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VIA ELECTRONIC MAIL
rule.comments@bpu.nj.gov

Aida Camacho-Welch
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

RE: In re New Jersey Community Solar Energy Pilot Program
BPU Docket No. QO18060646

Dear Secretary Camacho-Welch:

Atlantic City Electric Company (“ACE” or the “Company”) appreciates the opportunity to submit comments to the New Jersey Board of Public Utilities (“BPU”) on the Community Solar Energy Pilot Program. The Company reserves the right to modify or supplement these responses as the proceeding develops.

Request for Comments

Stakeholders are invited to submit general comments on the issues below. Staff requests detailed input on the following specific areas and questions¹:

I. Siting and Project Size

- 1) What should the annual Pilot Program capacity limit be? Please justify your answer both qualitatively and quantitatively.**

Response:

The maximum size of each permissible community solar facility should be set at the level

¹ All answers should provide precise qualitative and quantitative justification (where appropriate), and specifically comply with the provisions in P.L.2016, c.17.

established by the legislation or 5 megawatts ("MW"). It should be noted, however, that smaller sized systems can be more readily accommodated on a greater number of locations on the electric distribution system. ACE currently restricts the generation size for large distributed generation (greater than 250 kW in size) to 3 MW on 12 kV feeders, 6 MW on 25 kV feeders, and 10 MW on 34 kV feeders. These restrictions help to reserve distribution system hosting capacity for smaller sized distributed generation on these feeders.

- 2) **How should the annual Pilot Program capacity be allocated between Electric Distribution Companies ("EDCs")? How should excess annual capacity be reallocated if not used?**

Response:

The available annual pilot program capacity should be allocated on a MW capacity basis. The allocation for each EDC should be based upon the relative New Jersey share of each EDC's PJM established capacity obligation for PJM Delivery Year 2018/2019. Any excess annual allocated capacity availability should not be transferred to other New Jersey utility service territories to avoid the potential for unintended cost transfers to other electric distribution customers within each utility service territory.

- 3) **How should the Pilot Program annual capacity limit be divided among different project categories? What should those categories be (e.g., "small," "brownfield, landfill, historic fill," and "LMI" project types)? Please propose a breakdown of categories, with respective percentages of the annual capacity limit.**

Response:

The Company does not have a position on the allocation of capacity across project categories. This is a matter for State and local policy makers.

- 4) **Should co-location of solar projects be allowed? What conditions or limits should apply?**

Response:

Yes, co-location should be allowed. However, each community solar facility should have an ACE electric distribution account and each co-located facility must comply with the Company's interconnection requirements.

- 5) **What should the geographic limitations for community solar pilot projects and subscribers be (i.e., how far from the project can subscribers reside)? Please justify how your proposal maintains the community link between project and subscribers, without compromising the feasibility of community solar pilot projects.**

Response:

ACE recommends that the only geographic limitation that should be established is that the community solar facility be located within the same utility service territory as the

utility customer subscribers. This approach offers several advantages:

1) this will increase the likelihood that community solar facilities can be located near the optimal distribution system interconnection point; 2) that community solar facilities are more likely to be able to be located on preferred sites; and 3) that the development of community solar facilities will be less likely to be restricted due to the absence of feasible hosting sites. There is no need for customer subscribers to be physically near community solar facilities. The “community link” can be maintained by the community solar subscriber organization through its communications materials.

- 6) What land use restrictions and limitations, if any, should apply to siting community solar pilot projects? Should siting of community solar pilot projects be restricted to certain areas? Your answer should include a specific discussion of community solar on farmland and open space. Land use restrictions will be consistent with current New Jersey statutes and regulations.**

Response:

Community solar installations should be sited at locations that are optimal for the electric distribution network and avoid, to the greatest extent possible, distribution infrastructure upgrade expense. ACE does not have a position regarding land use issues; this is a matter for State and local governments.

- 7) Provide recommendations on alternative siting and creative land use in sites other than “brownfields, landfills, areas designated in need of redevelopment, in underserved communities, or on commercial rooftops.” For instance, are parking lots, road rights-of- way, multifamily buildings, or schools appropriate locations for community solar? Please provide both qualitative and quantitative responses, including what specific policies may be required to facilitate development of these types of projects.**

Response:

The Company does not have a recommendation on location siting issues other than a preference for optimal locations on the electric distribution system. This is a matter for State and local policymakers.

- 8) What liability, provisions, and exemptions should apply to community solar developers and subscribers for projects located on landfills and/or contaminated land?**

Response:

Liability provisions and any possible exemptions should be guided by existing New Jersey law and regulations.

II. Low-and Moderate-Income (“LMI”) Access

- 9) **Provide recommendations on the definition of LMI community solar pilot projects, with appropriate justification.**

Response:

LMI community solar projects should be defined as those projects that reserve 50 percent or more of their energy production for low and moderate income customers. In this way LMI community solar project will have the flexibility to recruit both LMI and non-LMI customers as subscribers to financially fund their project over its life.

- 10) **Provide recommendations on what LMI eligibility criteria should be accepted to qualify a subscriber and/or a project as LMI. Include consideration of how many times or how often LMI subscribers should be required to submit proof of eligibility.**

Response:

The LMI eligibility criteria should relate to the income thresholds established for the LIHEAP and Comfort Partners Programs. LMI eligibility should be verified at the time a customer becomes a subscriber to the community solar facility. All income verification should be the responsibility of state and local governments or through their designated third party entities.

- 11) **The BPU is considering a number of different approaches to encourage development of LMI community solar pilot projects, including, but not limited to:**

1. **Dedicated capacity: e.g., a certain percentage of overall capacity for the Pilot Program would be reserved for LMI projects.**
2. **Procedural: e.g., LMI projects would receive preference in the solar interconnection queue.**
3. **Financial: e.g., incentives would be provided to LMI community solar pilot projects, potentially as an adder to the bill credit.**

Which approach, or combination of approaches, should the BPU implement in order to most effectively support LMI access to community solar pilot projects, in conformance with the Clean Energy Act? Please be specific in recommending qualitative and quantitative incentives, and proposals for implementation.

Response:

Part 1: Program Targets

A certain percentage of community solar capacity could be reserved for LMI subscribers and/or projects. However, this restriction might prevent New Jersey from attaining its capacity goal for community solar projects due to financing constraints and/or challenges with the recruitment of LMI subscribers. The established LMI requirement should be structured to work in combination with other low income assistance and energy efficiency programs to achieve the goal of lower electricity bills for participating LMI customers.

Part 2: Preference in the Interconnection Queue

The BPU should determine the order of any community solar interconnection queue based on its preferred characteristics of proposed projects, including LMI participation. Utilities should be informed of the queue order prior to conducting detailed engineering planning and cost estimation work for any proposed community solar interconnection.

Part 3: Financial Incentives

Successful programs targeted to LMI customers, which motivate high levels of participation, have no upfront cost, no on-going payments, and offer significant bill savings. Since these customers face the highest financial and market barriers, they should receive the highest incentives. This may require a coordinated policy approach including on bill credits, energy efficiency programs, and general low-income assistance incentives offered at the Federal, state and local levels.

III. Value of the Credit

- 12) **Please define the following terms: "value of solar," "retail rate," and "avoided cost of wholesale power." Please discuss applicability and impacts on the Pilot Program.**

Response:

ACE offers the following definitions:

“Value of Solar” – the economic value of solar in New Jersey, includes energy, capacity, and avoided energy/capacity values. New Jersey policymakers have established a community solar program based on their perception of the value of solar.

“Retail Rate” – the rate that New Jersey electricity customers are charged for distribution, transmission, and generation services. Regulated rates are available through published and BPU approved tariffs. Competitive third party suppliers offer generation services through retail rates that are typically not publicly disclosed. If utility retail rates serve as a basis for community solar subscriber credits, the following decisions must be made:

- Will the credit include the generation (“G”), transmission (“T”), distribution (“D”), and applicable surcharge components or only G?
- If the G credit exceeds the PJM wholesale market value, the subsidy offered to community solar subscribers must be socialized across non-participating electricity

customers, including many low income customers and economically challenged businesses.

- If T is included, the full cost of T will have to be socialized across other electricity customers.
- If D is included, the full cost of D will have to be socialized across other distribution customers. Note that in the absence of distribution services, the community solar facility would not be feasible.
- If surcharges are included, the unrecovered costs of applicable surcharges would have to be socialized across all other distribution customers.

“Avoided Cost of Wholesale Power” – the New Jersey PJM wholesale electricity market value of energy and capacity. PJM based market prices provide a method of valuing community solar within the PJM wholesale electricity market. Relying on wholesale market prices as the basis of community subscriber credits will help to eliminate the need for other customers to subsidize credit payments. Reliance on wholesale market prices will also allow state policy makers to avoid encouraging non-economic participation in community solar projects.

- 13) **The BPU is currently working to determine an appropriate value of the credit on each participating subscriber's bill. The BPU requests that stakeholders provide indicative financial data and analysis in response to the scenarios described below.² Please ensure responses include quantitative and qualitative assessments. Responses may also include quantitative and qualitative assessments for alternative variations to these scenarios that you believe to be relevant and representative of the New Jersey market (e.g., variations on project size, location, type of off takers etc.).**

Scenario 1: 5MW ground-mount system on a rural landfill. Assume that the landfill is owned by a municipality, who has agreed to lease the land for \$6,000/year.

Scenario 2: 400kW rooftop system on a high-school roof. Please include assumptions regarding lease payments to the school board.

Scenario 3: 1MW canopy system in an urban parking lot.

Scenario 4: 200kW rooftop system on an affordable housing multi-family building. Please assume that, of the 200kW system, 100kW will be directly net metered to offset common load, and 100kW will be used for community solar subscriptions for LMI tenants of the building.

² Stakeholders must identify any sensitive and confidential trade secret information by submitting them in accordance with N.J.A.C. 14:1-12.1; however, this information will be used as guidance for public policy only.

For each of these scenarios, please provide your best estimates for:

- **Site acquisition, including lease or purchase, cost of applicable studies and time, and cost of negotiating land document.**
- **Pre-development, defined as all of the overhead costs from the day of site control to the Day 1 of construction.**
- **Development, defined as all construction costs and investments, both hard (e.g., panels, balance of system, interconnection, etc.) and soft (e.g., labor, permits).**
- **Customer acquisition, including number of customers, churn, cost of acquisition. Please provide differentiated estimates for higher-income versus LMI customer acquisition.**
- **Total project cost per kWh. Estimated time from project approval by BPU to Day 1 of operation.**

Please submit the quantitative assessments in unlocked Microsoft Excel spreadsheets.³

Response:

ACE is unable to provide an accurate and detailed response to this question. Community solar costs are site specific, vendor dependent, and subject to negotiation. Existing New Jersey solar developers can more appropriately answer these questions.

- 14) How should the community bill credit be administered? Should an annualized period mechanism be used for community solar? If yes, should the annualized period be set once per Pilot Project, or once for each individual community solar subscriber?**

Response:

The subscriber organization should be responsible for maintaining a list of subscribers and the subscribed percentage of energy production. The utility should be responsible for calculating and crediting EDC account monthly bills with the applicable credit amount.

The only annualized mechanism that should be established relates to the timing of any requested subscriber payment of excess annual electric bill credits.

³ If a spreadsheet is confidential, or contains confidential information, it is sufficient to identify it as confidential in a header or footer, rather than identifying the confidentiality of individual cells.

- 15) **Identify best practices in EDC administration of community solar billing in other states and explain how they can and should apply specifically to the New Jersey Pilot Program. EDCs specifically should identify issues relating to changes in the Data Exchange and Protocol Process Flows (or subsequent versions) and how they will administer the billing and crediting process in the Electronic Data Interchange ("EDI") process.**

Response:

There are community solar programs operating in the ACE utility affiliate jurisdictions that include the District of Columbia, Delaware, and Maryland. To date, no changes have been identified to the existing EDI process in these jurisdictions. Assuming that the final community solar requirements will be similar in New Jersey, no EDI changes are expected. Note that, in each of the Company's utility affiliate jurisdictions, the utility is responsible for calculating and providing the credit to customers in each jurisdiction.

The District of Columbia has simplified the calculation of community solar credits for generation by specifying that all classes of customers receive a generation related credit based upon the utility standard offer service rate applicable to small commercial customers regardless of subscriber class of service.

- 16) **What should happen to excess credits on a subscriber's bill at the end of a year?**

Response:

Excess bill credits should be carried over to the next billing cycle unless the subscriber requests that the utility issue a check for any excess credit amounts. Any request for a utility payment should be limited to once per a 12 month period.

- 17) **Are there charges on subscribers' utility bills towards which the community solar bill credit should not be able to be applied?**

Response:

Bill credits should be applied in the same hierarchy that is used for partial payments.

- 18) **Should unsubscribed energy be purchased by the EDCs at avoided cost or area locational marginal pricing ("LMP")? Or should the community solar pilot project bear the loss of unsubscribed energy?**

Response:

Unsubscribed energy should be valued based on real time hourly PJM Locational Margin Price of electric energy. A monthly bill credit for this unsubscribed energy should be applied to the community solar subscriber organization's ACE monthly electricity bill. The subscriber organization should be permitted to request a utility payment for any credits that are in excess of billed amounts over a twelve month period.

- 19) **Should Pilot Projects be eligible for solar renewable energy certificates ("SRECs")? If yes, should the SREC be given to the subscriber or to the community solar project owners?**

Response:

Yes, the community solar owner/subscriber organization should be eligible to receive all applicable SRECs for the project subject to existing New Jersey rules and regulations.

- 20) **What components of the Community Solar Energy Pilot Program should be eligible for rate recovery by the EDCs? Include specific reference to what costs should be included to implement and comply with the Pilot Program. What should be the process for determining eligible costs? What should the process be for reviewing eligible costs and the proposed mechanism for recovery?**

Response:

All EDC incremental costs associated with implementing the Community Solar Pilot Program should be recoverable. This includes, but is not limited to, the following: 1) billing changes – software and process changes; 2) additional monthly billing costs; 2) utility staff training; 3) utility reporting expense; 4) any required customer education expense; 5) any distribution related subscriber credit expense or other credit expense assigned to the utility; and 6) any unsubscribed energy payments to the subscriber organization or host. All costs related to interconnection should be recovered through any project applicable interconnection costs.

Each EDC should track its incremental costs that are not recovered through interconnection fees. These costs should be accrued in a regulatory asset and recovered through a base distribution rate proceeding. Any unrecovered dollar amounts should be eligible for earnings at the utility's authorized rate of return.

IV. Applications and Interconnection

- 21) **Please provide specific comments on how the Pilot Program application process should be organized, including:**

- 1) **what items should be included in the application, and**
- 2) **what specific criteria should the BPU use to rank applications.**

Response:

Part 1

Each potential Community Solar should complete an application form that is submitted to the BPU for its consideration. The application form should include the following

information:

- Name/Address/Contact Information for Applicant (Owner)
- Name/Address/Contact Information for Developer
- Name/Address/Contact Information for Designated Community Solar Subscriber Organization
- Identified Community Group
- Planned Number of Subscribers
 - LMI Participation
 - Participation by Utility Rate Class
- Planned PV Size – Capacity and Forecast Annual Energy Production
- PV Location
 - Utility Distribution Interconnection Location
 - Geographic Location of PV Array and Space Required
- Timing of Planned Community Solar Installation and Operation
- Source of Project Financing
- Planned Installation and Operation Dates
- Identification of Potential Barriers to Project Completion

Part 2

The BPU should include the following criteria in its ranking of applications: 1) distribution interconnection feasibility and distribution system benefit (if any); 2) land use issues; 3) project timing; 4) number and type of expected subscribers (including expected LMI participation); and 5) financial feasibility.

- 22) **What specific measures should be implemented to ensure an effective and streamlined interconnection process for community solar pilot projects?**

Response:

The utility should have a specified number of working days, based on project size, to analyze and provide a high level estimate ($\pm 50\%$) to the customer. The increased complexity of larger sized distributed generation will require additional utility review time than the interconnection of smaller distributed generation. If the customer wants to move forward, the customer will have to pay 15% of the high level estimate to the utility. The utility will then complete the engineering/design for the job and provide a final estimate. If the customer decides to move forward with the project, the money already paid will go towards the final estimate. Once the customer pays the remaining estimated costs, the utility will provide the customer with a construction schedule. If the customer decides to not move forward after the customer receives final estimate, the utility will reimburse the customer for any portion of unused funds previously provided. If the project moves forward and the final costs differ from the estimated costs, ACE will invoice or credit the entity for the difference.

- 23) What measures can be implemented to minimize negative impacts and maximize grid benefits to the distribution system of an EDC?**

Response:

ACE has created a distribution map that identifies feeder locations which could accommodate additional distribution generation without incurring significant additional interconnection costs. Any final interconnection costs will be subject to site specific review.

- 24) Should existing solar projects be allowed to reclassify as community solar pilot projects?**

Response:

Yes, provided the solar project meets each of the requirements established for a community solar project. An entity requesting reclassification should be approved by the BPU and a minimum of 90 days notice provided to the utility to accommodate changes to the required EDC billing.

- 25) How can community solar subscription organizations most efficiently submit all required information regarding individual subscriptions to both the BPU and the relevant EDC? In the case of a replacement subscriber in an existing community solar project, should the subscriber organization be allowed to provisionally accept a new subscriber, subject to BPU review and right to disapprove within 30 days? What should that required information be?**

Response:

The subscriber organization should provide an electronic spreadsheet to the utility containing each subscriber's name, EDC account number, premise address, and subscription percentage. Each subscriber should purchase a percentage of the expected output that does not exceed their previous calendar year annual electricity consumption. The EDC should have the opportunity to challenge the eligibility of the subscriber to purchase its specified share.

Subscriptions should be submitted electronically through Excel spread sheet containing the subscriber's name, account number, service address and the percentage to be allocated to the subscriber's bill. The subscriber organization should verify the participation eligibility of the subscriber, including the maximum subscriber subscription percentage – not to exceed the total annual energy consumption over the prior calendar year. The subscriber organization should be permitted to accept a new subscriber, subject to review by the BPU and an active EDC account number. The EDC should be notified 90 days in advance of any subscriber changes to manage required billing changes.

26) What reporting requirements should apply to EDCs with respect to the Pilot Program?

Response:

Each EDC should prepare semi-annual reports providing the following information:

1. the name and location of the Community Solar Facility;
2. the capacity size of the Community Solar Facility;
3. the quantity of energy produced quarterly;
4. the dollar value of solar credits issued; and
5. the incremental EDC cost related to the Community Solar Pilot.

The subscriber organization should be responsible for providing all information related to the subscriber characteristics.

27) What specific measures, if any, should apply to multi-family buildings?

Response:

Individually metered residents of a multi-family building should be permitted to participate in the program. The owners of any master metered buildings should also be eligible to participate on behalf of their residents.

28) What specific measures, if any, should apply to master-metered buildings in terms of eligibility for a Pilot Project? Please discuss specifically how to ensure that benefits of a community solar subscription are passed through to tenants.

Response:

As noted in response to question 27, the owners of any master metered buildings should be eligible to participate on behalf of their residents. The quantity of subscribed energy should not be permitted to exceed the annual electricity consumption of the building during the prior calendar year. For compliance purposes, the master metered building subscriber would be subject to an annual audit by the BPU.

29) What information regarding community solar pilot projects should be made available on the BPU website? Should website publication be automatic upon approval of the project by the Board, or only upon request from community solar project owners?

Response:

The BPU website should maintain a list of Community Solar Facilities and contact information for the subscriber organization. This list should be automatically updated by the BPU at the time Community Solar Facilities are approved.

- 30) **What specific elements should the BPU consider to ensure a smooth transition from the Pilot Program to a full-scale Community Solar Program?**

Response:

The BPU should establish rules setting for the responsibilities of the sponsors of Community Solar facilities, subscriber organization, subscribers, EDCs, and the BPU review process.

V. Customer Subscriptions. Customer Protection

- 31) **Should there be a minimum number of subscribers per community solar pilot project? If so, what should it be? Please provide specific support for this number.**

Response:

Yes, the minimum number of subscribers should be two. This is a similar requirement to the rules in Maryland and the District of Columbia. The subscriber shares should be similar in size for each participating customer for a Community Solar Facility.

- 32) **What should be the maximum subscription size for each subscriber? Should specific limits be placed on residential versus commercial subscribers?**

Response:

Each subscriber should be required to have a minimum subscription size of one percent and all subscriptions should be based on a whole number. Therefore, the maximum number of subscribers should not exceed 100. There should be no difference between the limits applied to residential versus commercial subscribers.

- 33) **What specific measures should be enacted for both community solar subscription organizations and the BPU to manage subscriptions effectively? Please provide specific churn rate assumptions.**

Response:

The BPU should establish a subscription organization reporting form that can be filed with the BPU and submitted to each EDC on a monthly basis. The churn rate will not impact this tracking requirement.

- 34) **Should subscriptions be portable? If yes, under what conditions?**

Response:

Yes, but only through reenrollment through the subscriber organization. ACE is not opposed to a customer re-subscribing to a community solar project if the customer moves within the ACE service territory. However, this should require an action and

communication between the Subscriber and the Subscriber Organization, and the Subscriber Organization should notify ACE of this change.

The Subscription, however, should not be automatically transferrable to a new occupant of a premise, since there needs to be an agreement between the Subscriber and the Subscriber Organization, which may include a monthly fee. ACE does not expect to be a party in those transactions.

- 35) Please identify what specific limits, if any, should be placed on the transferability of subscriptions, in accordance with applicable statutes, rules, and regulations. If the BPU were to determine that transcriptions are fully transferable (i.e., able to be brokered and sold), what consumer protections should be established? Please include consideration of, among other things, necessary approvals and certificates, to ensure that if a community solar subscription market, including through third parties, were to develop, that said market is fair and transparent?**

Response:

All subscriptions should be managed and tracked by the subscriber organization. No subscribers should be permitted to transfer their subscription directly to another ACE customer.

- 36) Please provide comments on consumer protection measures, including ideas and language for consumer protection rules, and a proposed customer disclosure form.**

Response:

The BPU should establish consumer protection rules that are similar to the rules currently applied to third-party competitive energy suppliers.

- 37) Besides NJ building codes and standards, what specific technical standards should the BPU cite in its rules and regulations for the community solar pilot projects?**

Response:

The technical standards should be similar to those that are required for existing Net Energy Metering participants.

- 38) **Please provide general comments on any issues not specifically addressed in the questions above. Please do not reiterate previously made comments, keep these comments succinct, and make specific reference to their applicability in the New Jersey context.**

Response:

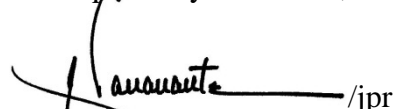
The installation of battery storage facilities adjacent to community solar facilities should be studied and may help to mitigate the negative distribution system effects of interconnecting these facilities. Furthermore, the use of battery storage in these settings would be consistent with the legislative mandate to achieve a storage goal of 600 MW by 2021 and 2,000 MW by 2030.

ACE's installation of an Advanced Metering Infrastructure ("AMI") would enable the Company to gather the community solar facility hourly energy production data and hourly subscriber energy consumption remotely. This could support additional flexibility related to PJM wholesale market transactions and distribution engineering load analysis.

To achieve greater quantities of distributed generation within New Jersey, policy makers may need to examine the question of who pays for distribution system upgrades. At this time, the distributed generator pays for the costs of necessary distribution system improvements, but a socialization of these costs across all distribution customers could facilitate the interconnection of additional renewable generators. As part of any such consideration, alternative rate recovery methods and rate designs should be examined.

ACE appreciates this opportunity to provide its Comments to the BPU and would welcome the opportunity to further elaborate in future proceedings related to this docket.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Passanante", followed by a horizontal line and the initials "/jpr".

Philip J. Passanante
An Attorney at Law of the
State of New Jersey