RE-Imagine Real Estate, LLC

JUST IMAGINE

7 August 2018

Also sent to - publiccomments@cleanenergy.com

New Jersey Board of Public Utilities
44 South Clinton Avenue
Third Floor, Suite 134
CN 350
Trenton NJ 08625

Attn: B. Scott Hunter
Administrator, Clean Energy Program

Re: Remote Net Metering Program Rulemaking

Mr. Hunter:

On behalf of RE-Imagine Real Estate, a company that acquires landfills for redevelopment as solar energy generation facilities based in New Jersey, please accept the following comments in response to the NJBPU rulemaking proposal on the Remote Net Metering Program:

Background

RE-Imagine Real Estate is not a solar development company. Re-Imagine seeks to acquire landfills and brownfields to redevelop them as solar energy generation facilities. Trevan J Houser of RE-Imagine Real Estate was involved with the development of the 2012 Solar Law and commented extensively in public sessions and individual meetings regarding the reuse of former landfills for solar energy generation facilities. Most importantly, that only properly closed landfills be qualified for receiving SREC's and being considered "connected to the distribution System". This was intended to create opportunities to properly close landfills and then develop them as solar energy generation facilities, benefitting both the New Jersey Environment as well as local municipalities through lower energy costs. Brownfields and areas of historic fill were also added to the law to promote the beneficial reuse of these properties as well. However; in 2013, the NJ Legislature passed the Landfill Legacy Law, which created financial obstacles to properly closing legacy landfills. Very little landfill redevelopment has taken place since the enactment of this law. We would greatly like to see that change. Our goal is to see New Jersey have more properly closed landfills supporting solar energy generation through the Community Solar Pilot Program as well as through the Remote Net Metering Program. A program that promotes both landfill closure and reuse for solar energy generation achieves not only environmental benefits, but economic development and municipal fiscal savings as well. Our comments are geared toward bringing about that opportunity.

Preface

Our comments are prefaced with the following, which attempts to put the final version of the 2018 Solar Law in context as we assume the legislature intended, based upon an overview of the facts surrounding its passage. The legislature has passed the 2018 Solar Act containing aggressive goals for renewable energy that must be met within a relatively short time frame. This leads us to believe that the Law should be interpreted to allow for maximizing available projects and size. In addition, the preference toward landfills, brownfields, and areas of historic fill has not been changed. Therefore, we assume the legislature still seeks to provide a preference toward facilities that utilize these properties. These properties have few other uses and allow for larger, more efficient installations and are therefore good candidate Sites. The specific language of the Law also leads one to conclude that the legislature intended to maximize the ability for the Solar Law to provide benefits to public entities, underserved communities, and low and moderate income customers. Interpretation of the Law should therefore follow accordingly.

Remote Net Metering Comments

- **Public Entity** – The criteria for remote net metering should not be identical to those for aggregated net metering established in the 2012 Solar Act, but the Board can look to the definition set forth in the 2012 Solar Act to establish a basis for defining the term public entity. State entities, school districts, counties, county agencies, county authorities, municipalities, municipal agencies, and municipal authorities should all be eligible entities for remote net metering.

- **Total average usage** – once again, looking at the identified goals of the legislation as set forth in our **Preface** should lead one to assume that the legislature intends to provide for large efficient solar systems that can benefit the greatest number of individuals. In keeping with this intent, we believe the term total average usage should be interpreted to mean the Host can a project with the capacity being set equal to the sum of the averages usage of each of the accounts that are being hosted. See math below:

  Host Capacity = Average annual usage of RNM Credit Receiver #1 + Average annual usage of RNM Credit Receiver #2 + Average annual usage of RNM Credit Receiver #3 + Average annual usage of RNM Credit Receiver #4 + Average annual usage of RNM Credit Receiver #5 + ……

  Further, to create the average, we would recommend that the past three (3) years of usage be totaled and then divided by 3 to create a three-year average.

  This ability of the Host to add its own as well as the total average usage of its selected credit receivers is really the only logical interpretation of the legislation. It holds that the legislature would want a Host to be able to provide capacity for its own load and then create additional excess capacity to provide for its affiliated public entities. Any alternative interpretation that would reduce the potential capacity of the project simply do not hold true to the goals of the legislation. This interpretation will create opportunities for projects that will provide the most benefit to NJ municipalities, counties, and the State.

- **Project Siting** – we strongly encourage the Board to create rules that allow for a project to be sited on a rural landfill on property that does not have a metered account. We see no language in the legislation that requires the owner project site to be a metered account. Further, while preference should always be given to landfills, brownfields, and areas of historic fill as set forth in the Act, under no circumstances should project be allowed to be sited on greenfields, preserved farmlands, assessed farmlands, wetlands, or other environmentally sensitive areas.

- **RNM Eligibility** – as indicated previously, capacity should be determined by adding Host accounts and credit receiving accounts average annual usage to create the total project capacity. Eligibility of receiving customer accounts should be determined by those accounts identified by the Host as part of the application process. We would suggest a limit of fifty (50) accounts as a starting point. Many municipalities have 20-30 accounts of their own and this will allow for larger more efficient projects. Demonstration of the payment of the certified public entity pro-rated public sponsor fee should only be required after the project has been placed into service and before any account credits are issued.

RE-Imagine Real Estate is committed to New Jersey's solar program and its environment and intends to further supplement these comments with additional comments through public meetings and stakeholder forums on the Remote Net Metering Program, as necessary. Stay tuned.

Respectfully,

RE-Imagine Real Estate, LLC

Trevan J Houser
President

c: Upendra Chivukula, Commissioner

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August 7, 2018

New Jersey Board of Public Utilities
44 South Clinton Avenue
Third Floor, Suite 134
CN 350
Trenton NJ 08625

Attn: Scott Hunter
Administrator, Clean Energy Program

Re: Remote Net Metering Program Rulemaking

Mr. Hunter:

AC Power, LLC, a solar project development company specializing in solar projects situated on landfills and brownfields in New Jersey, is submitting the following comments in response to the NJ Board of Public Utilities request for comments in response to the NJBPU rulemaking proposal on the Remote Net Metering Program.

AC Power is currently developing five solar projects on landfills in New Jersey. We have discussed the feasibility of a solar project with dozens of owners of landfills and brownfields. AC Power supports The Solar Acts goals of situating solar projects on landfills and brownfields as it provides a win-win: solar on land that would otherwise not be utilized rather than on productive land. We strongly believe that if structured correctly the Remote Net Metering Program could make many previously infeasible landfill projects great candidates for solar.

Host Site – The Remote Net Metering program should allow for traditional virtual net metering as illustrated in the diagram below (from www.energytariffexperts.com). Specifically, the host can situate their solar project on a landfill or brownfield that does not currently have any on-site load and feed the electricity generated into the grid for distribution and the host's and Receiving Customer's would receive the Credits. Further, the landfill/brownfield need not be owned by the host (municipality) but if the landfill/brownfield is situated within the municipalities boundaries then the site should qualify. Allowing landfills and brownfields to host solar projects will promote development on these sites. Otherwise, if the rules require that a project be situated at a site with the load then many public entities will not have an eligible project site and landfills will no longer be an attractive option for siting solar projects. Without subsection t there is little reason to develop projects on landfills that require more development costs and a longer lead time. Remote Net Metering presents an excellent opportunity to continue supporting development on landfills. The Value of a Credit could also be worth more if the site is a landfill or brownfield in order to help cover the additional development costs.

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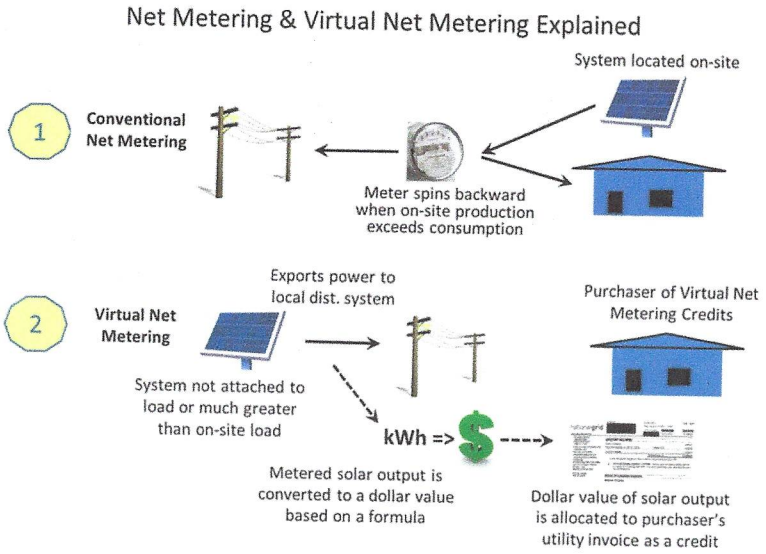

Total average usage – AC Power agrees with the interpretation and comments provided by RE-Imagine Real Estate which state that the legislature intends to provide for large efficient solar systems that can benefit the greatest number of individuals. In keeping with this intent, we believe the term total average usage should be interpreted to mean the Host can a project with the capacity being set equal to the sum of the averages usage of each of the accounts that are being hosted. See math below:

- Host Capacity = Average annual usage of RNM Credit Receiver #1 + Average annual usage of RNM Credit Receiver #2 + Average annual usage of RNM Credit Receiver #3 + Average annual usage of RNM Credit Receiver #4 + Average annual usage of RNM Credit Receiver #5 +

  Further, to create the average, we would recommend that the past three (3) years of usage be totaled and then divided by 3 to create a three-year average.

This ability of the Host to add its own as well as the total average usage of its selected credit receivers is really the only logical interpretation of the legislation. It holds that the legislature would want a Host to be able to provide capacity for its own load and then create additional excess capacity to provide for its affiliated public entities. Any alternative interpretation that would reduce the potential capacity of the project simply do not hold true to the goals of the legislation. This interpretation will create opportunities for projects that will provide the most benefit to NJ municipalities, counties, and the State.

Sincerely,

Annika Colston

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Assistant General Counsel

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August 7, 2018

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Aida Camacho-Welch
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RE: Comments of Atlantic City Electric Company – Straw Proposal for Implementation of Section 6 of the Clean Energy Act of 2018 (Remote Net Metering)

Dear Secretary Camacho-Welch:

Atlantic City Electric Company ("ACE" or the "Company") appreciates the opportunity to submit comments and feedback to the New Jersey Board of Public Utilities (the "Board" or "BPU") on the establishment of an application and approval process for Remote Net Metering (sometimes abbreviated as "RNM"). The Company reserves the right to modify or supplement these responses as the proceeding develops.

Remote Net Metering

Staff Assumptions and Questions Toward Development of a Straw Proposal for Implementation of Section 6. of the Clean Energy Act of 2018

The results from stakeholder input will be used by BPU Staff to develop recommendations for the Board which are anticipated to be presented at an upcoming Agenda Meeting. The following key provisions of the Clean Energy Act require stakeholder input:

- definitions for key terms or concepts including public entity, credit, total average usage;
- the application and process for Board approval of certified public entities to act as host and other public entities designated to receive "credits";
- procedures for sizing the "remote net metering generating capacity" based on "total average usage" of the host's electric public utility accounts;
- the processes for electric distribution company ("EDC") billing of and "allocating credit to other public entities"; and

- the process for verifying and ensuring that "each participating customer" pay at least 50% of the societal benefits charge ("SBC").

Staff Assumptions and Questions for Stakeholder Input

Please address the following Staff assumptions and questions with supporting arguments:

1. Definitions for key terms or concepts:
   a. Define "Public Entity" - Should the eligibility criteria for aggregated net metering established in the Solar Act of 2012 be used to determine eligibility under RNM? If not, what are the alternatives? Provide references where the term has been used by the State.

      Response:
      The eligibility criteria for aggregated net metering established in the Solar Act of 2012 remains applicable for the RNM Straw Proposals, with some flexibility to review other parameters as the proceedings move forward. Moreover, the Company is in the process of evaluating the ACE database of public entity accounts to provide additional insight regarding the definition.

   b. Define "credit" - How should the Board establish the value of the credits which may be applied to the customer's bill, i.e., should components of a generating or a receiving customer's utility bill be used as the benchmark for defining the value of the credit? Should locational marginal pricing ("LMP") where the electricity was produced be used or some other measure?

      Response:
      The Company proposes that the value of the credit should be based on locational marginal pricing, which provides a method of valuing solar energy production within the PJM wholesale market. Relying on PJM market prices will help to eliminate the need for other electricity customers to subsidize credit payments. Relying on wholesale market prices will also allow State policymakers to avoid encouraging non-economic participation in solar projects.

      ACE proposes that the bill credit for the electricity generated from the host customer's solar electric generation system in excess of the electricity supplied by the electric power service provider or the basic generation service provider, over the annualized period, will be calculated at the real time PJM Load Weighted Average Residual Metered Load Aggregated Locational Marginal Prices for the Atlantic Electric Transmission Zone.

      In accordance with the Clean Energy Act, ACE anticipates that all costs related to the implementation of this program will be recovered.

If additional incentives are deemed necessary to further the RNM policy goals, these incentives should be separately and transparently identified following the guidelines articulated in the Clean Energy Act, including:

- comprehensive analyses regarding customer rate impact;
- placing greater reliance on competitive markets; and
- seeking to transform the renewable energy market into one that can move forward without subsidies from the State or the BPU.

Additional Comments Regarding Net Energy Metering:

Net Energy Metering ("NEM") is a billing arrangement that allows a customer to offset on-site electricity use with a solar generation system and receive credit for excess electricity supplied to the grid.

To date, the NEM billing credit has been calculated using the retail rate consisting of distribution, transmission, and supply price components. ACE's current pricing levels, however, capture a considerable amount of fixed investment through the kWh charges for most of the smaller customers while correctly maintaining effective pricing structures for larger customers consisting of fixed monthly Customer Charges and Demand Charges ($/kW). This is portrayed in the chart below.

	Distribution		Wholesale Supply	
	Customer Cost	Demand Cost	Generation Capacity	Energy
COST INCURRENCE				
	Fixed cost/customer - Meter/Meter reading - Cust. Acct/Billing/Collec - Service Line	Fixed Cost/Max Demand - Substations - Primary/Sec Lines - Transformers	Fixed Cost/Peak kW - geneartion capacity to meet peak demand on the system	Variable cost/kWh - Variable costs depending on time of delivery
COST RECOVERY				
Larger C&I Customers	$/Month	$/kW	$/kW	$/kWh
Smaller Commercial	$/Month $/kWh	$/kW $/kWh	$/kWh	$/kWh
Residential	$/Month $/kWh	$/kWh	$/kWh	$/kWh

In fact, for the residential class, only about 11% of the distribution costs are recovered through the fixed monthly customer charge. When customers reduce their kWh consumption, the fixed costs remain and must be recovered from non-participants.

These shifted costs are non-transparent incentives (cross-subsidies) that the remaining customers are absorbing in increasing amounts.

To achieve the Board's many energy policy goals in a sustainable manner, and to foster the market-based solutions and transactional platform envisioned in the Clean Energy Act, more precise pricing signals are required for customers to make economically-efficient decisions regarding energy consumption and investment. Otherwise, the underlying energy pricing signals for this system will themselves be inefficient. The goal is to develop pricing strategies that encourage customer behavior, and new technologies that reduce the cost of service for all customers instead of shifting costs to other customers.

c. Define "total average usage" for the host customer's utility accounts as cited toward the determination of maximum capacity of the RNM generator.

Response:
The Company reserves the right to provide additional comments; however; the determination of Max Capacity could comprise three components:

1. ACE reserves the right to comment further on the proceedings on other parameters that affect Capacity, including but not limited to, Max Capacity in MW, e.g., 2 MW to 5 MW.

2. Annual kwh generation that does not exceed the combined metered annual energy usage of the host customer and the participating customers based on the expected averaged metered electrical consumption, calculated over the two previous 12 months of actual electrical usage. For new building construction or in instances where less than two previous 12 month periods of actual usage are available, electrical consumption could be estimated at 100% of the consumption of customers of similar size and characteristics.

3. An annual capacity limit for all solar energy projects under the RNM program. The annual capacity limit (in MW) for all solar energy projects under the RNM program could be a component of the limit on total rated generating capacity owned and operated by net metering customer-generators Statewide, which is equal to 5.8 percent of the total annual kilowatt-hours sold in this State by each electric power supplier and each basic generation service provider during the prior year.

d. Provide examples from other states that should be considered.

Response:
Although ACE has no comments at this time, the Company reserves the right to offer input as the proceeding develops.

2. RNM Application and Agreement between Host and Other Public Entities:
    a. Staff anticipates requiring an RNM Application to be submitted as an addendum to a fully executed, standard form Interconnection Application submitted by a developer to the EDC for a fully defined project.

    Response:
    The Company agrees with this requirement.

    b. The RNM Application must be submitted along with a fully executed standard form of Agreement between the public host entity and other public entities designated to receive credits.

    Response:
    Although ACE has no comments at this time, the Company reserves the right to offer input as the proceeding develops.

    c. The RNM Application will list all host customer accounts including location and account number, as well as the account numbers for Other Public Entities accounts (within the same territory).

    Response:
    ACE agrees with this requirement, assuming that the account reference is to the EDC's account number. All participants must be within the EDC's footprint.

    d. The RNM Application must list the proposed capacity and location of the RNM generator.

    Response:
    The Company agrees with this requirement. This should be the minimum requirement along with a fully executed, standard form Interconnection Application submitted by a developer to the EDC.

    e. Suggest other items necessary to include on an RNM application.

    Response:
    The RNM applicant should include participants' contact names, email addresses, and telephone numbers.

    f. Suggest other items necessary to include on a standard form of Agreement between host and designated public entities.

    Response:
    Although ACE has no comments at this time, the Company reserves the right to offer input as the proceeding develops.

3. RNM eligibility:
    a. What determines eligibility of a host customer's accounts used for sizing the RNM generation capacity?

    Response:
    Each account must be a "public entity" facility and must be located within the same New Jersey EDC service territory. *See* the Company's response to 1. c. for additional comments.

    ACE submits that there be a limit to the total generator size per host location between 2 MW and 5 MW. There is a finite hosting capacity on each feeder; without a limit for this program, a project could take all the capacity available at the substation level, leaving a large number of customers (both commercial and residential) without the ability to interconnect to the grid at a feasible cost.

    Another criterion for the Board's consideration is the minimum/maximum number of RNM participating in each project (e.g., min-2, max-5 per host location).

    b. What determines eligibility of a receiving customer's accounts used for applying the credit?

    Response:
    See the Company's response to 3. a.

    c. When should the Board require demonstration that the owner of the solar project has paid the certified public entity a pro-rated public sponsor fee?

    Response:
    Although ACE has no comments on this question at this time, the Company reserves the right to offer input as the proceeding develops.

4. Credits:
    a. How are credits to be assigned to the "other public entities" designated for receipt?

    Response:
    Similar to what is being proposed in connection with the Community Solar Energy Pilot Program, ACE recommends that the "other public entities" be designated for a percentage of the excess generation. The Board would determine what components are to be included in the calculation of the credit on a per kwh basis. *See* the Company's comments at 1. b. for additional recommendations. Under this scenario, the "other" public entity would pay the entire SBC for what was consumed at the premise.

b. Who should verify that "each participating customer" pays at least 50% of the SBC? Does this include the host and all "other public entities" designated for receipt of credits?

Response:
See the Company's response to 1. b., above. The SBC includes the following components: Clean Energy Program costs, Uncollectible Accounts, Universal Service Fund, and Lifeline. The provision of up to a 50% discount on the SBC appears to be another layer of subsidy provided by the non-participating customers. Additional incentives should be explicit and transparent following the comprehensive analyses and competitive market focus provided in the Clean Energy Act.

ACE appreciates this opportunity to provide its Comments to the Board on this important matter and would welcome the opportunity to further elaborate in future proceedings related to this Straw Proposal.

Respectfully submitted,

/jpr

Philip J. Passanante
An Attorney at Law of the
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New Jersey Board of Public Utilities
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August 7, 2018

Comments of Borrego Solar Systems, Inc. on Proposed Remote Net Metering Program for Public Entities

The Board of Public Utilities (BPU) seeks comment on key aspects relating to the establishment of the remote net metering (RNM) program set forth the Clean Energy Act, P.L. 2018, Chapter 17, Section 6, and codified in N.J. Stat. § 48:3-87.12 (the "Clean Energy Act"). The RNM program would allow public entity customers who may be unable to host an onsite solar installation due to siting or other limitations to receive net metering credits from another public entity customer, providing equal access to the benefits of solar for all public entity customers. As one of the most experienced developers and installers of public entity solar projects in the nation, Borrego Solar has deep experience with RNM programs in other states, and a keen interest in the establishment of a workable program in New Jersey. We appreciate this opportunity to provide feedback on this important program.

The Clean Energy Act provides only three paragraphs to guide the BPU in setting up this program. Where terms are ambiguous, the BPU should interpret them in a reasonable way that achieves the purpose of the statute, which is to allow public entity customers and the citizens they serve to enjoy the benefits of solar at the lowest achievable cost to customers. The success of the state's RNM program will largely depend on making the program flexible and robust enough to enable public entities of all sizes to benefit from investing in solar energy. Below, we provide recommendations with respect to several of the questions posed in Staff's document entitled "Assumptions and Questions toward development of a Straw Proposal for Implementation of Section 6. of the Clean Energy Act of 2018."

Section 1: Definition of key terms.

Definition of "Public Entity"

The Clean Energy Act does not define "public entity," nor does it constrain BPU from adhering to prior definitions found in other state and federal statutes. In principle, the definition should be as broad as the statute reasonably will allow so as to maximize participation in the program and the ability of public entities to lower their electric bills by investing in solar.

We propose that "public entity" should be defined to include:

> the State, and any county, municipality, district, public authority, public agency, and any other political subdivision or public body in the State, including but not limited to public universities; and any instrumentalities or agencies of the United States government located within the State.

This definition draws on the definition of "eligible customer" in the aggregated net metering provisions of the Solar Act of 2012,[1] as well as the New Jersey Tort Act.[2] The definition expressly includes public universities to remove any ambiguity over their eligibility. Furthermore, this definition includes federal entities located within the State. Federal government entities are not private entities; they are public in nature and are funded by taxpayer dollars. Including federal public entities in the definition of "public entity" would conform to the plain meaning of the Clean Energy Act's language.

Definition of "Credit"

Credits under the RNM program should be defined similar to the definition of net metering credits under the State's net metering and meter aggregation programs. Under those programs, customers receive credits valued at their full retail rate that are valid for up to a year. Any unused credits would be compensated at the utility's basic service rate.

Providing customers with net metering credits valued at the full retail rate is essential to achieving the legislature's clear intent, which is to allow public entity customers who are unable to host solar facilities on their own premises to receive the same rights and opportunities as those with more favorable sites for solar can achieve. The key right for these customers and the citizens they serve is the ability to generate their own electricity and thereby receive a 1:1 offset of their retail energy bill. Therefore, the RNM program should extend this right to those customers who cannot feasibly serve their load with onsite solar. The retail rate value of the net metering credit is the essential element of the RNM program that the BPU is directed to establish for ensuring that public entities can access the benefits of solar.

Furthermore, basing the value of the RNM credit on the full retail rate would come closer to adequately valuing the contribution that solar distributed generation facilities provide. These benefits include substantial energy, capacity, ancillary service, environmental, and distribution values that likely exceed the value credited through a retail rate net metering credit. However, in the absence of a robust, comprehensive accounting of all the values provided by distributed generation in New Jersey, the retail rate credit can serve as an acceptable, if imprecise, proxy for these benefits. In addition, we note that because the demand-based design of many public entity

[1] *See* N.J. Admin. Code § 14:8-7.2.

[2] N.J. Stat. Ann. § 59:1-3 defines "public entity" to include "the State, and any county, municipality, district, public authority, public agency, and any other political subdivision or public body in the State." "State" shall mean the State and any office, department, division, bureau, board, commission or agency of the State, but shall not include any such entity which is statutorily authorized to sue and be sued. "State" also means the Palisades Interstate Park Commission, but only with respect to employees, property and activities within the State of New Jersey.

electric rates provides little compensation for the distribution benefits that distributed generation sources such as solar provide through the variable (kWh) component of the rate, BPU should consider setting the per kWh credit rate for RNM facilities based on a modified per-kWh rate that incorporates the distribution charges into a higher volumetric per kWh rate reflecting the avoided distribution costs, rather than a per-kW demand rate.

Finally, we note that if the BPU were to set the credit rate based on the wholesale energy rate (an option that Staff appears to be contemplating), the program would be irrelevant. If the net metering rate were set equal to the wholesale energy rate, there would be no incentive for customers to host RNM facilities, and no incentive for participating customers to pay a host customer for those credits. Under existing State and PJM rules, customers can already host renewable generation facilities that are compensated at the wholesale energy rate, and can already sign power purchase agreements or similar agreements to receive energy valued at the wholesale rate. In other words, were BPU to define "credit" as something other than the full retail rate, it would 1) be inconsistent with its own net metering regulations; 2) undercompensate host customers for the value of their generation; and 3) result would be a program that would not useful and which would be duplicative with existing wholesale commercial opportunities. We submit that such a decision would not comply with the clear intent of the legislature with respect to this program, and therefore recommend that BPU define credit to mean the full retail rate value, including the value of avoided generation that is sometimes included as a demand-based component of large customer rates.

Definition of "Total Average Usage" and System Sizing

The Clean Energy Act provides that "[a] public entity certified to act as a host customer may host a solar energy project with a capacity up to the total average usage of the electric public utility accounts for the host public entity customer." Several considerations are relevant to appropriately defining the term "total average usage," and, by extension, to determining the maximum size of facilities eligible for the program.

First, BPU should define total average usage as the aggregate or combined monthly usage of all accounts measured over a 12-month period. BPU should not divide this number by the number of accounts a public entity owns, as the Draft Certification Agreement appears to contemplate.[3] Dividing the total aggregate usage across accounts by the number of accounts would penalize customers who happen to have numerous smaller accounts (which could occur due to a range of factors including historical expansion, geographic constraints, the cost of real estate, accounting or billing preferences, or utility preferences). It would also effectively negate the very purpose of the program, which is to allow remote facilities to serve other public entity accounts.

For example, consider two public entities with the same load (1,000 kWh/year). For historic or geographic reasons, Entity A happens to have ten accounts with annual usage of 100 kWh each, whereas Entity B has only a single utility account with demand of 1,000 kWh/year.

[3] See Draft Remote Net Metering Public Entity Certification Agreement at 1 ("To perform this calculation, the total usage of each account over the previous twelve months must be recorded herein, summed and divided by the number of accounts used for sizing purposes.")

Even though both entities have the same demand profile, BPU's proposed language would limit individual RNM facilities hosted by Entity A to no more than 100 kWh per year of expected generation, whereas facilities hosted by Entity B could be as large as 1,000 kWh. This approach of sizing individual generating facilities based on the average size of each individual public entity account appears to have no basis in public policy and would provide no benefit to either host customers, ratepayers, or participating customers. In addition, adopting this approach would likely reduce the value of the program to all participants, since smaller systems are more expensive to construct and therefore less economically beneficial to both host and participating customers. In other words, this approach would result in the deployment of ***less*** distributed generation at ***higher*** average cost to customers. Such a result is likely was not the intent of the legislature when it direct BPU to establish this new program.

Moreover, taking the average of individual accounts—as appears to be BPU's proposal—would be in conflict with the use of the term "total" in the term "total annual usage," since such an average would be pegged to the average usage of ***individual*** subaccounts accounts, not the entity's "***total***" usage.

Rather than dividing the aggregate annual usage by the number of accounts, BPU should simply use the total average monthly usage across all accounts and compare that amount to the expected monthly average production of the RNM facility. This would effectively use the total usage across all public entity accounts to determine the "total average usage" during an average month. Adopting this approach would avoid penalizing public entities that may have a large number of smaller accounts for purely random historical or operational reasons that have nothing to do with the entity's electric demand or its suitability for hosting an RNM facility.

Second, some host customers may already have installed solar or other demand-reducing technologies on site. For these customers, the "total average usage" must account for power drawn from the grid as well as power that is self-generated. Failing to incorporate kWh of demand that are served through on-site self-generation would be inconsistent with the use of the terms "total" and "usage" in the statute.

Third, although the Clean Energy Act specifies a maximum size for each individual solar facility a customer can host under this program, the Act does not put any limit on the number of RNM projects that a host customer can host. In light of the intent of the Act to allow public entities to benefit from remotely located solar generating facilities, the BPU should clarify that the "total average usage" capacity limit restricts the size of individual projects that are eligible for RNM, but that customers may host multiple RNM facilities, each sized as large as "the total average usage of the electric public utility accounts for the host public entity customer." Such a rule would be simple to administer: for each proposed facility, BPU would simply need to verify that its average annual generation does not exceed the host customer's average annual demand (after accounting for self-generation).

In sum, we recommend BPU define the maximum system size as follows:

> Maximum system size: Systems eligible under this program must be designed not to exceed the combined average monthly usage of all electric public utility accounts

managed by the host customer during the previous 12 months, inclusive of any usage that was met through on-site generation. Customers may host multiple eligible systems, as long as the expected annual output of any individual system does not exceed the combined average monthly usage of all electric public utility accounts managed by the host customer during the previous 12 months, inclusive of any usage that was met through on-site generation.

To determine eligibility for each eligible facility, the distribution company shall compare the combined average monthly usage across all host customer accounts during the previous 12 months to the forecast monthly generation of the eligible facility during its first 12 months of operation.

Section 3: RNM Eligibility.

Eligibility of Host and Participant Accounts

BPU should include usage from all accounts administered by the host customer in the calculation of maximum allowable RNM system size. In addition, BPU should account for energy produced and self-consumed by any such accounts so as to avoid penalizing public entities that have already invested in some on-site self-generation.

Likewise, BPU should adopt the broadest possible definition for eligible participant accounts. Doing so will provide the maximum amount of flexibility allowed under the statute, helping to ensure that the purpose of the legislation is achieved. Adopting a broad definition will also reduce the legal and administrative burdens on public entities and minimize the potential for disputes between customers and utilities over which accounts are eligible and which are not.

Section 3: Credits.

Definition of Participating Customer for Purposes of the SBC Provisions

The statute requires that "each participating customer [should be required] to pay at least 50 percent of the societal benefits charge . . . ."[4] Although the term "participating customer" is not defined, Section 6 of the statute consistently uses the term "host customer" to refer to the customer on whose premises an eligible RNM facility is sited. Given this consistent usage throughout Section 6, it is reasonable to read the term "participating customer" in section 6(c) to mean customers other than the host customer that are remote from the location of the solar facility, and that participate in an RNM project by receiving net metering credits. In other remote net metering programs, such customers are typically referred to as the "satellite accounts" or "benefitting accounts" to distinguish them from the host account or accounts.

Changes to the Draft RNM Public Entity Certification Agreement

To conform with the discussion of facility sizing above, BPU should revise language in the Draft Remote Net Metering Public Entity Certification Agreement that would penalize host

[4] P.L. 2018 c. 17 Section 6(c).

customers with many small accounts. As discussed above, facility size should be determined by comparing the expected average monthly generation of the proposed facility against the total (combined) average monthly usage across all of the host entity's accounts, as well as any usage that was met by on-site generation. Adopting any other approach would result in arbitrary, unequal treatment for similarly-sized public entities, and would not comply with the statutory requirement to base the system size on the "total" of a host entity's electricity usage.

For these reasons, we recommend that BPU revise language on page 1 of the Agreement as shown below:

> The maximum facility size is to be calculated based upon the total average monthly electricity usage of the host customer accounts listed below. To perform this calculation, the total usage of each account over the previous twelve months must be recorded herein, summed and divided by ~~the number of accounts used for sizing purposes~~ twelve. For any accounts that are served by on-site generation, the sum reported should include usage that was served by on-site generation. The resulting monthly average shall be compared to the forecast average monthly generation of each proposed facility. Each facility's forecast monthly generation shall not exceed the total average monthly electricity usage.

The table on page 3 of the Agreement should also be modified to reflect that the term total average usage refers to a total monthly combined average usage, rather than BPU's initial proposal to use an individual average divided by the number of utility subaccounts or meters.

We appreciate the opportunity to comment on this program and look forward to working with BPU Staff and other stakeholders to ensure its success.

For questions or additional correspondence, please contact:

Peter S. Ross
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Borrego Solar Systems, Inc.
pross@borregosolar.com

August 7, 2018

VIA ELECTRONIC MAIL

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor
Suite 314
Trenton, New Jersey 08625
publiccomments@njcleanenergy.com

Dear Secretary Camacho-Welch:

Jersey Central Power & Light Company ("JCP&L" or the "Company") is pleased to submit comments on the Board of Public Utilities (the "Board") Staff's request for comments regarding Remote Net Metering. JCP&L thanks the Board for the opportunity to provide these comments and looks forward to working with Staff further to ensure successful implementation of the remote net metering program. Please find below JCP&L's comments regarding each of the topics specifically enumerated in the Staff's request for stakeholder comment.

1. Definitions for key terms or concepts:
    a. Define "Public Entity" - Should the eligibility criteria for aggregated net metering established in the Solar Act of 2012 be used to determine eligibility under RNM? If not, what are the alternatives? Provide references where the term has been used by the State.

Response:
The term "Public Entity" should have the same meaning as established for aggregated net metering, which applies to a state entity, school district, county, county agency, county authority, municipality, municipal agency, or municipal authority that has multiple facilities with metered accounts. This definition is appropriate because the statutes regulate similar activities and contemplate a similar regulatory construct.

The New Jersey Tort Claims Act is instructive. That Act was passed for the purpose of providing the limited circumstances under which the State waived its own sovereign immunity. Accordingly, the reference to "public entity" in that Act is indicative of the State's intent that only State entities fall under the definition. That definition reads: "Public entity includes the State, and any county, municipality, district, public authority, public agency, and any other political subdivision or public body in the State.

b. Define "credit" - How should the Board establish the value of the credits which may be applied to the customer's bill, i.e., should components of a generating or a receiving customer's utility bill be used as the benchmark for defining the value of the credit? Should locational marginal pricing ("LMP") where the electricity was produced be used or some other measure?

Response:

The Company believes that the "value of the credit" on a subscriber's bill should be determined based on either the cost per kWh for Basic Generation Service or generation service provided by a Third Party Supplier, as applicable. Because the Company's distribution system is inarguably required to accept energy from the host customer and deliver energy to the other public entities participating in the program, the credit should not be applied against distribution charges or distribution-related riders.

c. Define "total average usage" for the host customer's utility accounts as cited toward the determination of maximum capacity of the RNM generator.

Response:

JCP&L supports the definition of "total average usage" reflected on Staff's proposed Remote Net Metering Public Entity Certification Agreement. On that application, the host customer is required to provide the total annual usage, which should be an annual period based on the most recent 12 month's energy usage, on each of the accounts for which it is the customer of record. That total is then divided by the number of accounts. This methodology is dictated by the plain language of the statute, which provides that the host customer "may host a solar energy project with a capacity up to the total average usage of the electric public utility accounts for the host public entity customer." The public utility accounts of the host customer are all of the accounts for which the host customer is the customer of record. The average of these accounts is the total of their usage divided by the number of accounts.

2. RNM Application and Agreement between Host and Other Public Entities:

a. Staff anticipates requiring an RNM Application to be submitted as an addendum to a fully executed, standard form Interconnection Application submitted by a developer to the EDC for a fully defined project.

Response:

The Company is in agreement that an additional document will be required. This application form drafted by Board Staff as part of this stakeholder process can serve as the document upon which the Board will approve a certified public entity to act as the primary account holder. The customer information on the application should match the customer information on the standard Interconnection Application, as well as EDC billing records. The meter numbers for each of the participants should also be included on the form

b. The RNM Application must be submitted along with a fully executed standard form of Agreement between the public host entity and other public entities designated to receive credits.

Response:

The Company is in agreement that this additional documentation should be required. The host entity and public entity names on the form of Agreement must match the account holder names as they appear on EDC billing records. The meter numbers for each of the participants should also be included on the form.

c. The RNM Application will list all host customer accounts including location and account number, as well as the account numbers for Other Public Entities accounts (within the same territory).

Response:

The Company is in agreement with this suggestion. In addition, the name of record for the customer as contained on the EDC account records should also be included for each account being submitted.

d. The RNM Application must list the proposed capacity and location of the RNM generator.

Response:

The Company agrees with this requirement.

e. Suggest other items necessary to include on an RNM application.

Response:

The Company agrees with Staff's draft application addendum which designates the ordering or ranking of receipt of credits. However, additional language is necessary to indemnify the EDCs from any disputes that may arise between host customer accounts and receiving customer accounts.

f. Suggest other items necessary to include on a standard form of Agreement between host and designated public entities.

Response:

The Company recommends that the other public entity account holders to whom credits are be allocated be required to sign the agreement provided to the utility so as to indicate their acceptance of the arrangement.

3. RNM eligibility:
    a. What determines eligibility of a host customer's accounts used for sizing the RNM generation capacity?

Response:

With respect to sizing, the host customer should be required to list all accounts within the EDC service territory for purposes of determining the appropriate size for the capacity, in accordance with the plain language of the statute. These host customer accounts must all be located in the same EDC jurisdiction. Once the application is received an Engineering study will be conducted which may further limit the allowable size of the generator based on circuit hosting limits.

    b. What determines eligibility of a receiving customer's accounts used for applying the credit?

Response:

The other public entities receiving the credits from the host customer should be required to be in good standing with the applicable EDC, including not having any account arrearages prior to acceptance in the program to prevent the allocation of credits retroactively to balances that are past due. After review of EDC billing records of proposed participants, ineligible customers will be notified and will not be eligible for acceptance as a receiving entity for allocated credits until the account is brought up to date. The fact that a customer has been designated to receive credits under this program should in no way interfere with the EDCs' rights to properly perform collection and/or disconnection activities in accordance with the Board's rules and New Jersey law. Language will be required in the application materials for protection to the EDCs for any disputes that may arise between host accounts and other receiving customer accounts. Similar to aggregate net metering requirements, each receiving customer's account should be located within the Company's territory; served under the same rate schedule; all served by either Basic Generation Service or by the same Third-Party Supplier; and located within the customer's territorial jurisdiction or, for a State entity, located within 5 miles of one another.

    c. When should the Board require demonstration that the owner of the solar project has paid the certified public entity a pro-rated public sponsor fee?

Response:

The Company leaves this determination to the Board.

4. Credits:
    a. How are credits to be assigned to the "other public entities" designated for receipt?

Response:
The Company interprets the legislation to provide that the host public entity will have an agreement with the public entities designated to receive credits, a copy of which would be provided to the EDCs for the application of remote net metering credits. The Company notes that the draft application prepared by Staff dictates the ordering of the application of credits, and JCP&L supports this process. In the event there is excess generation in any given month following distribution of the credits, the host site account should receive the excess credit at the end of the applicable month valued at the average location marginal price ("LMP") supplied by PJM. This will simplify the crediting process, as well as allow for proper balance for settlements of energy accounting.

b. Who should verify that "each participating customer" pays at least 50% of the SBC? Does this include the host and all "other public entities" designated for receipt of credits?

Response:
Both the host customer and the other public entities designated to receive credits are participants in the program and, thus, should be subject to this requirement. Because the SBC is a volumetric charge based on delivered kWh, metering at the entities receiving credits can determine the amount of kWh consumed by these customers, allowing for the calculation of SBC charges absent the application of any credits. That information would be available from the EDC billing systems and easily verifiable by the Board. Determining the consumption at the host site would require additional metering to assist in the determination of applicable SBC charges.

JCP&L again thanks the Board for the opportunity to provide comments on this important issue. If you have any questions or would like to further discuss any of JCP&L's above comments, please do not hesitate to contact me.

Very truly yours,

Thomas R. Donadio

Joseph A. Shea, Jr.
Associate General Regulatory Counsel

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August 7, 2018

VIA ELECTRONIC DELIVERY & OVERNIGHT MAIL

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 So. Clinton Avenue
P.O. Box 350
Trenton, NJ 08625

Re: Remote Net Metering – Section 6 of the Clean Energy Act (P.L.2018, c.17)

Dear Secretary Camacho-Welch:

Please accept this correspondence on behalf of Public Service Electric and Gas Company ("PSE&G" or "Company") in connection with the above-referenced matter. PSE&G welcomes the opportunity to provide these written comments and to respond to Staff's questions.

1. **Definitions for key terms or concepts:**

    a. **Define "Public Entity" - Should the eligibility criteria for aggregated net metering established in the Solar Act of 2012 be used to determine eligibility under RNM? If not, what are the alternatives? Provide references where the term has been used by the State.**

PSE&G Comments: For consistency, PSE&G believes the definition of "Public Entity" should align with criteria set forth in the Solar Act of 2012, P.L.2012, C. 24 – "a State entity, school district, county, county agency, county authority, municipality, municipal agency, or municipal authority". For ease of usage in these comments, PSE&G will describe the Public Entity certified under Section 6 of the Clean Energy Act to act as a host customer as the "Host" and each Public Entity properly designated to receive the credit as a "Participant". The Host and each Participant must be a "customer of record" for the relevant EDC.

b. Define "credit" - How should the Board establish the value of the credits which may be applied to the customer's bill, i.e., should components of a generating or a receiving customer's utility bill be used as the benchmark for defining the value of the credit? Should locational marginal pricing ("LMP") where the electricity was produced be used or some other measure?

PSE&G Comments: The methodology to determine the value of a credit should include the following concepts:

- *The credit should be a dollar credit ("Dollar Credit") that appears as a separate line item, or that is otherwise clearly represented, on the Participant's bill from the EDC.*
- *The Dollar Credit should be the product of two factors:*
  - *kWh Output - Each Participant's percentage of output from the metered generation of the solar facility located at Host's site.*
  - *Value of the credit – There is much debate on the appropriate value of the credit.*[1] *PSE&G proposes 2 options:*

  Option 1 –The value of the credit should be based on the locational marginal price where the electricity is produced at Host's site.

  Option 2 - The value of the credit should be based on appropriate retail energy rate components so long as the value of the credit is recoverable by the Company through a cost recovery mechanism where all PSE&G customers share the costs.
- *The Dollar Credit applicable to each Participant would be dependent on the amount of kWh the solar system actually produces each month, the particular Participant's allocation of the output, and the value of the credit.*
- *An annualized period should be established for each Participant, initiating with their start of service in the Remote Net Metering ("RNM") program. Such a requirement is appropriate and reasonable to avoid the development of excessive and long-term residual credits. Residual credit balances (if any) on a Participant's bill at the end of the annualized period should be returned to the Participant.*
- *The Dollar Credit would only be applicable to Participants that have active EDC accounts. Accounts that go inactive after initiation of the RNM service would be treated consistent with the process established for residual credits at the end of an annualized term.*
- *Participants in an RNM service/program must agree to a remote read smart meter upon EDC request.*

[1] The valuation methodology described in these RNM comments varies from the methodology PSE&G proposed in its July 31, 2018 Community Solar comments. Therefore, PSE&G will supplement its Community Solar comments to clarify and align the valuation methodology in a manner consistent with these RNM comments. To reduce possible implementation and system costs, PSE&G recommends that the same valuation methodology be used for both RNM and Community Solar, and any other instance where the law requires that such credits be provided to entities remotely located from the source of the power.

The Company offers that the use of a Dollar Credit is preferable to an energy (kWh) credit for the following reasons:

- *The Dollar Credit presents the financial benefits of the credit to the Participants in a clear and concise manner, as opposed to an energy-credit method which would reduce the metered kWh by the allocated energy for bill calculation and presentment on the bill (as the net kWh). In addition, as the metered kWh would remain unchanged on the bill, the Participant could retain a history of their actual usage in their premise, so as to facilitate the ability to accurately conduct energy efficiency or similar evaluations in the future.*

- *The use of a Dollar Credit avoids process issues between and for EDCs and TPSs, as the Dollar Credit would not impact TPSs or their transactions with customers or the EDC. As such, the Dollar Credit reduces the number of entities impacted or involved in the transaction. In contrast, if energy (kWh) credits were utilized, such energy credits (a) would impact the amounts TPSs would bill customers monthly, (b) any end-of-period or annualized credits may require additional investment in EDI transactions between EDCs and TPSs, and (c) would require TPSs to respond to customer inquiries regarding the same.*

Additionally, the Company proposes that the aggregated Dollar Credit applied to a Participant's bill be recoverable through the Company's Non-Utility Generation Charge (NGC). This method of cost recovery is consistent with other solar facilities that currently sell their output to the Company under its Purchased Electric Power tariff-based purchase schedule, and would also provide a clear accounting of the total dollars associated with the credits. Additionally, as the Company proposes that the Host's solar facility be directly connected to the distribution system, such a system will effectively reduce losses on the Company's distribution system, which should benefit all customers' supply bills (and serve as an offset to the costs recovered through the NGC).

c. Define "total average usage" for the host customer's utility accounts as cited toward the determination of maximum capacity of the RNM generator.

PSE&G Comments: The statute provides that "a public entity certified to act as a host customer may host a solar energy project with a capacity up to the total average usage of the electric public utility accounts for the host public entity customer." Thus, the solar facility must be located on the premises of the Host and the installed capacity of such facility may not exceed the total average usage of the utility accounts for the Host. As such, the Company proposes that a proper calculation for determining the maximum capacity of the Host solar system, and the proper definition of "total annual usage", would be to calculate the average annual usage (in kWh) of the EDC accounts serving the Host premises.

Example: Assume the Host has 3 utility accounts (A, B & C) located on the site of the solar facility:

A: Annual usage 1,000,000 kWh
B. Annual usage 800,000 kWh
C. Annual usage 600,000 kWh

Using these assumptions, the total average usage would be 800,000 kWh in this example. Applying commonly accepted industry models (such as NREL PVWatts), the installed capacity for a system with this energy output would be approximately 600kW (direct current).

2. RNM Application and Agreement between Host and Other Public Entities:

a. Staff anticipates requiring an RNM Application to be submitted as an addendum to a fully executed, standard form Interconnection Application submitted by a developer to the EDC for a fully defined project.

PSE&G Comments: PSE&G agrees.

b. The RNM Application must be submitted along with a fully executed standard form of Agreement between the public host entity and other public entities designated to receive credits.

PSE&G Comments: PSE&G agrees. In addition, the agreement between the Host and the Participant must clearly identify the length/term of the agreement.

c. The RNM Application will list all host customer accounts including location and account number, as well as the account numbers for Other Public Entities accounts (within the same territory).

PSE&G Comments: The application should also specify which Host accounts were utilized to establish maximum solar system capacity, and what annual kWh were assumed for each account.

d. The RNM Application must list the proposed capacity and location of the RNM generator.

PSE&G Comments: As noted in 1(c) above, the statute contemplates that the RNM solar facility will be located at the Host premises. In order to be eligible for RNM, the Host's solar facility must be directly connected to an EDC's distribution system, and not connected behind the Host's meter as a load reducer. Note: Solar systems that are connected behind the customer's meter should be treated as a "normal" net metering customer and subject to all of the rules related to the same. Additionally, solar systems applicable to RNM should not be participants in the PJM wholesale market and should go through the established approval process for grid connected solar projects.

e. Suggest other items necessary to include on an RNM application.

PSE&G Comments: The application should designate the percentage of the Host's solar system output allocated to each Participant. The application should also include a provision requiring the solar facility to achieve commercial operation within 2 years of the date of the application or the application will be deemed null and void.

3. RNM eligibility:

a. What determines eligibility of a host customer's accounts used for sizing the RNM generation capacity?

PSE&G Comments: As noted in the Company's comments to question 1(c) above, the solar system must be installed on the site of the Host. The Company proposes that only those EDC accounts used to provide service for the Host should be used to calculate the total average usage and, ultimately, the generation capacity of the solar facility.

b. What determines eligibility of a receiving customer's accounts used for applying the credit?

PSE&G Comments: The accounts of the Participants (i.e., the customers receiving the credit) must be "active" EDC accounts within the same EDC service territory as the Host.

c. When should the Board require demonstration that the owner of the solar project has paid the certified public entity a pro-rated public sponsor fee?

PSE&G Comments: The RNM application should certify that the sponsor fee has been paid.

4. Credits:

a. How are credits to be assigned to the "other public entities" designated for receipt?

PSE&G Comments:

- *The RNM application must designate each of the "other public entities" to receive the credit, their respective EDC accounts and the percentage of the Host solar facility's output to be allocated to each account. Any changes to such allocations should be made via a revised application. To ease administrative burden and possible complications, the Company proposes that the number of Participants and the percent allocations be fixed for a twelve month period (at a minimum). The Company also believes that allocations should be established such that the output of the Host solar facility is fully allocated (i.e., the output of the solar facility must be fully allocated).*

- *The EDC will notify the Host if a Participant's EDC account goes inactive. Within 14 business days thereafter, the Host will inform the EDC of the new participants and any*

updated allocations, such that the output of the Host solar facility remains fully allocated. The percentage of the output allocated to the inactive account will not be reallocated after the billing period has closed. Until such time as the Host obtains new participants to assume the unallocated output or reallocate the output among current Participants, the previous allocation will remain in place.

- *Additionally, to avoid excessive credits that could result in perpetual negative bill balances, the Company proposes that the percent allocation of the projected output of the Host solar facility for an individual Participant should not exceed that Participant's annual electric usage.*

b. Who should verify that "each participating customer" pays at least 50% of the SBC? Does this include the host and all "other public entities" designated for receipt of credits?

PSE&G Comments: As noted above in the Company's response to question 1(b), the Company is proposing to use a dollar credit methodology to provide credits to the Participants. In addition to the benefits noted in the response to 1(b) for utilizing such a methodology (as compared to a kWh credit), the dollar credit can be calculated to account for at least 50% of the SBC. This would insure compliance with this requirement (seamlessly, and without an additional reporting and verification burden).

Once again, PSE&G appreciates the opportunity to participate in this stakeholder process and to provide these comments. We thank Staff for its consideration of our submission.

Respectfully submitted,

Joseph A. Shea, Jr.
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4 Irving Place
New York NY 10003-0987
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Rockland Electric Company

August 7, 2018

VIA ELECTRONIC AND REGULAR MAIL
Honorable Aida Camacho-Welch
Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Trenton, New Jersey 08625-0350

Re: Rockland Electric Company
Response to Questions on
New Jersey Remote Net Metering

Dear Secretary Camacho-Welch:

Rockland Electric Company hereby responds to questions issued by Staff of the Board of Public Utilities on New Jersey Remote Net Metering.

Sincerely,

Debbie Sassoon

Debbie Sassoon
Project Specialist
Utility of the Future

ROCKLAND ELECTRIC COMPANY'S RESPONSES TO NJBPU STAFF'S REMOTE NET METERING QUESTIONS

1. Definitions for key terms or concepts:
   a. Define "Public Entity" - Should the eligibility criteria for aggregated net metering established in the Solar Act of 2012 be used to determine eligibility under RNM? If not, what are the alternatives? Provide references where the term has been used by the State.

      Response: The eligibility criteria for aggregated net metering established in the Solar Act of 2012 can be used to determine what qualifies as a public entity. In addition, a public entity for this purpose should be a commercial account.

   b. Define "credit" - How should the Board establish the value of the credits which may be applied to the customer's bill, i.e., should components of a generating or a receiving customer's utility bill be used as the benchmark for defining the value of the credit? Should locational marginal pricing ("LMP") where the electricity was produced be used or some other measure?

      Response: The value of the solar credit should be the avoided cost of wholesale power applied to the solar project's excess generation. Solar projects, including those participating in Remote Net Metering, use the distribution system to export power for their subscribers and subscribers use the system to consume electricity. Therefore, these projects should not be provided compensation at the retail rate, which includes the distribution rate. Credits should be calculated and applied on a monetary basis (*i.e.*, a dollar ($) credit), not on a volumetric basis (*i.e.*, a kilowatt-hour (kWh) basis).

   c. Define "total average usage" for the host customer's utility accounts as cited toward the determination of maximum capacity of the RNM generator.

      Response: Total average usage for the host customer's utility accounts should be the sum of the prior twelve (12) months of usage for all host customer accounts divided by twelve (12).

   d. Provide examples from other states that should be considered

      Response: RECO has no examples to provide.

2. RNM Application and Agreement between Host and Other Public Entities:
    a. Staff anticipates requiring an RNM Application to be submitted as an addendum to a fully executed, standard form Interconnection Application submitted by a developer to the EDC for a fully defined project.
    b. The RNM Application must be submitted along with a fully executed standard form of Agreement between the public host entity and other public entities designated to receive credits.
    c. The RNM Application will list all host customer accounts including location and account number, as well as the account numbers for Other Public Entities accounts (within the same territory).
    d. The RNM Application must list the proposed capacity and location of the RNM generator.
    e. Suggest other items necessary to include on an RNM application.

Response: In addition to the information included in the Draft Remote Net Metering Public Entity Certification Agreement, the complete detailed Interconnection Application should include:

i. Electrical schematic drawing(s), including a site plan, reflecting the complete proposed system design which are easily interpreted and of a quality necessary for full interconnection. The drawings shall show all electrical components proposed for the installation and their connections to the existing on-site electrical system from that point to the point of common coupling ("PCC"). In addition, the drawings shall be clearly marked to distinguish between new and existing equipment. For those systems proposed to be interconnected at a system voltage of 1000 volts or greater, the drawings shall be sealed by a NJ licensed Professional Engineer.

ii. A complete listing of all interconnection devices proposed for use at the PCC. A set of specifications for this equipment shall be provided by the applicant upon the EDC's request.

iii. The written verification test procedure provided by the equipment manufacturer, if such procedure is required by this document. For non-inverter based systems, testing equipment must be capable of measuring that protection settings operate within the appropriate times and thresholds allowed by the EDC.

iv. Three copies of the following information:

- Proposed three-line diagram of the generation system showing the interconnection of major electrical components within the system. Single line diagrams shall be acceptable for single phase installations. Proposed equipment ratings shall clearly indicate:
  - Number, individual ratings, and type of units comprising the above rating;
  - General high voltage bus configuration and relay functions; and
  - Proposed generator step-up transformer MVA ratings, impedances, tap settings and winding voltage ratings.

f. Suggest other items necessary to include on a standard form of Agreement between host and designated public entities.

Response: RECO has no suggestions.

3. RNM eligibility:
   a. What determines eligibility of a host customer's accounts used for sizing the RNM generation capacity?

Response: All of the host customer accounts used for sizing the RNM generation capacity should be in the same customer name.

b. What determines eligibility of a receiving customer's accounts used for applying the credit?

Response: The EDC must be able to rely on the signature of a receiving customer as having the authority to bind the customer to the Remote Net Metering Public Entity Certification Agreement ("RNM Agreement") and that the receiving customer account is a qualified "public entity." The EDC will not validate that each receiving customer agreed to be part of the RNM Agreement nor that the customer is a qualified "public entity." The Host must provide a correct utility account number on the RNM Agreement for all customers listed. If an account number is inactive, the EDC will notify the Host. None of the receiving customer accounts can have on site generation.

Once a year, the Host can submit changes to the receiving customer list. The host customer's usage is offset by the generation first.

c. When should the Board require demonstration that the owner of the solar project has paid the certified public entity a pro-rated public sponsor fee?

Response: RECO has no position on this topic.

4. Credits:
   a. How are credits to be assigned to the "other public entities" designated for receipt?

Response: The monetary credit is calculated based on the excess generation of the Host. This credit is then applied to the bill of each receiving customer's account, in the order that the receiving customer accounts bill. In order to assure timely application of monthly credits, the Host cannot designate the order in which the credits are applied to the receiving customers. The credit cannot offset the monthly customer charge. The monetary credit is applied to the eligible charges of the first receiving customer on the RNM Agreement Designated Credit Receiving Customers list. Any excess monetary credit that still remains is applied to the eligible charges of the second receiving customer on the list. This continues until the credit is used up or each receiving customer has received a credit. Any excess credit for the month is held on the Host account to be added to the subsequent month's credit. This new amount then starts the process again. These excess credits are carried forward indefinitely; no annual cash out should be paid.

   b. Who should verify that "each participating customer" pays at least 50% of the SBC? Does this include the Host and all "other public entities" designated for receipt of credits?

Response: RECO has no position on this topic.

New Jersey Resources

August 7, 2018

Via email: publiccomments@njcleanenergy.com

Mr. Earl Thomas Pierce
New Jersey Board of Public Utilities
44 South Clinton Ave, 3rd Floor – Suite 314
Trenton, New Jersey 08625

Re: Remote Net Metering Program

Dear Mr. Pierce,

New Jersey Resources ("NJR") appreciates the opportunity to submit written comments to the staff of the New Jersey Board of Public Utilities ("BPU") on the development of a Straw Proposal for Remote Net Metering ("RNM"). NJR, through our subsidiary NJR Clean Energy Ventures, is a leader in the New Jersey solar market. To date, we have invested in nearly 200MW of New Jersey solar projects, which includes serving nearly 7,000 residential customers who participate in our Sunlight Advantage® solar lease program.

RNM solar projects will contribute to the creation of a stronger, fairer, cleaner energy economy, benefitting public entities by reducing electric costs, enabling the benefits of solar to be shared with facilities not technically well suited to on-site installations and contributing to local jobs and economic development. As the state looks to advance its clean energy goals, RNM projects support large scale solar projects that benefit from economies of scale and reduce the need for incentive support from non-solar participants.

NJR believes that RNM and Community Solar projects share many similarities, and the program designs should be similar. Consistent with our views on Community Solar, we recommend that excess generation from host facility sites be credited to remote facilities at an effective BGS commercial rate at the location of the RNM generator, reflecting the value provided by solar in avoided energy costs and losses, ancillary services, and generation and transmission capacity costs. Similar to traditional third-party retail supply arrangements, Electric Distribution Companies ("EDCs") should be compensated for distribution, plus 50 percent of SBC costs, as well as for administrative costs associated with billing and collections services.

To maximize the effectiveness of the program, we recommend the BPU consider taking the following actions:

1. A.B. 3723 states *"A public entity certified to act as a host customer may host a solar energy project with a capacity up to the total average usage of the electric public utility accounts for the host public entity customer."* The proposed formula assumes "total average usage" is energy usage divided by total number of accounts participating in the RNM project. With this interpretation, system sizes will be limited, and in many cases there would not be any excess energy to share with remote sites. We believe that this is counter to the clean energy goals of the state, and inconsistent with the definitions we see applied in other states. **NJR**

believes that the BPU should clarify the appropriate definition of "total average usage" to be the sum of annual average usage for each customer.

2. To accommodate a diverse range of RNM projects, incentives will still be necessary to stimulate project development. In addition to providing incentives, SREC's have been essential in contributing to the development of New Jersey's in-state solar market, which will remain important for RNM projects. NJR estimates that within the current energy year it is likely that New Jersey will have a sufficient quantity of SREC's to realize its transitional solar Renewable Portfolio Standard ("RPS") target of 5.1 percent. Therefore, the BPU would need to consider the detrimental impact that community solar projects seeking designation as connected to distribution would have on the SREC market. **NJR recommends that the BPU consider either exercising its statutory authority to expand the RPS target and allow RNM projects to generate Solar Renewable Energy Credits ("SRECs"), or create a new funding mechanism.**

The following table includes NJR's responses organized by topic to the questions posed by BPU staff. We look forward to working with the BPU and other stakeholders in designing and participating in this program.

Sincerely,

L. Barth

Larry Barth
Director, Corporate Strategy

CC: Mark Valori, Vice President, NJR Clean Energy Ventures
Chris Savastano, Managing Director – Development, NJR Clean Energy Ventures

New Jersey Resources
Remote Net Metering Pilot
Response to BPU Questions

#	Question	NJR Response
1a	Define "Public Entity" - Should the eligibility criteria for aggregated net metering established in the Solar Act of 2012 be used to determine eligibility under RNM? If not, what are the alternatives? Provide references where the term has been used by the State.	Per the Net metering aggregation (subsection e-4) (N.J.S.A. 48:3-51) "'Net metering aggregation' means a procedure for calculating the combination of the annual energy usage for all facilities owned by a single customer where such customer is a State entity, school district, county, county agency, county authority, municipality, municipal agency, or municipal authority, and which are served by a solar electric power generating facility as provided pursuant to paragraph (4) of subsection e. of section 38 of P.L.1999, c.23 (C.48:3-87):" This definition would serve the needs of the RNM initiative. Reference to "calculating the combination of annual energy usage for all facilities" is also important for defining system sizing as discussed in question 1c below.
1b	Define "credit" - How should the Board establish the value of the credits which may be applied to the customer's bill, i.e., should components of a generating or a receiving customer's utility bill be used as the benchmark for defining the value of the credit? Should locational marginal pricing ("LMP") where the electricity was produced be used or some other measure?	NJR recommends that the BPU implement a consistent approach for RNM and the Community Solar Energy Pilot Program. We recommend that Public Entities receive bill credits equivalent to BGS rates, offsetting the Basic Generation Supply (BGS) requirement at the point that the electricity is delivered. LMP alone does not reflect the full value provided by an RNM facility. The value of the credit should therefore be based on the effective BGS rate at the location of the RNM generator including costs associated with, but not limited to energy, losses, sales tax, ancillary services, capacity and transmission costs Public Entities would continue to pay the costs of the local distribution infrastructure (i.e., the bill credit would not apply to distribution charges). Since distribution costs are being paid by Public Entities, they should be able to access RNM projects anywhere within the EDC's service territory (i.e., have access to the EDC's distribution infrastructure). In addition, with EDC's being compensated for use of the distribution system for any generation provided to remote facilities, RNM projects should not count towards the states net metering cap. An RNM generator also provides societal benefit by producing clean, cost-effective, distributed generation. The Societal Benefit Charge (SBC) funds a wide-range of initiatives, including, New Jersey's Clean Energy Program. NJR recommends that the value of the credit include 50% of the value of the SBC in recognition of the clean energy benefit of the remote net metered project.

		NJR recognizes that commercial and industrial customers may pay costs associated with BGS under a capacity rate (e.g., $/kW-month based on peak consumption in a given month). We recommend that an "effective bill credit rate", expressed as a volumetric energy rate, be established by the BPU to include the appropriate capacity value of solar energy produced by the RNM project. This bill credit should be transparent, understandable and predictable by the customers and the industry. NJR has performed qualitative and quantitative assessment for the four primary EDC service territories (i.e., PSE&G, ACE, JCP&L, and RECO). As recommended above, Public Entities would receive a bill credit for the energy produced by the solar system equal to the costs associated with BGS plus 50% of SBC charges in that territory. Our calculations assume that solar capacity reduces peak generation and transmission charges by 38%, reflecting assumed solar contribution to coincident system peak. The results indicate a range of $.09 to $.12 per kwh depending on EDC. In addition to the bill credit, incentives would be required for certain projects depending on project size and are calculated under the following simplifying assumptions: - A $.12 customer bill credit with a solar PPA set at the equivalent bill credit rate - Installations require use of union labor at prevailing wages - Incentives are expressed on a levelized basis, assuming a 25-year payment matched to benefits derived from the system. For large RNM projects (>5MW), incentives would need to be about $.01 per kwh. For smaller projects, for example a 400KW system, the incentive would need to be $.085 per kWh. To accommodate the range of project sizes, the BPU could establish a sliding scale for incentives depending on project size. The required incentives may be fractionalized SRECS, however, it is likely that within the current energy year New Jersey will have a sufficient number of SRECs from installed and approved projects to meet the RPS schedule set forth in A3723, which sets the maximum New Jersey solar demand at 5.1% of retail sales.[i] PNM projects seeking designation as connected to distribution will therefore have a detrimental impact on the SREC market. To support the the RNM program, there is a need for the BPU to either exercise its statutory authority to expand the RPS target and allow RNM projects to generate SRECs, or create a new funding mechanism for these projects.

1c	Define "total average usage" for the host customer's utility accounts as cited toward the determination of maximum capacity of the RNM generator	The RNM program should encourage the development of larger solar systems with potential to offer energy cost savings to Public Entities which may not be suitable for onsite solar, and with low incentives required from non-participating rate-payers. Larger systems generate less expensive energy as major cost elements such as development, permitting and interconnection are amortized over a larger system. As system sizes decrease, these cost items do not decrease proportionally, raising the cost of energy produced, and the need for incentives to offset these higher costs. Critical to securing the cost saving benefits of larger solar systems is establishing an appropriate "total average usage" definition. NJR believes the assumed definition and the formula proposed to define system sizing needs to be improved. A.B. 3723 states "A public entity certified to act as a host customer may host a solar energy project with a capacity up to the total average usage of the electric public utility accounts for the host public entity customer." The proposed formula assumes "total average usage" refers to the average usage by total of customers. If the system size is limited to that definition (e.g., usage divided by total number of accounts), in most cases, there would not be any excess energy to share with remote sites. Instead, NJR believes that the appropriate definition of "total average usage" is the sum of annual average usage for each customer (i.e., sum or total of the average usages). Under this definition, the solar developer and EDC should consider multiple years of historical annual usage for each customer connected to the RNM project. Consistent with the Net Metering Aggregation definition, the total average usage for the Public Entity would be the cumulative amount of annual average usage for each customer, with the solar system sized accordingly to meet this cumulative annual usage.
1d	Provide examples from other states that should be considered.	NJR has performed a jurisdictional review of RNM initiatives in other states. The summary of our review includes: • No other state program has placed a system size limit on the generating facility based on the total average usage of host customer accounts. Where system size limits do exist, they are based on a MW cap and not benchmarked to average usage. • States that have variable credits or credits that are hard to predict, such as New York and Delaware, have had lower program participation • No other state limits projects to only Public Entities, though Connecticut has a program for State, Municipal and Agricultural entities that appears to have been successful in serving those entities.
2a	Staff anticipates requiring an RNM Application to be	This seems a reasonable approach.

	submitted as an addendum to a fully executed, standard form Interconnection Application submitted by a developer to the EDC for a fully defined project.	
2b	The RNM Application must be submitted along with a fully executed standard form of Agreement between the public host entity and other public entities designated to receive credits	Per the Clean Energy Act signed by Governor Murphy on May 23, 2018. P.L. 2018, Chapter 17, Section 6: "A copy of the agreement between the public entity certified to act as a host customer and other public entities designated to receive credits shall be provided to the electric public utility before remote net metering credits may be applied to a customer bill." While this is part of the Act, BPU should recognize and implement measure to protect confidential and commercially sensitive information.
2c	The RNM Application will list all host customer accounts including location and account number, as well as the account numbers for Other Public Entities accounts (within the same territory).	This is a reasonable approach. NJR recommends an addition to the Application certifying that the Host will require union workforce for the installation of the RNM project.
2d	The RNM Application must list the proposed capacity and location of the RNM generator.	This is a reasonable approach.
2e	Suggest other items necessary to include on an RNM application.	N/a
2f	Suggest other items necessary to include on a standard form of Agreement between host and designated public entities	NJR recommends that the standard form of Agreement should not restrict the ability of customers to negotiate creative solutions.
3a	What determines eligibility of a host customer's accounts used for sizing the RNM generation capacity?	The account is in the name of, owned, or controlled by an entity that meets the definition of a Public Entity.

3b	What determines eligibility of a receiving customer's accounts used for applying the credit?	The account is in the name of, owned or controlled by an entity that the meet the definition of a Public Entity.
3c	When should the Board require demonstration that the owner of the solar project has paid the certified public entity a pro-rated public sponsor fee?	NJR recommends that this should be a representation made within the executed agreement.
4a	How are credits to be assigned to the "other public entities" designated for receipt?	NJR recommends that the credit should be applied as a line item to the receiving customer's/remote site's bill.
4b	Who should verify that "each participating customer" pays at least 50% of the SBC? Does this include the host and all "other public entities" designated for receipt of credits?	NJR recommends that BPU consider simply including the amount on the bill.

[i] At an assumed retail load of 75 million megawatt-hours (MWh), the market needs to supply a maximum of 3.8 million MWh to meet its maximum RPS compliance of 5.1% of retail sales. According to the NJ Clean Energy Program, year-to-date, there is approximately 2,540 megawatts (MW) installed in the state, with a pipeline of 574 MW and a monthly new approval rate of 35MW. Factoring for a scrub-rate of 20% on the existing pipeline, assuming 1200 MWh/MW, it is likely that there will a sufficient amount of solar installed and in the pipeline to meet the 5.1% target in this energy year.

Remote Net Metering

Staff Assumptions and Questions toward development of a Straw Proposal for Implementation of Section 6. of the Clean Energy Act of 2018

Staff is working to implement the Clean Energy Act signed by Governor Murphy on May 23, 2018. P.L. 2018, Chapter 17, Section 6 on page 27 requires the Board to establish an application and approval process for Remote Net Metering ("RNM") within 120 days of the law's enactment. Staff will discuss these assumptions and questions with stakeholders in an open public meeting scheduled for **July 31, 2018**.

Stakeholders are encouraged to submit written comments. All written comments must be sent to **publiccomments@njcleanenergy.com**. Comments should be submitted in PDF or Microsoft Word Format, and follow the instructions detailed below. If applicable, quantitative assessments should be submitted in unlocked Microsoft Excel spreadsheets. All comments must be received on or before **August 7, 2018**. Late submissions will not be accepted.

The results from stakeholder input will be used by Staff to develop recommendations for the Board which are anticipated to be presented at an upcoming **Agenda Meeting.** The following key provisions of the Clean Energy Act require stakeholder input:

- Definitions for key terms or concepts including public entity, credit, total average usage;
- The application and process for Board approval of certified public entities to act as host and other public entities designated to receive "credits";
- Procedures for sizing the "remote net metering generating capacity" based on "total average usage" of the host's electric public utility accounts;
- The processes for electric distribution company ("EDC") billing of and "allocating credit to other public entities"; and
- The process for verifying and ensuring that "each participating customer" pay at least 50 % of the societal benefits charge ("SBC").

<u>Staff Assumptions and Questions for Stakeholder Input</u>

Please address the following Staff assumptions and questions with supporting arguments:

1. Definitions for key terms or concepts:
    a. Define “Public Entity” - Should the eligibility criteria for aggregated net metering established in the Solar Act of 2012 be used to determine eligibility under RNM? If not, what are the alternatives? Provide references where the term has been used by the State.

        a. ***Conti input****: The definition should remain consistent with the "Governmental entity" definition in the Solar Act of 2012, meaning that any federal, state, municipal, local or other governmental department, commission, board, agency, court, authority or instrumentality having competent jurisdiction would be considered a public entity.*

            We additionally suggest that the program be broadened to include higher education institutions and hospitals that serve the public. All hospitals, schools, colleges, and universities should be able to benefit from this program. This is consistent with how Rhode Island has structured their program.

    b. Define “credit” - How should the Board establish the value of the credits which may be applied to the customer’s bill, i.e., should components of a generating or a receiving customer’s utility bill be used as the benchmark for defining the value of the credit? Should locational marginal pricing (“LMP”) where the electricity was produced be used or some other measure?

        a. ***Conti Input:*** *The credit should be based upon the full retail value of the customer’s applicable rate tariff, less any $/kwh SBC charges.*

    c. Define “total average usage” for the host customer’s utility accounts as cited toward the determination of maximum capacity of the RNM generator.

        a. ***Conti Input:*** *For this program to be successful and allow for cost effective and accessible renewable energy for public entities special consideration needs to be given to how the “Total Average Usage” be defined. Failure to do so will render the program ineffective for the public sector.*

            Systems should be sized based upon customer accounts which will receive remote net metering credits, whether those accounts are

Host Customer Accounts ("HCA") or Receiving Customer Accounts ("RCA"). In practice, a Host Customer will have a parcel of land that can fit a certain size solar system. This solar system will produce a certain amount of remote net metering credits, which can then be remotely applied towards the electricity bills of HCAs and RCAs on a pro rata basis.

We suggest that "total average usage" should be defined as the average of the annual consumption of all HCAs and all RCAs over the past 3 years:

$$\text{Total Average usage kwhr} = \frac{(hca1\ yr\ 1 + hca1\ yr\ 2 + hca1\ yr3 + \ldots..hca_{nyr1,yr2,\ yr3}) + (rca1\ yr\ 1 + rca1\ yr\ 2 + rca1\ yr3 + \ldots..rca_{nyr1,yr2,\ yr3})}{3}$$

This will allow the generator to be sized such that all the HCAs and RCAs energy costs be offset, while preventing the solar generator to be oversized. This would allow projects to built at scale which will significantly reduce project costs, benefit the public, satisfy RPS goals, and easily adjusted to work with SREC or any successor programs.

d. Provide examples from other states that should be considered.

a. **Conti Input:** *Rhode Island's public entity net metering financing arrangement provides a similar provision which allows remotely sited large solar projects to net meter against utility bills of a public entity.*

2. RNM Application and Agreement between Host and Other Public Entities:
   a. Staff anticipates requiring an RNM Application to be submitted as an addendum to a fully executed, standard form Interconnection Application submitted by a developer to the EDC for a fully defined project.
      i. ***Conti Input****: This is reasonable provided that the RNM application only include general account information and not a full agreement between public entities or developer and public entity(or entities). The latter could potentially cause considerable wasted time negotiating agreements for both the developer and public entities only to find that the project is not feasible due to interconnection costs or capability. However, we agree that the full RNM agreement*

with the public entities be required for a signed interconnection agreement and approval for interconnection.

b. The RNM Application must be submitted along with a fully executed standard form of Agreement between the public host entity and other public entities designated to receive credits.
    i. **Conti Input:** *Agreed*
c. The RNM Application will list all host customer accounts including location and account number, as well as the account numbers for Other Public Entities accounts (within the same territory).
    i. **Conti Input:** *Agreed*

d. The RNM Application must list the proposed capacity and location of the RNM generator.
    i. ***Conti Input***: Agreed

e. Suggest other items necessary to include on an RNM application.
f. Suggest other items necessary to include on a standard form of Agreement between host and designated public entities.

3. RNM eligibility:
    a. What determines eligibility of a host customer's accounts used for sizing the RNM generation capacity?

        - ***Conti Input****: Host customer accounts should include any accounts which are owned by the host customer in the same EDC territory*

    b. What determines eligibility of a receiving customer's accounts used for applying the credit?

        - ***Conti Input****: Any public entity account within the same EDC territory as the host customer.*

    c. When should the Board require demonstration that the owner of the solar project has paid the certified public entity a pro-rated public sponsor fee?
        - ***Conti Input****: Prior to starting construction.*

4. Credits:

a. How are credits to be assigned to the “other public entities” designated for receipt?
    - ***Conti Input:*** *Credits should be accrued in the form of kwhr and allocated to the host customer accounts and/or the receiving public entity accounts by their % contribution to the generating account sizing calculation. E.G a public entity that amounts to 30% of the total kwhr used to size the generator should only receive 30% of the energy created by the solar generator. After the allocation, the credit should be converted into dollars based upon the full retail value of the receiving customers applicable rate tariff, less any $/kwh SBC or delivery charges. California follows a similar structure and it allows credits to be used for accounts with different rate tariffs.*

b. Who should verify that “each participating customer” pays at least 50% of the SBC? Does this include the host and all “other public entities” designated for receipt of credits?
    - **Conti Input: -** *this would not be required in the way we propose the allocation. Each customer whether host or receiving is required to pay for their own SBC charges associated with the energy they receive from the generating account.*

Soltage

Soltage, LLC
66 York Street
Jersey City, NJ 07302

August 6, 2018

New Jersey Board of Public Utilities
44 S Clinton Ave.
Trenton, NJ 08625

To the New Jersey Board of Public Utilities,

This letter comments upon Section 6 of P.L.2018, c.17, regarding public entities acting as host customers for remote net metering generating capacity.

1. It is recommended that remote net metering rates for all municipal customers be based upon the retail rate at the host meter associated with the host customer solar facility and not the other customers' meters. This will simplify the bill credit process and municipal customer participation allowing for a straightforward credit calculation for the customer, rather than having the credit based on a rate associated with numerous customer meters. In Massachusetts, this has proven beneficial to municipal customers under the state's very successful virtual net metering program.

2. The regulation should allow the solar energy project to provide on-bill credits above 110% on a 3-year annual usage across all electric meters for the municipality with a capacity **up to the total annual usage** of the electric public utility accounts for the public entity customer. Limiting the usage to the **average** annual usage of all accounts does not serve the best interest of the municipality and greatly limits the economic savings to the municipality by limiting the on-bill credit savings to the municipality. We have not seen this limitation imposed in any other state with remote or virtual net metering regulation. The 3-year average provides for the customer and the solar facility owner to address annual fluctuations in consumption due to variations in weather and energy efficiency measures implemented in later years. Any excess above the 3-year average over 110% should be cashed out at the utility's avoided cost.

3. It is recommended that the regulation allow municipalities the flexibility to purchase on-bill credits from non-municipal properties subleased by the municipality. This will improve program efficiency and enable municipalities to retain key properties and receive credits without encumbering their properties or limiting the size of the solar facility by the limitations of the available municipal properties.

4. It is recommended that the draft tariff for remote net metering be available for review and comment within the 120-day period stipulated in the legislation.

5. The BPU should consider signed 25-year term remote net metering services agreements under the tariff to be grandfathered, regardless of changes to the tariff in subsequent years. This is very important for financing solar projects and will provide improved savings to customers compared to 15-20 year term agreements.

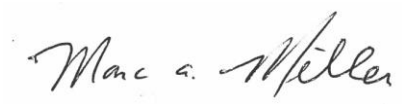
6. It is recommended that the on-bill credit rate (net metering credit) should be credited at the full retail rate of the small customer tariff.

7. The $10,000 per MW fee should be paid to the municipal customer in three equal installments: the first payment at energization of the solar facility, the second at the beginning of year two of operation, and the third at the beginning of year three of operation.

8. It is recommended that the State procurement regulations permit municipal entities to enter into net metering credit agreements without having to run competitive solicitations. This is because remote net metered credit agreements are not procurement of energy contracts, but rather credit agreements, and they also represent a savings that further reduces cost of energy to the municipality. This will save time and money for all engaged. This has proven beneficial in Massachusetts.

Thank you for considering our comments. We look forward to developments in the program design and we support remote net metering in New Jersey.

Sincerely,



Marc
Marc Miller
Senior Vice President
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