

# UU FaithAction NJ



November 29, 2018

Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
ATTN: BPU Docket Number: QO18060646  
44 S. Clinton Ave., 3rd Floor, Suite 314  
PO Box 350  
Trenton, NJ 08625-0350

**Ref: Community Solar Energy Pilot Program Rules  
BPU Docket Number: QO18060646**

Dear Ms. Camacho-Welch,

Thank you for the opportunity to comment on the proposed rules for the Community Solar Pilot Program. UU Faith Action NJ is a faith-based group that focusses on legislative policy in the state of New Jersey in six areas: Economic Justice, Environmental Justice, Reproductive Justice, Immigration Reform, Gun Violence Prevention, and Criminal Justice Reform.

Sincerely,

UNITARIAN UNIVERSALIST FAITH ACTION NEW JERSEY  
LEGAL ADVOCACY PROJECT

BY: Re. Rob Gregson

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## Comments on Community Solar Energy Pilot Program Rules, BPU Docket Number: QO18060646

### Introduction

As a faith-based group, Unitarian Universalist Faith Action addresses issues of equality and social justice, in line with our first and second principles, “[t]he inherent worth and dignity of every person” and “[j]ustice, equity, and compassion in human relations.” In addition, our seventh principle, “[r]espect for the interdependent web of all existence of which we are a part,” motivates us to work to care for our environment. In line with these principles, we are concerned with promoting access to renewable energy and to equal access for low and minority income households.

*In answering the* Board of Public Utilities’ (“**BPU**”) questions, Docket Number QO18060646, promulgated for commentary on the proposed Community Solar Energy Pilot Program (proposed rule N.J.A.C. 14:8-9) (the “**Program**”), we considered three important goals:

- A. Attract solar developers to providing access to Low and Moderate Income (LMI) households.
- B. Attract Low and Moderate Income households to community solar.
- C. Make it easy for the BPU to administer and for households to apply.

We limit our comments to those questions that we believe impact Low and Moderate Income (“**LMI**”) households and communities; we have no opinion on other questions. We also support the recommendations of the NJ Environmental Justice

Alliance.

### **Discussion**

For the Program to be a success, there will have to be clear benefits both to potential subscribers and to developers, and those benefits will have to be clearly and believably explained. There will be problems on both the subscriber and the developer sides. In the past, LMI households have been misled by promises to reduce their electricity bills, only to find them increasing after the first month. Also, since LMI households are expensive to sign up, and LMI projects typically have higher finance charges, developers tend to avoid developing these projects and possibly manipulate the rules to minimize the number of LMI subscribers. Unfortunately, as will be discussed below, the rules interact in such a way as to allow such manipulation.

We propose that the Program can also provide a great benefit to LMI communities by providing quality jobs (permanent jobs paying at least minimum wage), and entrepreneurial opportunities and opportunities for research and education, in addition to lowering bills. These benefits might be obtained by redefining LMI projects as those with ownership in an LMI community, or those in which twenty percent of the workers are from LMI households or twenty percent of the subscribers are LMI households. This approach to defining the projects would provide more benefit to LMI communities; it would discommode developers less; it would reduce the cost to ratepayers, who will have to subsidize lower rates for LMI households to provide motivation to sign up; and would have minimal effect on progress toward one-hundred percent renewables, since the LMI households involved would most likely contribute a relatively small part of the capacity. Another issue is the definition of Low and Moderate

Income communities. We agree with NJ Environmental Justice Alliance that the definition should capture subscribers based on race as well as income.

### **1. Jobs**

The development of solar projects is a grand opportunity to create jobs and provide job training in a new industry. LMI communities could become hubs for renewable energy innovation. Minority entrepreneurs should be encouraged to develop related businesses and local educational institutions can provide training. Workers from LMI households should be involved in construction and installation of the Program. There should be training and certification programs available to the community, and such trainees should be preferred for work on the project in some capacity. An alternative—already mentioned—to requiring that a minimum number of LMI household subscribers is to define an LMI project as one in which ownership is in an LMI community or at least twenty percent of the workers on the project are from LMI households. This could provide a great benefit to LMI communities, particularly if the jobs pay well and are permanent, at least as much as providing lower bills through community solar, and would not require that ratepayers or tax dollars subsidize lower bills for LMI households.

### **2. Cost and Credibility**

LMI households will not be able to subscribe unless their bills are lowered. No one struggling to pay bills can afford to subscribe to a program that increases the size of a bill. The hurdle with potential LMI subscribers is not just to make the cost lower, but also to make a believable case that their bills will be smaller. LMI households have had bad experiences with changing their electricity supplier and finding that even though the bill is lower in the first month, it is higher afterwards. In the short term, making sure that the

bills are lower may require subsidies. Two questions arise based on this (1) can this be done, and (2) how will subsidies be funded? One approach is to dedicate a portion of the Societal Benefits Charge to this purpose.

From a ratepayer point of view, the cheapest way to provide lower costs to LMI households would be to provide utility-scale solar, since utility-scale solar is most cost effective. Another approach would be to encourage municipalities to partner with developers to develop community solar projects. This could address both the trust and the cost issues (presumably, the municipality would require contractual assurances from the developer that rates would actually be lowered).

### **3. Number of LMI Households Served**

In the current draft, forty percent of capacity must be reserved for LMI projects, and to be an LMI project, a project must have fifty-one percent LMI subscribers, i.e., just more than half. There is a temptation to divide forty percent by two and interpret this as saying that twenty percent of the subscribers will be LMI subscribers. But this rule does not actually require that and it allows very different results. In particular, the number of LMI subscribers represented in the pilot could be a much smaller percentage of the total subscribers under these rules. This could happen if each LMI project includes only a small number of households, and other projects include many.

**Example:** Suppose there are fifty projects, of which twenty are LMI projects and thirty are not. Let us suppose the twenty projects serve ten subscribers each, of which six are LMI, and the thirty other projects serve

one hundred subscribers each, of which none LMI households.<sup>1</sup> Then there will be one hundred-twenty LMI subscribers on the Community Solar Pilot Project and three thousand-eighty subscribers that are not LMI. Therefore, fewer than four percent of the subscribers in the Community Solar Pilot will be LMI.

Is that really the intent?

The BPU might consider a more specific requirement on the number of households represented, for example, that at least twenty percent of the subscribers served in the Community Solar Pilot be LMI households. This could be implemented by requiring each developer to serve at least twenty percent LMI households or by any other means that the BPU can devise that does not delay implementation of Community Solar.

#### **4. Evaluation**

Every program should be evaluated, and it is especially important to consider how a pilot program should be evaluated. From the point of view of LMI households, the following should be measured, both total and broken out by Electric Distribution Company (“EDC”) and by developer:

1. The total number of LMI households (not just the number of LMI projects, but the number of LMI households) served and the percentage of subscribers represented by LMI subscribers.
2. The total capacity allocated to LMI subscribers (not just the capacity allocated to LMI projects, but that allocated to LMI subscribers).
3. The number of LMI subscribers in income ranges of \$5,000 (e.g., under \$5,000,

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<sup>1</sup> The twenty LMI projects have to represent forty percent of the total capacity of the pilot program, and that could be achieved by including some institutional subscribers requiring very large capacity in each LMI project. This would be do-able under the rules because subscribers can be anywhere in the EDC area.

\$5000-\$10,000, etc).

4. Number of subscribers, number of jobs created, job training opportunities at local schools and on the job, and number of new businesses started, broken out by municipality and income level.
5. Average savings per subscribing household, broken out by municipality and income level.

## **5. Other comments**

The following are additional comments the BPU should consider in their implementation of the Program:

- a) Co-location: the rules should specify that co-location of facilities not increase the cost over what it would be if the site were a single project. If a single site were broken into multiple community solar projects, multiple interconnections and metering would increase the cost of the project without adding any benefits over a single larger project. The main benefit of allowing co-location would be to ensure that the communities served are coherent, possibly making the community solar projects too small to fill the site. However, a better approach to serving “communities of interest” would be to locate the solar farms in the communities. Such siting decisions should be made with community input.
- b) Projects that restrict membership to smaller areas than the EDC area—in particular, to municipalities—should be scored more highly than projects with no restrictions. This could be handled with the rules for scoring projects. This is important for a couple of reasons — if municipalities develop projects, the profit that has to be allowed for developers does not arise, so it reduces the cost to

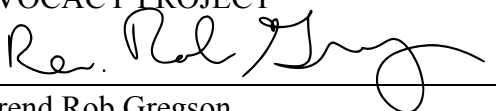
ratepayers; also, subscribers will be more committed to the project if it is local effort. In addition, local governments that choose to commit to such a project are being responsible to their residents, and this deserves to be rewarded.

- c) On page seventeen of the draft rule, there is a nearly incomprehensible sentence that should be re-written:

“Board staff shall open applications for the Pilot Program for a length of time to be enacted at the official approval of the application.”

This sentence appears to use two different meanings for the word “application,” the first being a request from a project developer to set up a project and the second being the application form to be created by the board. The word application seems to be used in subsequent text with both meanings as well, making it all quite ambiguous and confusing.

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