desire. However, thanks to our extensive experience in the market across multiple states, we have learned that customers are less interested in having close proximity to a project than they are in supporting local clean energy and receiving monthly bill savings. These attributes – supporting local clean energy and receiving savings - are what matter most to customers, and we strongly recommend that this community solar program optimize around those key attributes. In addition, geographic proximity requirements have proven to be unduly burdensome and limit program access to in-city LMI populations.

If the Board will not entertain removing geographic restrictions for all customers, such restrictions should only apply to the 49% of the project that is not served by LMI customers, and the 51% LMI portion of projects should not be restricted by geographic proximity. Arcadia provided more information on this in the answer to question #11.

#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?

The Board should not revisit automatic enrollment. Customer choice is paramount to community solar. Indeed, it is customer action that puts the *community* in "community solar". If, in the future the Board decided to examine such a program more closely, we suggest that a thorough study be conducted to ensure any auto enrollment program: 1) Does not upend the existing program; 2) Utilities meet consistent interconnection and billing and crediting standards; 3) Can be implemented consistent with customer data privacy rights; 4) Such a program helps all New Jersey residents and not just those in a certain municipality or enrolled in a certain utility rate assistance 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?

Utility billing and crediting practices are capable of making or breaking a community solar program. Customers rely on the credits of their subscription. When community solar credits are delayed, inaccurate, misplaced, or otherwise erroneously applied to customer bills, customers lose faith in the program. This

erosion of customer trust is a threat to one of the state's important clean energy programs.

Billing and crediting is difficult work, and Arcadia believes utilities do their best to do this well. Based on our experience working on community solar with 22 utilities across nine community solar markets, we have established this list of utility billing and crediting best practices, which is echoed in the Coalition for Community Solar Access's comments. In our experience, utilities only meet these standards if regulations require them to do so. Ensuring utilities meet reliable billing and crediting standards is integral to program success. Related, projects need to be able to update subscriber allocation lists frequently to ensure they can fully serve their customers and allot them the proper amount of project capacity.

Utility billing and crediting best practices

- Utilities create and maintain submission portals and automate subscriber allocation list processes for projects.
- Subscriber allocation list processes allow bulk uploads of customer data including at least 1,000 subscriber accounts per batch.
- Community solar credits are applied to customer bills on a monthly, consistent, and uninterrupted basis.
- Community solar credits are always applied against the full amount due on the Subscriber's monthly electricity bill.
- Unused bill credits applied to the host account rollover for a minimum of two years and unused credits applied to subscriber bills rollover indefinitely.
- Utilities treat missing and erroneous bill credits as rollover credits.
- Customers are able to keep their subscriptions when they move to an address within the same utility service territory, without taking any additional action beyond what is required to start their electricity service at their new service address.
- Within 90 days of detecting a billing or crediting problem affecting more than 100 customers, the utilities provide a report to the Board, which is also made publicly available. This report includes: number of customers affected, dollar amount of credits affected, estimated time to rectify affected customers, plan for rectifying customers, changes to prevent similar errors from happening again.
- The Board facilitates a billing and crediting working group meeting with each of the EDCs and members of the community solar industry on a monthly basis to work through common billing and crediting errors. The New York Department of Public Service and the New York State Energy Research and Development Authority jointly run a model working group dubbed the *Community Distributed Generation Billing and Crediting Working Group*, which has resolved a significant number of billing and crediting issues without the need to formally escalate to the

Commissioner level as is necessary in states without such a robust working group.

Prioritizing customer billing and crediting issues is becoming more common in other programs. At the beginning of the year, the Maryland Public Service Commission updated their community solar program rules to include a number of the important updates listed above. For reference, the updated regulations are included in the appendix.

Conclusion

We appreciate the opportunity to provide these comments and look forward to our continued work with the Board. Please contact James Feinstein at James.Feinstein@arcadia.com or 202 999 8916 if you would like to discuss these matters further.

Sincerely,

A handwritten signature in black ink that reads "James Feinstein". The signature is written in a cursive style with a large, stylized initial "J".

James Feinstein
Senior Policy Manager
Arcadia

APPENDIX - Maryland's recently updated community solar billing and crediting regulations

20.62.02.04 Subscription Credits.

A. Subscriber List.

(1) List Composition.

- (a) A subscriber organization shall provide the electric company with electronic data indicating the proportion of a community solar energy generating system's output that shall be applied to each subscriber's bill.
- (b) An electric company may develop an alternative format for processing subscriber lists.

(2) Update Frequency.

- (a) A subscriber organization may at any time provide an updated subscriber list to an electric company.
- (b) A subscriber organization shall provide an updated subscriber list via the designated electronic portal maintained by the electric company under §H of this regulation or any other format accepted by the electric company.
- (c) An electric company shall use the most recent subscriber list provided by a subscriber organization, subject to submission deadlines incorporated by tariff and accepted by the Commission.

- (3) An electric company shall apply credits using the most recently updated subscriber list provided by the subscriber organization.

B. An electric company shall determine the amount of kilowatt hours to be credited to each subscriber by multiplying the subscriber's most recent generation proportion from §A of this regulation by the metered output of the community solar energy generating system.

C. Application of Subscription Credits.

- (1) Unless otherwise directed by the Commission, an electric company may choose to apply the appropriate kilowatt-hour credit from §B of this regulation to each subscriber's bill as either a reduction in metered kilowatt-hour use or a dollar credit to the subscriber's billed amount.
- (2) An electric company shall choose the same method for all subscribers in a project.

D. If the electric company chooses to apply the credit from §C of this regulation as a dollar amount, the electric company shall apply a credit no less than the value to the subscriber of the credit had it been applied to the subscriber's bill as a reduction in metered kilowatt hours.

E. An electric company shall retain a record of a pilot project's kilowatt hours applied to each subscriber's account for a period of 7 years.

F. Subscription credits shall carry over to the next month's bill until the earlier date on which:

- (1) The subscriber's account is closed; or
- (2) The subscriber's last meter reading prior to the month of April.

G. Subscriber credits that are not carried over under §F of this regulation shall be handled as excess generation.

H. Electronic Portal.

(1) An electric company shall establish and maintain an electronic portal that allows a subscriber organization to provide subscriber lists to the electric company for crediting as required by this regulation.

(2) An electric company that has established an electronic portal prior to the effective date of this regulation shall maintain an electronic portal with the capability that is specified in §H(3) of this regulation for the period of time specified in COMAR 20.62.02.10B for each CSEGS in the program.

(3) An electric company shall allow a subscriber organization to input data electronically in batches of up to 1,000 subscriber accounts per CSEGS, including the ability to add new subscribers, remove subscribers, and edit the allocations of existing subscribers.

(4) Electric companies that do not currently have the capabilities in §H(3) of this regulation as of the effective date of this regulation shall implement these requirements no later than 12 months from the effective date of this regulation.

I. Electric Company Credit Allocation Reporting.

(1) An electric company shall provide a subscriber organization with a report detailing each subscriber's credit allocation.

(2) An electric company shall provide the report described in §I(1) of this regulation no later than the last day of each calendar month following the month of the CSEGS meter reading by the electric company.⁵

⁵ Maryland Division of State Documents, Code of Maryland Regulations,; 20.62.02:
<http://www.dsd.state.md.us/COMAR/SearchTitle.aspx?scope=20>