

July 31, 2018

VIA ELECTRONIC MAIL

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
Trenton, NJ 08625

RE: Edison Energy, LLC Comments on New Jersey's Community Solar
Energy Pilot Program (Docket No. QO18060646)

Dear Secretary Camacho-Welch:

Edison Energy, LLC ("Edison Energy") appreciates the opportunity to comment on New Jersey's community solar pilot program ("Pilot Program") in the above-named docket. Edison Energy, an Edison International Company, provides energy advisory, integration, and outsourcing services with a client-centric commitment to enterprise clients. Edison Energy's emphasis is on serving the largest energy users with solutions that include distributed generation, energy efficiency and conservation, and power marketing management services, including renewable energy procurement. Edison Energy employs a multi-talented team of affiliated companies, including Altenex, LLC, ENERActive Solutions, LLC and Delta Energy Services, LLC, all of which have customers with facilities in New Jersey. Of Edison Energy's clients, 16 of them alone consume more than 530,000 MWh per year in New Jersey. Of these clients, 11 have ambitious sustainability and renewable energy goals that could be achieved through the addition of community solar to their energy procurement strategies.

Edison Energy's brief comments will focus on minimum requirements and program features that will attract corporate and institutional participation in New Jersey's community solar pilot program. While companies and public entities may have different requirements, there are a few design considerations that are necessary to spur our client's interest and participation in the program.

I. Program Size

The Pilot Program should be sized to accommodate growing demand for community solar and attract large energy users to serve as anchor tenants. Creditworthy anchor tenants reduce subscriber churn, lower customer acquisition costs and help secure project financing for developers, thereby lowering costs and project risk for all subscribers. In our experience, smaller programs fail to reach their full potential in both widespread participation and cost-effective solar deployment due to both a lack of developer investment in the market and lack of customer interest.

II. Geographic Limitations

In addition to having a large program capacity for the three-year Pilot Program, the New Jersey Board of Public Utilities (“BPU”) should refrain from imposing geographic limitations beyond requiring subscribers to be in the same utility service territory as the community solar facility. In our experience, corporate and public entities generally prefer to subscribe to community solar projects near their facilities, but their buildings may be located in urban areas where access to land that can support community solar development is limited. Additional geographic boundaries may therefore limit project availability for commercial and institutional subscribers that have large load and could increase costs for subscribers if the geographic boundary is too small to encourage active and competitive development and efficient siting from the community solar industry.

III. Project Aggregation

To attract anchor tenants, Edison Energy recommends that subscribers be allowed to purchase multiple subscriptions from multiple community solar projects. In general, large energy users are unable to subscribe 100% of their energy usage through an individual community solar project. Therefore, to encourage anchor tenants to invest in community solar and support the financing of community solar projects, we recommend that subscribers be allowed to contract with multiple projects within their service territory up to 100% of their historical annual usage.

IV. On-Bill Credit Values

Compensation to subscribers through bill credits should be transparent and predictable to encourage customer interest and industry investment. While we understand the desire for various market participants to request either bill credit values on the low end, at the LMP or QF value, or on the high end, full retail value, Edison Energy believes that community solar as a distribution level generation asset located in front of the meter should be compensated at a value between these two. In our experience, bill credit values too low fall short of attracting valuable C&I customers while bill credits valued too high can disorient the incentive and tariff structure underpinning the entire system of rate-based cost recovery. We recommend a transparent value with a high degree of predictability, indexed not to the specific subscriber but the generating asset itself.

V. Ownership of Solar Renewable Energy Certificates (“SRECs”)

In order to control the cost of meeting New Jersey's growing Renewable Portfolio Standard ("RPS"), we recommend that the SRECs from a community solar project transfer directly to the Electric Distribution Company ("EDC"). In exchange for a low cost SREC, as compared to the observed spot market price, the EDC will offer the project a contracted price for that SREC. This price can be calculated using the difference between a Feed-in Tariff rate and the energy value of some fixed value. At the current value of NJ SRECs, most community solar owners would monetize the project SRECs so that they can increase the value proposition to the subscriber. For this reason, we believe the best way to achieve cost-effective solar deployment, efficient RPS with ratepayer dollars and widespread participation amongst creditworthy institutional customers, the BPU should consider an irrevocable forward transfer of all SRECs from the project to the EDC. This is the most efficient means of controlling RPS cost and providing solar developers with the revenue certainty needed to obtain cost-effective financing. If the BPU adopts this approach, we recommend strong consumer education, product marketing guidelines and disclosure to provide subscribers with clear guidance on any environmental claims that can be made in relation to their subscription.

Conclusion

Edison Energy appreciates the opportunity to comment on New Jersey's community solar pilot program and looks forward to continued participation in this proceeding.

Respectfully,

Shannon Weigel

Shannon Weigel
Director of Policy
Edison Energy, LLC
Shannon.Weigel@edisonenergy.com

Rich DiMatteo

Rich DiMatteo
Strategy, Solar Markets
Edison Energy, LLC
Richard.DiMatteo@edisonenergy.com