

# PowerMarket

**VIA ELECTRONIC DELIVERY**

Secretary of the Board  
44 South Clinton Ave. 1st Floor  
PO Box 350  
Trenton, NJ 08625-0350

May 15, 2023

**RE: IN THE MATTER OF THE COMMUNITY SOLAR ENERGY PROGRAM  
Docket No. QO22030153**

**PowerMarket Comments on the Community Solar Energy Program**

Dear Secretary Golden,

In response to the Board's *Notice of Community Solar Straw Proposal with Draft Rules*, enclosed please find the comments of PowerMarket.

Respectfully,

A handwritten signature in black ink, appearing to be 'JK' with a flourish, positioned above the typed name.

Jason Kaplan, Esq.  
Chief Operating Officer  
PowerMarket

Dear Secretary Golden,

We appreciate the opportunity to provide responses to the *Notice of Community Solar Straw Proposal with Draft Rules*. Our responses are written through the lens of community solar and low-income participation. PowerMarket is a leading community solar administrator and manager of facilities across the country, with over 500 MW of capacity under management and over 70,000 subscribers. PowerMarket has been active in New Jersey since the first year of the Pilot Program, working tirelessly to ensure the benefits of community solar are realized by communities with the greatest need. We thank the New Jersey Board of Public Utilities for the strong Permanent Program Straw Proposal and have provided our comments below.

### **LMI Income Verification Standards**

PowerMarket applauds Staff for the recommendation of self-attestation for verification of low- to moderate-income (LMI) subscribers. The inclusion of self-attestation will remove barriers for LMI subscribers and expand their participation in community solar in New Jersey.

PowerMarket encourages Staff to broaden geo-eligibility criteria for LMI subscribers. An expansion of geo-eligibility beyond the scope permitted within the pilot would further enable LMI subscriber participation in the New Jersey program. Geo-eligibility has been deployed successfully in other mature state community solar markets like New York and Massachusetts. These markets have adopted existing state-generated Environmental Justice maps as a form of verification (i.e. New York uses [Disadvantaged Community Zones](#) under New York's Climate Act; Massachusetts uses [Environmental Justice Populations](#) under the Environmental Justice policy of the Commonwealth of Massachusetts).

New Jersey is able to leverage existing resources to expand geo-eligibility in a similar manner. To do this, PowerMarket recommends using the "[Overburdened Communities under the New Jersey Environmental Justice Law 2021](#)" map, and designating neighborhoods defined as "Low Income," "Low Income and Limited English," "Low Income and Minority," and "Low Income, Minority, and Limited English" as meeting the verification criteria. PowerMarket believes that this falls in line with Staff's consumer friendly approach to LMI subscriber verification and has precedence in neighboring community solar markets.

### **Participation by Affordable Housing Providers**

PowerMarket appreciates Staff's attention brought toward residents in master-metered properties. However, Powermarket believes this expansion of participation is only meaningful if the value of credits to master-metered properties is equal to the value of credits to residential direct-bill accounts. Owners of community solar assets are driven by the optimization of revenue, and to the extent it retains a community solar provider like PowerMarket, it will direct us to first and foremost acquire the subscribers that provide for the greatest revenue, i.e. residential customers. Despite an increase in the compensation value for master-metered properties, if the credit value for such properties is still less, then master-metered properties will continue to be excluded from participation in community solar. While we appreciate that

the value of community solar credits are different between NJ's program and that of VDER in NY, since the value of community solar credits in NY are identical whether the account is residential or a master-metered affordable housing property, there has been meaningful enrollment of master-metered properties to the benefit of their low and moderate income residents. PowerMarket asks that Staff consider making the value of community solar credits equal for master-metered affordable housing so residents of these properties will have a greater likelihood of inclusion.

Further, the requirement that master-metered subscribers provide *an annual affidavit that lists the names of residents and total benefits paid* does not seem to appreciate the administrative and accounting burden such requirement will place on the master-metered affordable housing provider. Considering the number of tenants in these properties and the dynamic nature of LMI tenancy, where residents may move in and out monthly, this requirement may actually create such a time and administrative cost that it would actually chill the inclusion of master-metered properties. Since the master-metered affordable housing providers are only receiving 25% of the benefit, these costs to administer and comply may exceed the potential nominal benefits realized from participation. PowerMarket recommends that Staff instead provide for an audit right on the distribution of funds during the duration of the program, similar to the self-attestation guidelines recommended by Staff for LMI subscriber verification. We wish that the presumption is that the affordable housing provider acts in good faith and will distribute benefits to residents, rather than assuming that they will not and are required to report annually.

### **Value of the Bill Credit**

Building on the above comments, PowerMarket recommends that master-metered buildings be compensated at the full residential value of community solar bill credits. PowerMarket has experience in other markets that have similarly addressed this issue and successfully expanded participation of residents in master-metered buildings in community solar.

For example, New York modified its eligibility guidelines for master-meter buildings in its [Order Regarding Value Stack Compensation](#) issued on April 18, 2019, stating that “as master-metered apartment buildings are treated as large customers, it also made it difficult for tenants of those buildings to participate.” New York Department of Public Service Staff further went on to state that this lack of participation “is contrary to [New York Public Service Commissions]’s intention to facilitate participation of such customers in [community solar].”

While we appreciate Staff's recommended calculation, we believe that any calculation of credit for master-metered buildings that is below the calculation of residential credits will continue to exclude their participation in community solar.

## **Bill Credit Banking/Excess Bill Credits**

We ask that Staff reconsider its recommendation that “*credits shall carry over monthly billing periods until the end of an annualized period, the closure of their utility account, or the end of their subscription, at which time excess net bill credits shall be compensated at the EDC’s avoided cost of wholesale power.*” We believe the proposed recommendation will result in an unintended economic loss to community solar providers by nature of the actions taken by subscribers, wholly outside the control of the community solar provider. No party should be harmed by nature of a subscriber moving, canceling their subscription, or otherwise leaving the program. We ask that Staff look to the New York State Public Service Commission [Order Clarifying Banking Rules Under The Community Distributed Generation Program](#) as they have similarly looked at the issues surrounding the treatment of banked credits when there is an account closure or at the end of the subscription period. The order prescribes a solution whereby any banked credits on a subscriber’s account at the time of account closure or subscription termination are returned to the Host/Project account and available to be distributed to existing and new subscribers. This solution provides an equitable outcome for all stakeholders and does not create unnecessary economic risk by nature of the actions of subscribers.

If Staff maintains their recommendation, the result will be that community solar providers would severely underallocate subscribers to ensure no banked credits ever accrued on subscriber accounts. That would mean that subscribers, including low income subscribers, will not be realizing their true savings potential. We cannot imagine this is the outcome that Staff wants as it runs counter to the goals of bringing the most savings to low and moderate income subscribers.

The amount of community solar credits a subscriber receives each month is dependent on their percent allocation to the community distributed generation (“CDG”) project. No matter how precise a community solar provider may be in setting an initial percent allocation for each subscriber, the occurrence of banked credits is inevitable. Community solar providers typically calculate a subscriber’s percent allocation based on historic annual usage (emphasis on annual), and therefore are subject to the inherent monthly variability between subscriber usage and CDG project production. For example, in a summer month, with high solar radiance, CDG project generation may be high, but the subscriber may have gone on vacation so their monthly usage was low, causing substantial excess credits to accrue on their account. The expectation is that despite this monthly variability, over the course of an annual billing period, all credits generated for a subscriber will be applied to their account with no Banked Credits remaining at the end. In reality, CDG Providers have no control over whether a subscriber will remain a participant long enough to see this annual period through and have all Banked Credits eventually applied. Subscribers are free to move or cancel their subscription agreement at any time, and some may default on their subscription payment whenever they want (causing them to be removed from the project). Under the recommendation where Banked Credits are paid out at avoided costs, Community Solar Hosts are punished for these actions by subscribers for which they have no control.

This recommendation as drafted creates a financial harm to a CDG Host when a subscriber with Banked Credits moves, no matter within or outside the service territory. This recommendation conflicts with the public policy goals of the program to ensure the inclusion of low and moderate income subscribers, meaning that it will discourage the inclusion of potential subscribers who are or may be perceived to be more transient than others., i.e. renters, students, and other communities that may historically move more

frequently. Where the CDG Host had expected to monetize the Banked Credits over time, such value is lost as these credits have been forfeited due to the subscriber's action.

We simply do not want this rule to result in the unintended economic hardship of CDG Hosts. The community solar program was designed as an inclusive program that allows all New Jersey residents the ability to enjoy the benefits of solar by joining a local community solar project. But the potential that Banked Credits are paid out at avoided cost upon the closure of a utility account, has a range of unintended consequences, including the chilling effect on the inclusion of renters, students, and other community members perceived to move frequently. Further, CDG Hosts should be rewarded for independently creating a best practice for which subscribers can have confidence in the value of participation, and not bear the risk of lost value if one of their subscribers decides to freely leave the CDG project before all Banked Credits have been applied to the subscriber's bill. In all of these circumstances a simple solution exists: At any time a subscriber is removed from a CDG project, any Banked Credits existing on said subscriber's account should be transferred to the CDG Host account to be distributed to other subscribers at the CDG Host's discretion. This transfer allows the CDG Host to realize the financial benefit of these monetary credits that had been generated and intended to be applied to a subscriber's account, but will now be applied to another subscriber's account. This solution is fair and equitable.

Further, we ask that Staff allow for the transfer of banked credits to not only new subscribers (as recommended in this section), but also to existing subscribers. By providing for the transfer of banked credits to new and existing subscribers, the Host will have flexibility and ensure such credits are issued to subscribers to realize such benefits, as opposed to risking the monetization of credits at an avoided rate, that will provide no benefit to subscribers. Over the course of a year, there may be subscribers that are underallocated (due perhaps to an increase in their energy usage) and who could benefit from receiving these banked credits. The program should allow for existing subscribers to receive these credits as well.

Our comments are based on years of administering community solar across the country and we had an active role in helping frame the NY banked credit rules. PowerMarket welcomes further discussion and is happy to answer any questions Staff may have related to these comments.

### **Consolidated Billing**

PowerMarket strongly supports consolidated bill efforts and adoption of "net crediting" methodology as outlined by Staff. For avoidance of doubt, the wiring of the net credit to the developer should not be determinative of whether the subscriber actually pays their monthly utility bill on which community solar credits have been applied. New York's implementation of net crediting should be a model to be looked at.

### **Geographic Distance Between Project and Subscribers**

PowerMarket supports the removal of the subscriber requirement to live in the same or adjacent municipality or county as their projects.

**Pilot Program**

PowerMarket strongly believes that all provisions of the Permanent Program, and all comments submitted herein by PowerMarket, should also apply to the Pilot Program.