Arcadia

SB613 Electricity – Community Solar Energy Generating Systems Program
Maryland House of Delegates
445th Session of the General Assembly
February 28, 2022
Position: Favorable

Testimony of Arcadia on SB613

Thank you for the opportunity to submit testimony on this legislation. Arcadia urges the Senate Education, Energy and the Environment Committee to favorably report out this important legislation. Below is an introduction to Arcadia (or “the Company”), an explanation of why we support this legislation, and a solution to concerns about utility consolidated billing as initially proposed.

Introduction to Arcadia

Arcadia is building the software necessary for Marylanders to realize the full benefits of clean energy. Today, customers face a bewildering assortment of energy technologies – ranging from energy efficiency and renewable energy to battery storage and electric vehicles – all of which have unique capabilities, costs, and user experiences. Arcadia’s software makes it possible for energy technology providers to delight their customers and move clean energy forward by enabling a simple user experience that saves people money.

The Company’s software is revolutionizing community solar, making it easy for people to sign up with guaranteed savings and without any risk. Today, Arcadia manages more than 84 MW across 54 projects in Maryland. Once fully energized, these projects will serve approximately 14,700 Marylanders. Nationwide Arcadia works with more than 40 developers to manage 475 community solar projects representing a combined 1.3 gigawatts of capacity, making it the largest subscriber manager in the country.

Support for SB613

The Community Solar Energy Generating Systems (CSESGS) program allows all Maryland families who pay a power bill to access local renewable energy while receiving guaranteed savings on their power bills, each month, for the life of the project. Most notably, this program is accessible to families that cannot participate in rooftop solar, including renters, those with low credit scores, or those with unsuitable roofs.

The existing CSEGS pilot program has been a success and has generated a number of lessons learned. This thoughtful legislation would make permanent key features of the program that were successful and also includes an array of programmatic improvements based on the industry’s experience in Maryland and from leading community solar markets.

In particular, this legislation would require that 40 percent of project output be reserved for low and moderate- income (LMI) subscribers. This ensures all Marylander can participate in the clean energy transition.

This legislation includes the pragmatic improvements needed to facilitate such a high level of LMI participation. Most importantly, Arcadia would like to draw attention to the following bill provisions:

- Additional methods for verifying customers as LMI are necessary, including through:
    - Proof of participation in any official income assistance program;
    - A customer's written attestation that their income is below the required income threshold. *(page 3 lines 16-27 and page 4 lines 1-2; and page 10 lines 22-33 and page 11 lines 1-24)*
- A requirement for the timely application of community solar credits to the customer's monthly amount due to ensure a reliable customer experience where the generated credits are enjoyed each month. *(page 13 lines 1-3)*
- Implement utility consolidated billing to ensure customers receive only one bill, and improve the community solar program's ability to interact better with other assistance programs including LIHEAP and budget billing. *(page 3 lines 5-13, and page 8 lines 13-23)*

Leading community solar programs continue to expand and improve. New York, Massachusetts, and California have all undergone substantial programmatic improvements and expansions in recent years, and a number of other states, including New Jersey and Maine, are actively considering such changes. By passing this legislation Maryland may once again be a community solar leader.

Addressing utility consolidated billing concerns
Some stakeholders, including the Public Service Commission and NRG have noted that utility consolidated billing as proposed could raise issues involving customer disconnection and complications around customer partial payment.

To address these concerns we propose adopting a net crediting model of consolidated billing, as deployed in New York, which maintains the largest and most effective single-payment community solar system in the country. Under this system, the utility is directed to remit payment to the solar farm, and separately apply the net credit to the customer's bill, and there is no receivable. Under this model, the community solar solar subscription is guaranteed to lower the customer's bill, so there is no scenario under which the solar product could be the cause of a customer's default, and therefore no uncollectibles rate should be charged to the solar farm.

Under this model, community solar remittance from the utility is unrelated to the customer's payment, and accordingly, in the event of customer partial payment, there would be no effect on the 'order of operations' of payment between the utility, the supplier, and the community solar project subscriber organization (referred to in New York as the CDG Sponsor).

The New York Public Service Commission succinctly summarizes this:

> The use of the net crediting model would eliminate the need for a POR method for subscription fees, since subscription fees would be withheld automatically from bill credits and paid directly to the CDG Sponsor. This will reduce cost, complexity, and risks for both the utility and the CDG Sponsor.[1]

In addition, because the community solar (referred to as CDG, or Community Distributed Generation, in New York) credits applied under this system offer guaranteed savings to the customer, any partial payment or nonpayment would have happened without a community solar subscription.

> The Commission agrees that this method is simpler administratively and reduces risks for both CDG Sponsors and the Joint Utilities as compared to other models. Therefore, the Joint Utilities are directed to implement net crediting as a billing option for all CDG projects, both existing and new. As compared to the more traditional consolidated billing used for ESCOs, where the ESCO identifies a charge for the utility to put on the customer's bill and the utility collects that charge on behalf of the ESCO, the net crediting model avoids putting the utility in the position of collecting a higher charge than it would have applied to the customer by guaranteeing savings to the customer. Therefore, it can be assumed that any partial payment or nonpayment would have happened even in the absence of the customer's CDG membership and there is no risk that the amount of uncollectibles or the utility's exposure will increase. Furthermore, as discussed in more detail below, net crediting can be implemented with limited changes to the physical bill, as compared with other consolidated billing models.[2]

Lastly, we respectfully note that the New York Public Service Commission capped the initial fee utilities may charge for implementing this system at one percent of the total value of credits remitted to the project. While a process was established for utilities to request a fee increase, they have yet to do so in the three years since the Order was issued.

<u>Proposed amendment</u>
To adopt a New York-style net crediting model, we propose the following bill amendment:

> "Net crediting" means a program under which the electric utility, upon authorization by or on behalf of an eligible customer, remits the cash value of the subscription fee to the owner or operator of the community renewable generation facility, regardless of whether or not the eligible customer has paid their monthly electric bill, and places the remaining bill credit on the eligible customer's bill. Net crediting bills shall include the subscriber's standard utility bill and also include the subscriber's subscription fee on the subscriber's monthly electric bill and

[1] State of New York Public Service Commission. Order Regarding Consolidated Billing for Community Distributed Generation. CASE 19-M-0463 - In the Matter of Consolidated Billing for Distributed Energy Resources. December 12, 2019. Page 17.
[2] id, Page 13.

provide the subscriber with a net credit equivalent to the total bill credit value for that generation period minus the subscription fee, provided the subscription fee is structured as a fixed percentage of bill credit value. The net crediting agreement shall set forth payment terms from the electric utility to the community solar project manager of the community renewable generating project, and the electric utility may charge a net crediting fee to the owner or operator of a community renewable generating project that may not exceed 1% of the subscription fee.

Conclusion

Arcadia asks for a favorable report on SB613, and requests the inclusion of the net crediting amendment. The Company appreciates the opportunity to provide this testimony and would be happy to answer questions. Please do not hesitate to contact me at James.Feinstein@arcadia.com or 202 999 8916 if you would like to discuss further.

Sincerely,

James Feinstein
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Arcadia