



VIA E-MAIL

Sherri L. Golden
Secretary of the Board
Board of Public Utilities
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May 15, 2023

**RE: The Community Solar Energy Program Straw Proposal
Response to Request for Comments
Docket No. QO22030153**

Dear Secretary Golden:

Thank you for this opportunity to provide input on the Community Solar Program Straw Proposal. Please accept the following comments on the Community Solar Permanent Program Design, Docket No. QO22030153. We provide these comments in response to the Notice of Request for Comments issued by BPU on March 30, 2023.

Gabel Associates is a New Jersey based energy consulting firm extensively involved in solar project development and policy in New Jersey. Gabel is an active participant in the BPU's development of its Community Solar Program, having filed extensive written comments and testifying at the public comment meetings. Gabel has reviewed the Community Solar Straw Proposal and have the following comments pertaining to the following topics within the Notice of Request for Comments issued by BPU:

- 1) Straw Section 23: Automatic Enrollment
- 2) Straw Section 15: Consolidated Billing
- 3) Straw Section 3: Overall program capacity
- 4) Straw Section 21: Geographic distance between project and subscribers
- 5) Straw Section 16: Interconnection process
- 6) Straw Section 12: Participation by affordable housing providers

1) Automatic Enrollment

Gabel Associates applauds Staff for including the innovative automatic enrollment model in the Community Solar Energy Program Straw Proposal. Through automatic enrollment the cost savings from community solar energy can be efficiently and directly provided to LMI residents, who have the greatest need to relieve their high energy burden, thereby making New Jersey a national leader in bringing solar energy savings to LMI customers.

Regarding Staff's Question 23 (*How should projects using automatic enrollment ensure customers being subscribed are low- or moderate-income? What other standards should be put in place for these projects?*), the automatic enrollment methodology as written into the draft rule appropriately addresses this consideration.

Since automatic enrollment is exclusive to Community Solar Programs led by a government entity, the information determining which residents are low-or moderate-income can be securely accessed through the lists of recipients of other social services within the municipality. Social services may be administered through the local Housing Authority, Department of Senior Services, Department of Health and Human Services, Social Worker's Office, Department of Education, a Community Center, and other levels of local government. These bodies, all under the same umbrella as the local government entity, can securely share accurate information on which residents are LMI who can benefit from Community Solar. Since these residents already have been vetted into other social services, this process assures that these customers are eligible to be LMI participants in a Community Solar program. Furthermore, any concerns about security of information are assuaged by provision § 14:8-13.5 (j) 6.v.¹ within the Straw Rule Proposal requiring that customer privacy be strictly respected.

2) Consolidated Billing

Gabel Associates is enthused to see the Community Solar Energy Program Straw Proposal includes the addition of consolidated billing for the Community Solar Permanent Program. The addition of consolidated billing will greatly enhance the experience of the community solar subscriber by eliminating the need for two

¹ § 14:8-13.5 (j) 6.v. "All customer personal information provided to a subscriber organization shall be deemed confidential and is exempt from the public disclosure requirements of the Open Public Records Act, N.J.S.A. 47:1A-1 et seq. Such information shall not be used, sold, or disseminated by any person for any purpose other than the facilitation of the automatic enrollment project."

bills. It will promote continued expansion and greater success for community solar to LMI customers.

When it comes to the structure of consolidated billing, however, details are important. We support the use of the “net crediting” model, as proposed by the Straw, but request explicit clarification on the flow of payments Staff is proposing. As defined by the EDCs in their report on consolidated billing² “net crediting” means that a) the participating customers will be billed (and see on their electric bill) the net amount (i.e. only the savings/credit amount) in addition to the normal line items on their electric bill and b) the EDC will pay the Community Solar Project for all the energy provided on a monthly basis.

This approach provides parity with the manner in which BGS suppliers are paid and would greatly advance both the financeability of projects and the level of savings provided to community solar program subscribers. To do otherwise would be discriminatory toward Community Solar relative to how other customers on standard BGS Service as treated.

In parity with the BGS structure, the community solar owner should not be impacted by its customers non or late payment, as this collection activity is more appropriately the duty of an EDC (as the case is under BGS supply). Accordingly, EDCs should “make whole” the community solar owner on a full and timely monthly basis, regardless of customer payment. Gabel recommends the addition of explicit language in the permanent community solar program rules to this effect. Specifically, we recommend the following addition to § 14:8-13.6(q)(6): The EDC shall remit to the project owners the subscription fee, less a utility administrative fee, *on a full and monthly basis regardless of customer non-payment or late payment.*

3) Overall program capacity

We believe the Community Solar Energy Program Straw Proposal should be amended to increase the level of annual capacity in the permanent program. As it stands, the Straw recommends allocating at least 225 MW each in EY24 and EY25 and at least 150 MW in EY26 and beyond. This amount, however, does not align with the intent of The Solar Act of 2021³, that the new Successor Solar Incentive

² Consolidated Billing EDC Report

[https://njcleanenergy.com/files/file/BPU/2022/Community%20Solar/Community%20Solar%20Consolidated%20Billing%20Report%20\(Filed%205-28-21\).pdf](https://njcleanenergy.com/files/file/BPU/2022/Community%20Solar/Community%20Solar%20Consolidated%20Billing%20Report%20(Filed%205-28-21).pdf)

³ The Solar Act of 2021, Section 3(a): https://pub.njleg.gov/bills/2020/S3000/2605_R1a.HTM

Program should aim to provide incentives for at least 150 MW of community solar facilities per year for the first five years of the ADI Program.

The first year of the ADI Program opened on July 28, 2021⁴. Accordingly, at that time 150 MW was allocated to Community Solar; in reality, this 150 MW was not used since 2021 would have been Pilot Year 3 of the Community Solar Pilot Program, which was forgone. This creates a deficit of 150 MW in the allocation stated in the Solar Act of 2021. Furthermore, in the second year of the ADI program, 2022, the community solar capacity similarly was not allocated, since at that time Staff was developing the permanent program rules. Thus, there are deficits for 2021 and 2022 of 150 MW in each year (for a total deficit of 300 MW) relative to the community solar allocation provided for in the Solar Act of 2021.

In order to make up for these deficiencies in allocated community solar capacity, and to fulfill the goals of The Solar Act of 2021, it is recommended that the Straw be amended to add a cumulative 300 MW to the overall program capacity for EY24, EY25, and EY26 of the Community Solar Program. Accordingly, Gabel recommends that that this 300 MW deficit be allocated to result in the following annual capacity amounts: 300 MW capacity for EY24 (an addition of 75 MW), 300 MW capacity for EY25 (an addition of 75 MW), and 300 MW capacity for EY 26 (an addition of 150 MW).

4) Geographic distance between project and subscribers

Gabel Associates supports the Staff's determination (on page 23 of the Straw) that the geographic distance between a project and its subscribers in determining Community Solar Program eligibility should not be a consideration. By allowing a project to enroll subscribers living anywhere in the EDC service territory in which the project is located, Staff is fulfilling the intent of the Community Solar Program: to eliminate the restrictions to access to solar energy to spread the benefits of solar energy equitably to any and all residents of New Jersey, regardless of location. Moreover, this geographic expansion will generate greater competition and promote reduced rates to garner community solar subscribers.

Regarding Staff's question 21 (*"Without a preference for projects which serve only the municipality or county in which they are located and neighboring municipalities or counties, how should projects in the Program maintain focus on*

⁴ IN THE MATTER OF A SOLAR SUCCESSOR INCENTIVE PROGRAM PURSUANT TO P.L. 2018, C.17, <https://www.njcleanenergy.com/files/file/TI%20Program/FY22/8A%20ORDER%20Successor%20Solar%20Incentive.pdf>

local communities?"), we believe the Straw proposal as written addresses this concern. Through the addition of a robust Community Engagement Plan requirement, project owners must reach out to residents local to the solar project as well as potential subscribers within the EDC area. The Staff's design for the Community Engagement Plan is impressive and extensive; through this project owners will be made to maintain focus on the communities local to their solar facility.

5) Interconnection process

With respect to the approach in the Straw which requires a completed interconnection program, Gabel recommends that the BPU and Staff maintain flexibility in this area. The results of the BPU's changes to the interconnection process have yet to be fully realized as it is only in the implementation stage at this time. Accordingly, if there are delays in the interconnection process the BPU should allow itself flexibility in Community Solar administrative process to adjust the "hard requirement" that a project have a completed interconnection study. This is a safeguard against circumstances where supply (number and megawatts of community solar projects applying into the community solar program) is limited and would prevent continued roll-out of the Program.

6) Participation by affordable housing providers

While understanding the intent of the new regulations around affordable housing providers in the Straw Proposal (under § 14:8-13.5.(i).6), Gabel Associates believes this provision will be counterproductive to enrolling customers and offers a suitable alternative.

First, requiring that master-metered housing providers pass on 75% of the electricity bill savings to residents in the form of direct payments creates a risk to that residents will become ineligible for affordable housing by potentially increasing their "income" to a level that moves them out of the income threshold to receive housing support. While Staff "seeks to ensure that residents retain eligibility for affordable housing when they receive community solar bill credits," a Memorandum⁵ published on May 11, 2023, by the U.S. Department of Housing and Urban Development may lead to just that situation Staff seeks to avoid. This Memorandum details the potential benefits affordable housing owners may offer

⁵ HUD Treatment of Solar Benefits for Residents in Master-metered Buildings
https://www.hud.gov/sites/dfiles/Housing/documents/MF_Memo_re_Community_Solar_Credits_in_MM_Buildings.pdf

residents as a result of receiving utility savings from participating in Community Solar, including guidance on whether such benefits should be treated as annual income for residents. This guidance explicitly states that “gift cards and cash payments to a family would be included in family annual income”. Accordingly, requiring that a master-metered housing provider pass on 75% of the electricity bill savings to residents in the form of direct payments would count as an increase to that family’s income. The requirement proposed in the Straw that no less than 75% of the bill savings be provided as direct payment should not be instituted.

We understand that the Straw’s additional requirement to provide direct payment to residents may be the result of concerns that affordable housing providers may not appropriately transfer the benefits of Community Solar participation to their residents in a meaningful way. We propose that this concern can be assuaged, and the direct payment requirement can be safely abandoned by adding detail to the allowance that the provider “provide general benefits to the residents”; and spell out the specific type of benefit the provider must transfer to their residents. We propose the Straw be amended so that the bill savings must be used to fund community benefits such as: job training and workforce development, additional support staff, facility upgrades, free or reduced cost high-speed internet service, financial literacy programs and services, wellness programs and services, shuttle services, community events and/or support for resident associations, increased operating or replacement reserves for the property, or establishing a resilience center. All of these benefits are explicitly listed as “not an annual income” by HUD, so hold no risk of disqualifying a resident for housing support.

Conclusion

We appreciate the opportunity to work with the BPU to bring the benefits of Community Solar to LMI customers in furtherance of the Board’s Economic Justice and renewable energy goals.

Respectfully submitted,

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