



September 3, 2019

***Via Electronic Filing***

Honorable Kathleen H. Burgess  
Secretary to the Commission  
New York State Public Service Commission  
Empire State Plaza, Agency Building 3  
Albany, NY 12223-1350  
Email: [secretary@dps.ny.gov](mailto:secretary@dps.ny.gov)

RE: Case 19-M-0463 - *In the Matter of Consolidated Billing for Distributed Energy Resources*

Dear Secretary Burgess,

Please find the joint comments of the Alliance for Clean Energy New York, Coalition for Community Solar Access, Natural Resources Defense Council, New York Solar Energy Industries Association, Renewable Energy Long Island, Solar Energy Industries Association and Vote Solar (referred to herein as the “Clean Energy Parties,” or “CEP”) in response to the June 18, 2019 *Notice Seeking Comments Regarding Consolidated Billing for Community Distributed Generation* in the above referenced case.

Respectfully submitted,

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**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

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In the Matter of Consolidated Billing for  
Distributed Energy Resources

Case 19-M-0463

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**JOINT COMMENTS OF THE COALITION FOR COMMUNITY SOLAR ACCESS,  
THE ALLIANCE FOR CLEAN ENERGY NEW YORK, NEW YORK SOLAR ENERGY  
INDUSTRIES ASSOCIATION, NATURAL RESOURCES DEFENSE COUNCIL,  
RENEWABLE ENERGY LONG ISLAND, SOLAR ENERGY INDUSTRIES  
ASSOCIATION AND VOTE SOLAR**

Dated: September 3, 2019

## **I. Introduction**

In response to Secretary Burgess' June 18, 2019 Notice Soliciting Comments, the Coalition for Community Solar Access ("CCSA"), the Alliance for Clean Energy New York ("ACE NY"), Natural Resources Defense Council ("NRDC"), the New York Solar Energy Industries Association ("NYSEIA"), Renewable Energy Long Island ("reLI"), the Solar Energy Industries Association ("SEIA") and Vote Solar (referred to herein as the "Clean Energy Parties" or "CEP") offer these comments. We thank the Commission and Staff for opening this docket and initiating this proceeding.

CCSA is a business-led trade organization, comprised of over 50 member companies, that works to expand access to clean, local, affordable energy nationwide through community solar. Our mission is to empower energy consumers, including renters, homeowners, businesses and households of all socio-economic levels, by increasing their access to reliable clean energy. CCSA, in partnership with a network of non-profits, affiliate trade associations, and allied stakeholders, serves as the central voice for the community solar industry in developing vibrant and sustainable markets for community solar.

ACE NY is a 501c(3) member-based organization with a mission to promote the use of clean, renewable electricity technologies and energy efficiency in New York State. ACE NY members include renewable energy developers and operators, other members of the renewable industry sector, and environmental organizations.

NRDC is a national non-profit membership organization with more than 3 million members and engaged community participants. NRDC is committed to the preservation and protection of the environment, public health, and natural resources. To this end, NRDC is actively involved in advancing policies that reduce greenhouse gas emissions and other dangerous forms of air pollution and that accelerate the deployment of clean energy resources.

reLI, established in 2003, is a 501c(3) not-for-profit organization promoting clean, sustainable energy use and generation on Long Island. reLI is committed to accelerate the transition to a 100% renewable energy economy. reLI educates the public, works with local governments and partners with community interest groups to bring about the shifts necessary to enable widespread adoption of renewable energy.

SEIA is the national trade association for the United States solar industry. With more than 1,000 member companies nationwide, SEIA represents all segments of the solar market

including residential rooftop solar companies, firms that provide solar solutions to commercial and industrial customers, community shared solar companies, solar companies that supply power directly into the wholesale energy markets across the country, and firms that manufacture and distribute a range of solar products.

Vote Solar is a non-profit, non-partisan grassroots organization with members throughout the United States, including in New York. Since 2002, Vote Solar has worked in New York and across the country to remove market barriers and implement policies needed to bring solar into the mainstream. It works nearly exclusively at the state level and works to carry best practices and lessons learned from all across the country into its work. Vote Solar's staff includes experts with experience working for regulatory authorities, electric utilities, solar industry and environmental non-profits.

The CEP together have been actively participating in multiple dockets affecting community distributed generation ("CDG") and distributed energy resources ("DERs") over the last several years in New York, including the VDER docket (15-E-0751) and related working groups (the Value Stack Working group 17-01276, the Low-Income Working group 17-01278, and the Rate Design Working group 17-01277), and the Regulation of DER Providers docket (15-M-0180), among others.

Members of the CEP have commented specifically about consolidated billing and our general support for utility consolidated billing ("UCB") in April 2017<sup>1</sup> and July 2017.<sup>2</sup> The CEP remain supportive of implementing Utility Consolidated Billing with Purchase of Receivables ("UCB-POR") as an option for CDG providers (CDG providers would be allowed to opt-in, but it would not be mandatory). If implemented properly with a reasonable fee structure and in a transparent, easy-to-understand customer interface, UCB-POR could provide direct benefits to CDG customers – including low-to-moderate income ("LMI") subscribers – and help the state achieve its clean energy and equity goals by enabling more community solar development at lower cost.

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<sup>1</sup> See *RE: Informal Comments Following Value of Distributed Energy Resources Technical Conference*, pp. 22-24 submitted on April 18, 2017 by the CEP, which included ACE NY, CCSA NRDC,

<sup>2</sup> See *RE: CASE 15-E-0751 Regarding the VDER Phase 1 Implementation Plans of the Joint Utilities*, pp. 15-16 submitted on July 24, 2017 by the CEP, which included SEIA, Vote Solar, CCSA, Pace Energy and Climate Center, NRDC, and Acadia Center

## **II. Consolidated Billing with Purchase of Receivables Impact**

UCB is a program in which the utility posts not only the CDG credit on a CDG subscriber's bill, but also the charge for the CDG subscription, such that the customer pays only one bill, and the utility remits the portion of the payment that is for the CDG subscription to the CDG provider. Under UCB-POR, the utility would also purchase the receivables of the CDG provider; in other words, the utility would, for a reasonable fee, purchase the "debt" that the community solar provider expects to recover from subscribers, and then the utility would become responsible for collecting those subscriber fees. UCB-POR is a familiar concept from the retail supply arena and there are lessons learned that could be leveraged to implement it in New York for CDG.

Moving to a CDG market with UCB-POR will have an immediate impact on both CDG customers and CDG developers.

From the customer's point of view, consolidated billing fundamentally changes the relationship between the customer and the CDG provider by placing all CDG costs and savings on the subscriber's utility bill. This will enhance the customer experience for those that prefer a single bill. For LMI customers this is especially important, because increasing the number of bills that LMI customers have to pay is a significant barrier – even if the result of their participation in the CDG project is a net savings.

For CDG developers and providers whose project financing models require subscriber credit checks, UCB-POR would enable greater participation from customers with limited or no credit. Even for potential CDG subscribers with good or excellent credit scores, being subjected to a credit check for a community solar subscription is a barrier to participation. UCB-POR removes this barrier to participation for customers regardless of credit history by substituting the subscriber's credit risk with a default risk that will be pre-determined by the POR Discount (i.e., the fee charged by the utility to the CDG provider participating in UCB-POR). Additionally, financing parties will be more comfortable with this approach because as credit checks are more widely eliminated, the addressable market of CDG participants is increased allowing greater substitutability of CDG customers for transfers and cancellations. As a result, the overall risk profile for some projects and CDG providers can improve and their assets and business models become more attractive and cost-effective from a financing perspective. While the financial community has become increasingly comfortable with CDG as a product offering in general, an

innovation like UCB-POR can accelerate the attractiveness of CDG to additional financiers and bring down financing costs further.

In addition to reducing financing costs, UCB-POR reduces billing and collections costs for CDG providers who opt in, because they no longer have to pay to send bills, monitor collections, or experience lost revenue as a result of customer non-payment. Thus, UCB-POR has the potential to reduce soft costs associated with CDG project development and operations.

However, it is important to remember that any soft cost reductions associated with UCB-POR will be offset to some extent by any fees the utility will charge to offer the UCB-POR service. Furthermore, many CDG providers will continue to engage in customer acquisition, customer relationship management and customer churn, even if no longer conducting the actual billing and collections. Therefore, the amount of soft cost reductions achievable from UCB-POR should not be over-estimated – the actual cost savings to project owners will be heavily dependent on the fee structure approved by the Commission.

### **III. Envisioned Process to be Most Effective for Customers and CDG Providers**

To be most effective for customers, UCB-POR must provide for a clear and precise accounting of subscriber CDG bill credits and charges, accurate descriptions to help subscribers understand where and when their credits were generated, and information regarding who is delivering those bill credits to them and where the charges are going.

In order to smooth the implementation of CDG UCB-POR, we recommend that it build off of the existing POR systems and fee structure in place for retail supply. We recommend the following process:

1. The utility calculates the customer CDG bill credit for the production period.
2. The utility makes the CDG bill credit report available for the CDG provider to review and verify, via a secure data exchange mechanism (i.e., ideally, via API, available through a secure POR portal).
3. The CDG provider verifies the utility-provided CDG bill credit report and provides the corresponding customer CDG subscription charge/fees (i.e., debits) back to the utility, via a secure POR portal.
4. The utility then posts both the CDG credit and the CDG subscription fee (debit) on the customer's invoice.

- a. It is imperative that the CDG credit and CDG subscription fee correspond to the same CDG production period and are on the same customer invoice. If the CDG credit is mismatched with the CDG subscription fee on a customer’s bill, the customer experience is compromised and it becomes difficult for the CDG provider to ensure the proper value is being delivered.
  - b. While the ideal situation is that the CDG credit and CDG subscription fee are provided/charged within 30 days of the corresponding CDG production, it is more important that these transactions occur on the same customer bill and therefore if necessary, a one-month delay in posting the credits/fees may be acceptable.
5. The utility then pays the CDG provider for the CDG receivables – less the established POR Fee.
- a. With this fee, the utility assumes full responsibility for the CDG subscription receivable and it is without recourse.

**Here is an example timeline of how this process may work:**

<b>Month/Date</b>	<b>Activity Description</b>
May 31	May Production period ends.
June 1 – June 15	Utility calculates May production period CDG credits for customer bills.  Utility posts credits to a POR portal for CDG provider review.
June 15 – June 30	CDG provider reviews May’s CDG credit report and then calculates May customer CDG subscription fees (i.e., debits).  The CDG provider posts the debit report in a POR portal.
July 1 – July 15	The utility places both the May CDG credit and the CDG charge on the same customer invoice.  The utility pays the project owner for May’s debits minus the POR fee.

#### **IV. Implementation Timeline**

Because the actual enrollment and billing of CDG customers comes at the end of the 18-24 month CDG project development cycle, and project financing comes earlier in the cycle, there is an opportunity for Commission approval of UCB-POR to begin reducing soft costs before the UCB-POR is fully implemented and operational. If the Commission issued an Order requiring UCB-POR implementation by a date certain in the future, and set enough guardrails around the fee structure and flexibility in product terms such that project developers could anticipate within a reasonably narrow band what the actual costs would be once their project came online, then developers could begin underwriting to this new set of cost assumptions, allowing more and lower cost development and better customer products to be developed while, in parallel, the utilities were coordinating with industry on billing system adjustments to operationalize UCB-POR. Specifically, we recommend that the Commission issue an order in Q4 2019 authorizing UCB-POR and directing the utilities to implement UCB-POR within 12 months of the order.

If such advance commitment is not provided, or if there is too much uncertainty remaining regarding actual costs, then anticipated soft cost reductions would not be effective until the final UCB-POR fee structure and rules are fully adopted.

The CEP encourage the Commission to ensure utilities implement UCB-POR in a timely fashion; a long drawn out process will not produce the benefits envisioned by this model in a meaningful timeframe relevant to the state's distributed solar goals, and will represent a missed opportunity to better engage more individual customers in the state's energy transition. The CEP have been frustrated by the experience with the need for standardization, transparency, and eventually automation of CDG billing and crediting, which despite having been flagged by CEP as an important implementation issue leading up to and immediately following the March 2017 VDER Order, was not adequately addressed by the utilities, resulting in a poor customer experience and unnecessary soft costs for project owners. The experience to-date is out of step with the Reforming Energy Vision's goals, which include a consumer-centric energy economy, inspiring innovation and utility business model evolution.

Based on this experience, the CEP recommend that the Commission establish enforceable deadlines, with penalties for non-compliance and/or incentives under the performance-based

incentive mechanisms for achieving UCB-POR in a more timely fashion and maintaining customer satisfaction with that achievement.

## **V. Responses to Specific Questions**

### ***1. Should consolidated billing use the “purchase of receivables” model? Should the purchase of receivables be with or without recourse?***

Yes, consolidated billing should use the purchase of receivables (“POR”) model. And, it should be without recourse. Specifically the POR model is important because it reduces the risk associated with customers not paying for their CDG subscription. This in turn allows financiers to become more comfortable with the risk profile of community solar projects, and more comfortable supporting residential subscriptions without minimum credit (FICO score). The more broadly available and lower cost financing would enable more megawatts of development to go forward at the same state incentive levels, which would make CDG participation available to more customers statewide. It would particularly ease some of the perceived risk of serving non-credit qualified customers, including low- and moderate-income customers.

The POR model should be without recourse for CDG projects. The risk associated with the utility accepting full collection responsibility can be and should be considered as the Commission sets the receivables discount (i.e., the fee CDG providers pay).

Further, utilities have built-in collection processes that are better equipped to efficiently and cost-effectively handle delinquent payments relative to the tools and resources currently available to CDG providers.<sup>3</sup> Having POR with recourse reduces the benefit of having POR at all, and creates the potential for clunky and slow resolution processes that result in frustrating administrative burden for all parties involved.

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<sup>3</sup> While the Commission’s September 2017 VDER Phase One Implementation Order directed that utility collection mechanisms should not be utilized for CDG consolidated billing, the CEP assert that now that the Commission has moved beyond VDER Phase One to further refine the value stack and more aggressively target soft cost reductions, a fresh look at the appropriate involvement of utility collection mechanisms is warranted, especially as CDG consolidated billing has the potential to reduce utility uncollectibles.

2. ***Should consolidated billing require that the subscription charge for each member be set at a percentage of value of the credit received by the CDG member (e.g., a subscription charge equal to 90% of value of the credits, varying each billing period based on the credit value) or should other billing models also be enabled?***

The CEP caution against being overly prescriptive when it comes to the subscription charge because it could stifle CDG product and/or business model innovations, reduce options in the marketplace and ultimately make UCB-POR an unattractive option for the CDG providers.

3. ***Should a limit be set on the amount of charges, such as a requirement that the subscription charge be less than the bill credit value?***

No. The CEP cite CCSA's primary core principle that states that policies, programs, and practices should allow all consumers the opportunity to participate in and directly economically benefit from the construction and operation of new clean energy assets. In line with this underlying core principle, the CEP support the general intent of ensuring customers do not experience a net cost associated with their participation. This is particularly true for LMI customers.

However, being overly prescriptive could inadvertently stifle business model innovation and products that have value propositions tailored to specific customer segments. Under VDER, for example, credits generated by a project and therefore allocated to customers can spike in certain months and CDG providers should have the option to offer a fixed monthly payment (sometimes called level pay option) that results in annual net savings but which may come at a cost during certain months. CDG providers may also offer different value propositions associated with different contract lengths, tailored to specific customer segments. As another example, certain customers may be interested in participating in a project that has higher costs and therefore subscription fees as a result of characteristics the customers perceive as a value add, like an association with a particular farm, school or church in their community.

The Commission has authority to monitor and audit customer bills and, via the DER Oversight provisions in place, has advance notice of the typical products DER providers are offering. The Commission therefore will be well equipped to act should any issue arise with excessively high subscription charges. However, in the absence of evidence that this would be a problem, the CEP suggest it is more beneficial to allow the CDG business model and product the flexibility to continue to innovate and improve to best serve customers.

The CEP note that product pricing concerns related to the retail supply market do not translate to the community solar market as community solar is a fundamentally different asset and product. Retail supply products are typically structured to be short-term products with introductory rates. The crux of the product strategy is to offer an introductory rate that expires and subsequently increases over time. CDG providers, however, have a fundamentally different product structure and offering. Most CDG providers offer a long-term product that is typically predicated on saving monthly or stabilizing a customer's utility bill compared to the utility alternative. Many CDG providers are able to offer CDG customers the opportunity to participate in specific local clean energy projects and receive credits toward their electricity bills without paying a premium.

***4. Should consolidated billing be limited to specific service classes or available to all customers?***

While UCB-POR will typically be most attractive and beneficial to mass market customers, it should be available to all customers.

***5. Should any special provisions apply to consolidated billing of low-income customers?***

Most community solar products are designed to result in net savings to the customer. The CEP are excited at the prospect of UCB-POR enabling broader access to CDG for LMI customers, as our organizations and companies believe strongly that CDG is a critical tool for increasing equity and justice in our energy system, and helping traditionally underserved communities benefit from the state's transition to a clean energy economy.

Given that community solar should benefit low-income customers, and that the Commission has extensive existing consumer protection authority to address any concerns that may arise in specific instances, we do not see a need for special provisions for consolidated billing of low-income customers.

***6. Should utilities recover the costs associated with consolidated billing through retaining a percentage of the billed amount or through another method such as a per customer fee? At what level or how should the amount of the percentage or other fee be set?***

Generally, the CEP recommend that a percentage of the billed amount is preferable over a customer fee since it is easier to align with the CDG product offering. It is also more aligned with the current practice in New York with retail suppliers. The CEP recommend that the fees

charged for consolidated billing take into account administrative functions specific to consolidated billing and not contemplated in other IT and billing system upgrades the utility is already planning to make and the risk level of the purchase of receivables without recourse.

It is possible that community solar customers will be even more likely to pay their utility bills than non-community solar customers, either because the customer has already expressed a proactive interest in managing their electricity choices, or because timely payment will ensure they can remain on the community solar subscription, which in many cases will result in a cost savings to the customer. Thus it is possible that community solar consolidated billing will help utilities reduce their typical uncollected costs.

The CEP note that information presented by the utilities on consolidated bills must provide CDG subscribers with (1) a clear and precise accounting of CDG bill credits; (2) specific information describing where (CDG provider/project) and when their credits were generated; and (3) a detailed accounting of any CDG subscription fees/charges. For example, under manual billing and crediting, CDG providers are encountering situations in which the customer's utility lacks basic information regarding the VDER credit and it shows up as a "miscellaneous" line item. Instead, we recommend that the VDER credits are clearly identified and tied back to the CDG project and provider to avoid customer confusion.

Many of these issues can be avoided if data sharing between utilities and CDG providers is made easier and more efficient.

Adjustments to the fee, if any, should be based on market experience (i.e., number and amount of delinquent and non-payments), and would need to be bounded within a predictable range for a specific project when that project is under development, in order to maintain project financeability.

***7. How should the information necessary for consolidated billing be communicated between the CDG Sponsor and the utility?***

There are broader and ongoing discussions and pending decisions in other forums, including the *Proceeding on Motion of the Commission Regarding Cyber Security Protocols and Protections in the Energy Market Place* (18-M-0376) and *In the Matter of a Comprehensive Energy Efficiency Initiative* (18-M-0084) that related to cyber security and Green Button

Connect terms and conditions that may have bearing on this question.<sup>4</sup> Without fully considering those proceedings, the CEP offer these initial comments.

Secured electronic communications is necessary; ideally, information should be communicated by API. Other options are possible as well, such as through the use of cloud-based customer relationship management software (which has been proven as a reliable option for sharing information in Xcel’s community solar garden program in Minnesota), and even Secure File Transfer Protocol (“SFTP”), although there is likely less automation available with this option and SFTP’s ability to accommodate scale is likely limited. Relying on existing infrastructure used in New York for retail suppliers – Electronic Data Interchange (“EDI”) – is also a possibility.

Whatever method is ultimately decided upon, the Commission should consider the attainability of the communications platform for the CDG providers, for example, an EDI requirement could result in UCB-POR being unattainable for some CDG providers, especially for small businesses, community-based CDG provider models, and non-profits because of the level of sophistication and associated expense needed in order to utilize a particular platform and/or technology.

The CEP caution that email will not accommodate scale, and is subject to many inefficiencies such as manually entering passwords into protected documents, manually downloading and uploading files sent as email attachments into either utility or third-party databases, among others.

There is generally a narrow slice of information that needs to be exchanged for CDG and for UCB-POR to function properly. The process should enable flexibility for CDG providers to offer level monthly billing, as described in question 3 above, in addition to the standard percentage discount of credit and price X production methods. The DPS should create a standard template that all utilities and all hosts would use to exchange data. All stakeholders would have to agree on the data format and the validation checks that files would have to pass in order for the files to be accepted. At a minimum, the following data would be need to be exchanged:

- Customer name
- Utility account number

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<sup>4</sup> On August 28, 2019 the Joint Utilities filed for an extension to file Green Button Connect terms and conditions in 18-M-0084 until October 14, 2019.

- Total system generation (kWh and dollar value and allocated %)
  - System generation allocated to customer (% and kWh)
  - System generation allocated to Host (% and kWh)
  - Host balance (kWh, and \$, if applicable)
  - Credits allocated to customer (kWh)
  - Value of Credits allocated (kWh and dollar value)
  - Credits applied to customer balance
  - Customer banked credits that are available, if any
  - POR discount from host
  - Charges from host (if the customer is on level billing this can be a fixed amount with a true-up at year end, otherwise this would be equal to value of credits transferred minus discount)
  - Balance of any banked credits & changes
  - Production period
  - Billing Period of customer
  - Estimated date of credit application
  - Customer rate class
  - Final billed customers (name, account number, final bill date, credit balances)
- 8. *Are additional consumer protection rules necessary for the institution of consolidated billing, beyond those currently in the Uniform Business Practices for Distributed Energy Resource Suppliers (UBP-DERS)?***

New York has implemented a robust DER Oversight process for mass-market customers and provides ample protections to all mass-market participants, including low-income customers. No additional consumer protection rules are necessary for implementing UCB-POR.

- 9. *Beyond CDG, what other DER products and services should consolidated billing be considered for?***

The CEP has focused our responses on CDG and does not have additional comments on this question at this time.

Respectfully submitted,

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