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May 15, 2023

VIA ELECTRONIC MAIL
Honorable Sherri L. Golden
Secretary
State of New Jersey
Board of Public Utilities
Post Office Box 350
Trenton, New Jersey 08625-0350

Re: I/M/O the Community Solar Energy Program
Docket No: QO22020153

Dear Secretary Golden:

I enclose Rockland Electric Company's Rockland Electric Company submits these comments in response to the Notice issued by the Board of Public Utilities ("Board"), dated March 30, 2023, in the above-referenced Docket. Please note that Rockland Electric Company is making this filing solely in electronic form pursuant to the Board's directive in its Emergency Order dated March 19, 2020, in BPU Docket No. EO20030254.

Please contact me if you have any questions regarding this filing.

Very truly yours,

/s/ John L. Carley

John L. Carley
Associate General Counsel

Rockland Electric Company Comments
In the Matter of the Community Solar Energy Program

BPU Docket No. QO22020153

Rockland Electric Company ("RECO" or the "Company") submits these comments in response to the Notice[1] issued by the Board of Public Utilities ("Board") in the above-referenced Docket. The Notice included a Straw Proposal ("Straw Proposal") setting forth Board Staff's recommendations for a permanent Community Solar Energy Program ("CSEP") in New Jersey. The Company supports the establishment of a permanent CSEP that builds upon the success of the Community Solar Energy Pilot Program ("Pilot Program"). The CSEP will facilitate the achievement of the State's ambitious clean energy goals.

The Company cautions, however, that while many of the Straw Proposal's recommendations can be implemented in a timely manner, others, such as Net Crediting, will require time to develop processes and agreements and for subsequent implementation and automation. The Company recommends that prior to implementation of a Municipal Automatic Enrollment ("Auto Enrollment") program, Net Crediting be offered for a period of time sufficient to allow for the development and implementation of any needed updates to program processes and procedures, as well as time for interested parties to incorporate Net Crediting into their ongoing operations. In addition, a working group should be established to evaluate and develop the detailed rules and procedures necessary for a successful Auto Enrollment program.

Finally, RECO supports allowing Electric Distribution Company ("EDC") ownership of community solar projects and recommends the Board include opportunities for EDC ownership in the permanent CSEP, as it offers a cost-effective and all hands on deck approach to achieving the State's solar targets.

<u>EDC Ownership of Community Solar Projects</u>

Pursuant to the clear directive of the New Jersey Clean Energy Act of 2018,[2] EDCs should be allowed to own community solar projects. EDCs play an important role in realizing the State's clean energy goals which should leverage approaches and investments that work toward the community solar guiding principle to provide maximum benefit to ratepayers at the lowest cost.[3] An EDC ownership model would leverage cost-effective measures to benefit customers for the development of community solar including: (1) a favorable cost of capital, (2) full Board review of costs, and (3) the availability of net revenues from projects, including those from participation in a solar REC program, to be used for the benefit of customers.

EDC ownership through a regulated model provides protections and benefits to customers that may be absent from third-party development models. As regulated entities, the Board would

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[1] *In the Matter of the Community Solar Energy Program*, BPU Docket No. QO22020153, Notice (dated March 30, 2023).
[2] N.J.S.A. 48:3-87.11(f)
[3] Notice, p. 5

review projects in a process to consider the costs and benefits of EDC proposals for alignment with customer interests and the State's clean energy objectives while also establishing ratemaking approaches to provide for timely cost recovery once projects become operational. Another benefit for customers is the EDCs' overall lower return and risk profile. In addition, EDCs can prioritize utility-scale renewable generation assets that may avoid or defer infrastructure investments on the transmission or distribution system by providing capacity relief or avoiding system upgrades for interconnection. Further, any net revenues received from projects, including those from participation in the Successor Solar Incentive ("SuSI") program, can be passed back to customers.

The Company stands ready to work with Board Staff and other stakeholders to develop the regulatory framework for such ownership.

Storage

RECO supports Board Staff's recommendation to not incorporate energy storage requirements or a preference for energy storage in the CSEP. Addressing the multitude of issues surrounding energy storage, including metering, interconnection, compensation, and co-location with other renewables is best evaluated in a separate proceeding dedicated to energy storage. The Company has participated in the proposed Storage Incentive Program proceeding[4] and looks forward to working with Board Staff and interested stakeholders to establish rules to enable the deployment of energy storage.[5]

Minimum Maturity Requirements

The Company supports the recommendation to establish minimum project maturity requirements that must be met prior to application to the CSEP, which will encourage the deployment of viable projects. Minimum project maturity requirements are an important part of a queue management process that will streamline the community solar project development process.

An interconnection queue management process is essential to maintaining a vibrant renewable energy environment that encourages and enables developers to deploy increased amounts of renewables in furtherance of the State's clean energy goals. It was suggested at the stakeholder meeting that EDCs will sort through a large volume of applications received at once and determine which ones to study first, thereby benefiting those projects. However, EDCs do not use discretion when determining the order in which to study applications – an interconnection queue management process would evaluate completed applications on a first come, first served basis. The EDCs recommended such a process in the Grid Modernization Proceeding[6] in which a project would be considered as being in the queue once the application is considered an accepted application. If hosting capacity in limited in the specific location, the EDC could provide feedback to the Board that the number of projects that submitted applications exceeds the available hosting capacity. In this situation, the Board, or its designee, could prioritize their review of the applications to remove non-viable projects in order to free up hosting capacity for viable projects.

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[4] Docket No. QO22080540, *In the Matter of the New Jersey Energy Storage Incentive Program*

[5] Straw Proposal, p. 21

[6] Docket No. QO21010085, *In the Matter of New Jersey Grid Modernization Interconnection Process*

Requiring an executed EDC interconnection study or evidence of submittal of a Part 1 Interconnection Agreement (depending on project size) will likely result in an increased volume of study requests and/or Part 1 Interconnection Agreement executions, especially given that change in application submittal to a first come, first served basis. RECO recognizes that this increased volume will translate into increased costs for time spent processing applications. That said, RECO's current personnel dedicated to the review of distributed energy resource ("DER") interconnections will need to be supplemented in order to address the increased workload, and the Board should approve full and timely recovery for these increased costs, preferably via a surcharge.

Process for Notification of Community Solar Application Approval

Given that Community Solar applications will be reviewed and approved by the SuSI program Administrator, a process must be established to provide notification to the relevant electric distribution company ("EDC"). Accordingly, the SuSi Administrator and the EDCs must establish a notification procedure that works for all parties.

Subscriber Requirements

The Company recommends that the language in proposed section 14:8-13.5(i)(2) be clarified to state that a subscriber may be allocated a maximum of 40 percent of the project's monthly energy production. Tying the allocation percentage to total annual net energy will be extremely difficult for both project owners and EDCs to manage, given that total annual net energy will be unknown until the project's meter reading in the twelfth month. Such a process leaves no time to adjust subscriber allocations. In contrast, using a monthly maximum of 40 percent results in a similar outcome and one that can be administered easily by the project owner/subscriber organization.

RECO also supports the requirement that projects may enroll subscribers located anywhere in the EDC service territory to which the project is interconnected.[7] In addition, RECO supports removing the criteria employed by the Pilot Program that set a maximum of 250 subscribers per MW of installed capacity.

The Company will notify the subscriber organization when a subscriber's utility account is terminated or suspended, as required by proposed section 14:8-13.5(i)(7), via a monthly Host report that contains information on all subscriber's credits, excess credit carryovers, and other information (including specifying the closure of a subscriber account) related to the subscriber's participation in a community solar project. The Company notes that this notification will not be contemporaneous with the account closure but rather will be on a time lag due to the timing of this report, *i.e.,* after all subscribers have received their monthly credit. Consequently, a subscriber organization wishing to replace one subscriber with another under this scenario may experience a two bill cycle period between closure of a subscriber's utility account and enrollment of a replacement subscriber. Leveraging this report produces certainty to subscriber organizations that know to review the monthly reports for this type of subscriber activity.

Community Solar Subscribers Cannot Have On-Site Generation that is Net Metered

[7] Proposed section 14:8-13.5(h)

Rules under the automatic enrollment program preclude automatic enrollment of customers that are net metering customer-generators.[8] However, under requirements applicable to all subscribers, subscription size is limited to "100 percent of the subscriber's historic annual usage, excluding net-metered generation"[9] which implies that customers with net metered generation can enroll in community solar. Community solar enables customers to enjoy the benefits of renewable energy even though they are unable to install clean energy generation equipment (*e.g.*, solar panels) directly on their own properties.[10] To align with the purpose of community solar, the regulations should expressly state that subscribers cannot be net metered customers. In order to make community solar benefits available to a greater number of customers, the proposed rules appropriately prohibit subscribers from participating in more than one community solar project.[11]

<u>Low- and Moderate-Income ("LMI") Subscriber Requirement</u>
Inclusion of LMI customers in the clean energy transformation is important to enabling benefits to be enjoyed by all New Jersey customers. A focus on LMI customer participation in the various clean energy programs offered throughout the State will promote development of programs geared toward this population while encouraging greater participation by LMI communities. RECO strongly supports the Straw Proposal's requirement that the subscriber organization is responsible for identifying which subscribers qualify as LMI customers.[12] The EDC should not be involved in the identification and verification process, especially since EDCs do not have access to much of the listed identification criteria.

Moreover, RECO is unclear of the impact of financial penalties on a project that does not meet or maintain the LMI subscriber requirements.[13] RECO will apply bill credits to subscriber accounts based on the monthly Subscriber Allocation Forms received. Any financial penalties assessed on a project owner should not impact the monthly crediting process or require any adjustments to be made by an EDC. The proposed regulation should clarify that any financial penalties will not impact subscribers' or projects' electricity bills.

<u>Annualized Period</u>
RECO supports permitting a subscriber to select one annualized period, which shall remain for the duration of the subscriber's participation in the specific community solar project.[14] Allowing a subscriber to change its annualized period frequently will cause customer and subscriber organization confusion regarding the amount in the bank and what the most recent selection is, and will produce an unnecessary administrative burden on the EDC, including on its call center,[15] all of which outweigh any subscriber benefits. Moreover, only a subscriber should be permitted to select the subscriber's annualized period.

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[8] Proposed section 14:8-13.5(j)(6)(i)
[9] Proposed section 14:8-13.5(i)(1)
[10] Straw Proposal, P. 4
[11] Proposed section 14:8-13.5(i)(5)
[12] Proposed section 14:8-13.7(d)
[13] Proposed section 14:8-13.7(f)
[14] Proposed section 14:8-13.6(f)(3)
[15] Proposed section 14:8-13.6(f)(2) provides that "an annualized period shall continue for a period of 12 months, until…[a] different annual period is selected and accepted…"

Subscriber organizations should not be permitted to select an annualized period,[16] but rather should be tied to the date of commercial operation[17] or to the end of the first billing month during which project generation was delivered to the grid. This annualized period cannot change once it is established. At the end of each annualized period, any unallocated generation in the project's "bank" will be compensated at the EDC's avoided cost of wholesale power.

Net Crediting

RECO supports the Straw Proposal's recommendation that only EDCs should provide consolidated billing for community solar projects and to implement a net crediting methodology. RECO has seen the success of net crediting through the implementation by its corporate parent, Orange and Rockland Utilities, Inc., in New York where net crediting has been offered for several years. Requiring all community solar projects to participate in net crediting will encourage project owners/subscriber organizations to enroll LMI customers in projects without the necessity for credit checks or other background review. In addition, one compensation methodology for community solar projects eases the administrative burden of EDCs to manage the billing of community solar and decreases potential customer confusion when switching between community solar projects that use net crediting and those that send separate subscriber bills. Moreover, EDCs will incur costs to implement net crediting that should be borne by participating projects; authorizing voluntary participation in net crediting will shift that cost burden to non-participating customers.

While the Company appreciates the urgency of implementing net crediting, from a practical standpoint implementation will not occur by the second quarter of 2024. The Company notes that the development of processes, procedures, agreements, and manuals will take time, after which each EDC's billing system and related information technology systems will need to be upgraded. Automation of net crediting is critical to providing a positive experience for both customers and community solar projects, and this will take time. Moreover, the EDCs will need to work together to provide a similar customer experience statewide. Rather than establishing an implementation date, RECO recommends that the EDCs begin to collaborate shortly after issuance of a Board order and advise Board Staff of their implementation status and progress on a regular basis.

The Straw Proposal defines the term "guaranteed bill credit discount" as the percentage of the bill credits applied with respect to a subscriber's subscription size.[18] However, the proposed rules for net crediting explain that subscribers can have different "savings rates", with a minimum of ten percent.[19] These terms appear to refer to the same concept so to avoid confusion the regulations should be clarified to specify that the terms are the same or only one should be used.

RECO supports a minimum savings rate of ten percent in order to provide meaningful benefits to subscribers. In addition, RECO recommends that if multiple "savings rates" are permitted for each community solar project, subscriber organizations should be required to report these rates

[16] "Staff also recommends that subscribers or subscriber organizations may select an annualized period so that their use of banked credits is maximized." Straw Proposal, p. 18.

[17] Proposed section 14:8-13.6(j)

[18] Proposed section 14:8-13.2

[19] Proposed section 14:8-13.6(q)

to the Board. Further, subscriber organizations should be required to publicly post savings rates so as to provide customers the ability to compare offerings across different subscriber organizations, thereby facilitating the development of a competitive marketplace. Such a marketplace will produce further savings to customers, especially LMI customers.

Cost Recovery of Community Solar Credits

Under a net crediting program, cost of recovery of community solar credits should be equal to the amount of credit applied to a subscriber's electricity bill, prior to the reduction for the subscription fee. The method of recovery should be the same as that used for recovery of credits under the Pilot Program, *i.e.,* as a component of the Regional Greenhouse Gas Initiative Surcharge.[20] The Company recommends that this provision be added to proposed section 14:8-13.8 Cost recovery and EDC responsibilities.

Municipal Community Solar Automatic Enrollment Project

Auto Enrollment will likely result in increased participation in community solar; however, specific processes and procedures must be developed prior to authorizing such a program. These include the methods, timing, and specific customer data to be shared by the EDC with the municipality and/or subscriber organization; applicable data privacy and cybersecurity standards for the handling and control of customer data, including the requirement that local governments shall indemnify the EDC for any breach of customer information;[21] procedures for determining which customers will be enrolled if a project is not sufficiently sized to afford meaningful credits to all eligible customers; enrollment priority rules for Auto Enrollment subscribers who proactively choose to enroll in another project prior to the commercial operation date of the Auto Enrollment project; and the permissible savings rate and whether more than one rate is allowed; among others. It is impractical, confusing, and potentially discriminatory to allow a different savings rate for every customer participating in the same Auto Enrollment program. Given the complexity of such a program, a working group should be established consisting of Board Staff, industry, EDCs, and other stakeholders to evaluate and develop procedures and rules that will result in a successful program.

Subscriber organizations will remain responsible for maintaining and providing subscriber lists to the EDC. Ultimately, local governments must be responsible for determining whether a customer is a resident of the municipality.

Importantly, a project must be entirely Auto Enrollment or not; one project cannot allocate a portion of its generation to Auto Enrollment and a portion to subscribers who proactively enroll in the project. Allowing a project to be split between Auto Enrollment and non-Auto Enrollment will be administratively burdensome on EDCs, may cause customer confusion as well as confusion in an EDC's call center, and may cause discontent among customers who are receiving different savings rates without taking any positive action. This type of split project increases the administrative burden on EDCs that must share customer data with municipalities and multiple subscriber organizations.

[20] Docket No. ER21060870, *I/M/O Petition of Rockland Electric Company Community Solar Energy Pilot Program Cost Recover*, Order Approving Stipulation (issued August 17, 2022)

[21] Proposed section 14:8-13.5(j)(12)

An Auto Enrollment program cannot be offered until consolidated billing, *i.e.,* net crediting, is implemented and automated by the EDC.[22] Net crediting is required for a successful Auto Enrollment program, subscribers who inadvertently did not opt-out may not pay a subscription bill received from a subscriber organization. Proposed section 14:8-13.6(j)(8)(iii) should be clarified to reflect that consolidated billing must be implemented prior to authorizing an Auto Enrollment program. Moreover, net crediting should be implemented and established for a period of time prior to authorizing an Auto Enrollment program so that all processes and procedures are established with any discrepancies or concerns resolved.

[22] Proposed section 14:8-13.5(j)(5)