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**VIA ELECTRONIC DELIVERY**

Carmen Diaz, Acting Secretary  
Board of Public Utilities  
44 South Clinton Ave., 1<sup>st</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

**Re: I/M/O the Community Solar Energy Program**  
**BPU Docket No.: QO22030153**

Dear Acting Secretary Diaz:

Please accept this correspondence on behalf of Public Service Electric and Gas Company (“PSE&G” or the “Company”) in connection with the above-referenced matter. PSE&G welcomes the opportunity to provide comments and respond to Staff’s questions regarding the permanent Community Solar Energy Program. PSE&G remains committed to working with the Board and all stakeholders to take steps to implement the Community Solar Energy Program described in the Clean Energy Act (P.L.2018, c.17) and in the Solar Act of 2021 (P.L.2021, c.9). Consistent with this objective, PSE&G respectfully submits the following responses to the questions indicated.

**I. Program Design and Eligibility**

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?

Response: Projects should be distributed equitably across the service territories of the State’s electric distribution companies (“EDCs”), to ensure that each EDC is awarded capacity at the appropriate level to ensure equitable distribution of the costs of interconnection and of customer costs in the form of credits to be recovered from non-participating customers

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.

Response: The Clean Energy Act is clear that in converting the Community Solar Energy Pilot

Program to a permanent program, “[t]he board shall adopt rules and regulations for the permanent program that set forth standards for projects owned by electric public utilities” as well as by special purpose entities and nonprofit entities. N.J.S.A. 48:3-87.11(f). Thus, the continued exclusion of electric public utilities from ownership participation in the permanent program is contrary to the plain language of the Act and should be eliminated.

The Solar Act of 2021 directed the BPU to increase the size of the existing solar program by 3,750 MW of solar generation by 2026, doubling the growth of solar capacity to 750 MW annually (the average New Jersey solar build rate has been roughly 350 MW annually over the past five years). New Jersey’s annual solar build rate has actually dropped the last 2-years—2021 build was 305 MW. With the low build rate in recent years and declining pipeline it has become evident that an all hands on deck approach is necessary to achieve the state’s solar goals, and EDC participation should be an important part of that effort.

The Clean Energy Act is also clear that the rules and regulations established for the permanent program shall “require the access to solar energy projects for low and moderate income customers,” and “ensure the ability of residential and commercial customers to participate in solar energy projects, including residential customers in multifamily housing.” N.J.S.A. 48:3-87.11(f)(5), (6). PSE&G believes that public utility companies, with their relationships with all customers, are best positioned to effectively satisfy these requirements, and that EDCs therefore should be permitted to develop, own, or operate community solar projects. Additionally, EDC’s are uniquely positioned to develop and manage these types of projects while acting in the best interest of customers. Toward this end, the Board should establish an application process setting forth the standards for EDC participation in the community solar permanent program.

Allowing electric utilities to leverage their existing relationships with currently underserved customers would be a cost-effective, low risk path forward to achieve LMI market penetration. There is a substantial market of LMI customers to serve in PSE&G’s service territory that meet the definition of Low-Income Household. PSE&G is eager to partner with the BPU, the state, cities and municipalities, and other stakeholders to design permanent community solar programs for these customers to help them achieve demonstrable savings while also accessing other utilities services, such as home comfort programs and energy efficiency measures. This approach to LMI community solar would build upon PSE&G’s commitment and successful history of serving LMI customer needs through its Multifamily Energy Efficiency and Comfort Partners programs, as well as the newer Home Weatherization program implemented as part of the Clean Energy Future – Energy Efficiency program.

Permitting full EDC participation in the permanent Community Solar program would enable the utilities to work with the BPU and other stakeholders to create programs that support the state’s goals for solar development with social impact and environmental justice benefits by delivering meaningful savings to LMI customers.

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?

Response: PSE&G recommends that all existing and future state and local land use restrictions be applied to the Permanent Program solar projects. Other than the overall Permanent Program limitations, PSE&G believes there should be no sub-limit on generating capacity for landfill and brownfield sites.

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?

Response: PSE&G will follow normal interconnection procedures, including collecting fees and charges for system studies, equipment and upgrades for any community solar projects submitted for EDC interconnection review. To ensure the safe and reliable operation of the electric distribution system, project developers also must adhere to all current and future interconnection policies and procedures applicable to each EDC.

While there are currently no administrative fees imposed for Level 1 interconnection projects, PSE&G proposes imposition of an application fee for Level 1 projects that covers all administrative costs associated with processing the application. In addition, the existing fees for Level 2 and 3 interconnection should be revisited in this stakeholder process.

Finally, projects should be submitted for EDC interconnection review based on the ranked order identified by the BPU in the competitive application process. This will help to avoid the following: 1) unnecessary costs and time for the EDC engineering teams to review proposals that are not accepted or lowly ranked by the BPU; and 2) the potential result of a higher ranked project receiving a higher interconnection cost simply because it is later in the queue.

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

Response: A scoring system should be established that would provide points to incentivize development of projects proposed in low-saturation areas.

## **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.

Response: See response to item 3) above.

## **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?

Response: See response to item 3).

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)?

Response: All subscribers and the associated solar project must be entirely located within the same EDC service territory.

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?

Response: LMI customers enrolled in an “automatic enrollment project” should not be permitted to “double dip,” i.e., simultaneously participate in the Community Solar Program and any other net metering program.<sup>3</sup> The objective of the Community Solar Program is to provide an opportunity for customers otherwise unable to install solar on their home to subscribe to a solar project. Allowing a customer to participate in both net metering and community solar would be contrary to this objective and could result in an additional, unreasonable cross-subsidy from other customers.

The local government sponsoring any automatic enrollment program should be solely responsible for identifying which customers are qualified LMI customers. The EDCs are not equipped to evaluate which of their customers satisfy the low and moderate income specifications and thus should be held harmless with respect to the erroneous enrollment of residents in the municipal community solar automatic enrollment project.

A municipality implementing an automatic enrollment program will need to first obtain its residents' consent and then provide evidence of that consent to the EDCs before the EDCs can provide historical billing data and other confidential information. To remain consistent with the law, controls must be in place to ensure that the provided consent is, in fact, the customer's consent. EDCs must also be held harmless when the municipality provides that evidence of customer consent.

The municipalities and EDCs must adopt processes and procedures for the exchange of customer information (including but not limited to account numbers, historical usage data) in a manner consistent with State law. As noted above, customer consent is required before this information can be shared by the EDC with the municipality.

The process by which municipalities will receive and store sensitive customer data provided by the EDCs must be clear and unambiguous. Each municipality must be required to implement the cyber-security measures necessary to prevent the inadvertent disclosure of sensitive, proprietary customer information. Any municipality receiving customer information must first indemnify the utility, in writing, against claim or damages for such breach. The EDCs must be held harmless if the municipality breaches its security requirements

## **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?

Under the existing community solar (pilot) methodology, the subscriber organization provides the Company a monthly allocation (via an Excel file) of each subscriber's share of the solar project's generation. The Company utilizes this file to calculate and apply the community solar bill credit to the subscriber's bill (whereas the subscriber organization issues its own bill to the customer for its subscription fees). With respect to potential changes to the current process (involving the communication between the entities or the allocation of credits), any modifications or enhancements will likely be dependent on the consolidated billing methodology that the Board ultimately adopts, if any, and the details of that methodology. The EDCs' Consolidated Billing Report ("EDC Report", submitted to the Board on May 28, 2021), details a recommended "Utility Consolidated Billing model" – including an approach to eligibility and participation, stakeholder roles, community solar credits and subscriber organization fees, and data exchange requirements.

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

With respect to solar net metering in general, PSE&G believes that the significant benefit provided to participating customers and paid for by non-participating customers should be reconsidered as

the state continues to implement increasing amounts of solar pursuant to the Energy Master Plan and Clean Energy Act policies. That said, PSE&G has no specific comment on the value of the bill credit awarded under the community solar pilot program.

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 the Board address payment default by customers?

PSE&G supports the recommendations included in the referenced EDC Report, including the recommendation that – should the Board approve the implementation of a consolidated billing program – a “Utility Consolidated Billing” methodology should be implemented whereby a subscriber organization's charges are included on PSE&G's bill, rather than a model that would have a subscriber organization or other third party include PSE&G's charges on its bill. See Sections II and IV in the EDC's Report for more details.

In regards to the question of “payment default by customers”, as noted in Section VI of the EDC Report, the issue of the receivables related to the EDCs' billing of subscriber fees ultimately will depend on the billing method ultimately adopted and/or implemented by the EDCs (i.e., a “Net Credit” versus a “Subscriber Fee as a Separate Line Item” approach). Under a net credit approach with guaranteed savings, the subscriber fees are automatically applied against the Community Solar Credit that would have otherwise been provided to the customer. The EDC then uses the withheld portion of the credit to pay the Subscriber Organization the subscriber fee, and the EDC is made whole for the full amount of the Community Solar Credit through its rate recovery mechanism. Through this approach, the entirety of the subscriber fee transaction is concluded at the time the EDC applies the Community Solar Credit (net of the subscriber fee) to the customer's bill and, accordingly, any remaining charges on the customer's bill are related to the customer's distribution and generation service. As a result, any subsequent non-payment by the customer should be handled using the same procedures currently in place for customer non-payment of charges for utility service (*e.g.*, notice and disconnection procedures, and recovery of uncollectibles through the Societal Benefits Charge (“SBC”)).<sup>1</sup>

However, if an EDC includes a subscriber fee as a separate line item on the EDC's bill, the EDC will put the entire Community Solar Credit on the customer's bill and separately charge the customer for the value of the subscriber fee. The EDC will continue to pay the Subscriber Organization for the value of the subscriber fee and recover the full amount of the Community

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<sup>1</sup> EDC Consolidated Billing Report, page 37-38.

Solar Credit through its rate recovery mechanism. However, in this billing scenario, the EDC will not have been made whole for the value of the subscriber fee until the customer pays the next EDC bill. The question then arises: what should the EDC do if the customer does not make full payment of the EDC bill? Similar to current practice for utility consolidated billing for retail access, these amounts should be treated as any other receivable due the Company for distribution and generation service. Thus, any non-payment by the customer would be handled in the same manner as a customer's non-payment of charges for utility services (*e.g.*, notice and disconnection procedures, and recovery of uncollectibles through the SBC).<sup>2</sup>

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

There should be continued dialogue between the Board, EDCs and other stakeholders to determine the most logical, efficient and cost effective mechanics regarding the metering, billing system upgrades, reporting and billing of the projects. Only in a collaborative way, that recognizes the system challenges and investments that these requirements will create, can these new processes be established effectively

PSE&G appreciates the BPU's efforts to implement the Permanent Community Solar Energy Program and looks forward to continued engagement with the BPU and other stakeholders in this matter.

Very truly yours,

A handwritten signature in blue ink that reads "Matthew Weissman". The signature is written in a cursive, flowing style.

Matthew M. Weissman

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<sup>2</sup> EDC Consolidated Billing Report, page 38.