Arcadia

June 16, 2023

VIA EMAIL

Illinois Power Agency (IPA.ContactUs@Illinois.gov)

Re: Arcadia Power, Inc. -- Response to Stakeholder Feedback Request
2024 Long-Term Plan -- Chapter 9: Consumer Protection

I. Introduction

Arcadia Power, Inc. ("Arcadia") appreciates the opportunity to provide these comments to the Illinois Power Agency ("IPA") in response to the IPA's May 26, 2023 request for feedback regarding the 2024 IPA Long-Term Plan -- Chapter 9: Consumer Protection ("IPA Feedback Request").[1]

Arcadia is keenly engaged in the Illinois Adjustable Block Program ("ABP") community solar market, with a primary focus on two complimentary key goals:

(i) Facilitating informed consumer participation in community solar so those consumers can drive expansion of renewable generation deployment *and* receive bill credit savings, and
(ii) Advocating for key improvements in community solar program design to ensure that all consumers who choose community solar can easily access and understand the program *and* maximize their savings.

These comments are respectfully intended to help optimize the Illinois ABP community solar program to achieve those goals to the maximum extent reasonably possible.[2]

II. Background on Arcadia

Founded in 2014, Arcadia offers the first nationwide digital energy services platform. Arcadia connects both residential and commercial utility consumers with clean energy technologies while helping them save money. Arcadia is now the largest manager of residential community solar subscribers in the U.S., with 1.6 gigawatts ("GW") of community solar capacity under management in 14 states. Those projects serve over 150,000 subscribers.

---

[1] These comments relate most directly to issues raised in Topic 1 of the IPA Feedback Request. However, these comments are less focused on the potential "concerns" that the questions under Topic 1 repeatedly raise, and instead focus on the broader, critical program design issue relating to improvements to the billing/crediting construct for optimum community solar consumer experience.

[2] Arcadia's failure to comment on any particular question or item raised in the IPA Feedback Request should not be interpreted to mean that Arcadia is waiving the right to comment on such question or item in any future comment or filing with the IPA or any other regulatory or judicial authority. Arcadia respectfully reserves all rights to make such future comments or filings.

Arcadia facilitates community solar by enrolling subscribers and managing all processes related to the subscriber experience. Specifically, in this regard, Arcadia:

- Markets community solar to potential subscriber consumers;
- Provides all disclosures and communications required by regulation;
- Enrolls subscribers in projects;
- Determines the appropriate allocation size for each subscriber;
- Communicates allocation sizes to the utility;
- Provides comprehensive third-party consolidated billing service, especially in markets where utility consolidated billing or net crediting are not available;
- Checks that the utility has accurately applied credits to subscribers' bills for those consumers who choose (or must) receive consolidated billing through their utility;
- Collects subscription fees from subscribers;
- Transmits those fees to the community solar project; and
- Provides ongoing support for subscribers.

Arcadia operates a subscriber experience team that responds to any questions from subscribers to ensure they understand the impact their community solar subscription has on their energy bills and their community's power system.

In Illinois, Arcadia is currently managing over 246 megawatts-dc ("MW") of community solar across 73 projects for over 25,0000 consumer subscribers. These projects are sited across 31 different counties. When all solar farms are operating, these projects will collectively save Arcadia's Illinois subscribers more than $1 million per year, make the grid greener, and create hundreds of local jobs.

III. Why Community Solar Can Benefit All Energy Consumers

The two goals articulated in the introduction to these comments each include a consumer savings component. The uniting element of consumer savings in both goals is highly intentional. In the face of rising energy costs, the opportunity for Illinois energy consumers -- and particularly consumers with more limited financial means -- to save money on their electric bills represents a quintessential "win-win" situation.

The first, obvious win is that community solar consumers receive a savings on the bill credits that are applied to their account. The intention is that the consumer will then receive total lower electric service costs that save them money annually. The second, less obvious win is that those lower bills should, over time, result in fewer payment defaults, fewer alternative payment arrangements, less stress on frequently underfunded low-income energy assistance programs, fewer disconnections, and lower overall uncollectibles.

Those benefits should accrue not just to community solar consumers, but to *all* consumers. To take just one example, lower overall uncollectibles costs resulting from community solar participation means that those costs – which are socialized across all ratepayers – will be lower, thus lowering the electric bills for *all* consumers, regardless of whether they participate in community solar.

These benefits come with the additional "win" for renewables deployment. More consumer participation in community solar will increase the number of subscribing consumers, which, in turn, will drive expanded solar development, increase construction and O&M employment opportunities, improve financing options, and fuel market creativity and technology.

Of course, as the IPA and all stakeholders are keenly aware, to achieve optimum results, program design is key. As discussed in these comments, although the Illinois community solar market has great potential to help subscribers save money while advancing the State's sustainability objectives, current program design includes some impediments to those goals. Key among those impediments is a billing and crediting construct that has an unnecessarily high potential to result in a negative consumer experience, while creating risk of non-payment to the community solar farms that are producing benefits to the grid.

Arcadia respectfully requests that the IPA, Illinois electric utilities, and other stakeholders consider these comments and work cooperatively to improve the community solar billing and crediting construct to optimize the community solar consumer experience.

IV. Arcadia Supports Robust Consumer Protection Rules

The primary focus of these comments is contained in the discussion of proposed improvements to the billing and crediting construct that would markedly improve the Illinois ABP community solar program. However, before that discussion, a word about consumer protection is warranted in light of certain language and implications in the IPA Feedback Request.

As an initial matter, Arcadia wishes to emphasize that it is fully committed to robust consumer protection measures that ensure, in a reasonable and balanced manner, that consumers are treated fairly and have a positive experience through their participation in the community solar program. Well-drafted, clear consumer protection rules are critical and are in the best interest not only of consumers but all community solar stakeholders.

One foundational element of consumer protection is ensuring that subscribers timely and correctly receive their community solar bill credits. The IPA appropriately recognizes within Topic 1 of Chapter 9 that modifications to the billing and crediting process in Illinois are necessary to enhance consumer protection with a focus on shifting to the utility-administered net crediting mechanism.

Arcadia has consistently supported the establishment of a utility-administered net crediting mechanism. As set forth in Topic 1, the IPA notes that "[u]nder 220 ILCS 5/16-107.5 (k)(4), Community Solar Providers may enroll community solar projects in utility programs whereby the community solar subscription charges are presented on the subscriber's electric utility bill." Arcadia agrees with the IPA's conclusion that such a mechanism will achieve the goal of providing “a single consolidated bill to customers,” which is a superior consumer experience. To be clear, Arcadia prefers an approach where all customers in Illinois transition to the utility-administered net crediting programs. However, as discussed further herein, the current utility-administered net crediting mechanism that is deployed in Illinois has a number of flaws. Arcadia respectfully requests that the IPA work with the Illinois Commerce Commission (“ICC”) to address these flaws before shifting away from the utilization of Third-Party Consolidated Billing, as defined below.

V. Comments Regarding the Billing and Crediting Construct

Generally, subscribers favor an approach where they receive one bill that is inclusive of their community solar bill credit savings. As paragraphs 1 and 3 of the “Background” statement to Topic 1 of the IPA Feedback Request indicate, there are multiple billing and crediting constructs that can be used in the Illinois community solar program. The two that are most relevant to the current discussion are:

- Consolidated billing that is provided at an Approved Vendor’s (“AV”) request by a party like Arcadia, which offers comprehensive subscription management services relating to that consumer’s participation in community solar. This approach is often referred to as “Third-Party Consolidated Billing.”
- Consolidated billing that is also provided at the AV’s request by the consumer’s electric utility. This approach is often referred to as “Net Crediting.”

The Background statement to Topic 1 of Chapter 9 of the IPA Feedback Request recognizes that a consolidated billing construct is a “benefit.” Arcadia interprets this to mean that a consolidated billing construct is a benefit to subscribing consumers, and Arcadia strongly agrees with that characterization. In Arcadia’s experience, the vast majority of consumers strongly prefer receiving a single consolidated bill that includes their electricity usage, charges, and credits, rather than potentially multiple bills from different sources. This is particularly the case with residential and small commercial consumers.[3]

A. Third-Party Consolidated Billing

The Background statement indicates a preference for Net Crediting over Third-Party Consolidated Billing, stating that Net Crediting operates “without the consumer protection concerns implicated when a Community Solar Provider takes over managing a subscriber’s utility account.” Arcadia shares the IPA’s preference for Net Crediting, if such offering is implemented in a manner where it can be widely utilized. As discussed in the following section, the Net Crediting mechanism in Illinois needs modification in order to be a viable default bill payment mechanism for ABP projects. In the interim, Arcadia believes that the Third-Party

[3] In Arcadia’s experience, the only real exception to this rule is that some larger commercial and industrial companies prefer separate bills from different entities involved in their energy supply and delivery.

Consolidated Billing construct that Arcadia offers does not incur the "consumer protection concerns" that the IPA sets forth in the Background statement.

The IPA identified a number of concerns with Third-Party Consolidated Billing in the Background statement. The first is that entities offering such service may not "pass on information from the utility to the customer and may change the customer's online utility account log-in information." Further, the IPA notes that the customer "may lose access to details from their utility bill and other important information or notices about their utility service." Finally, the IPA states that if a customer were to cancel their subscription, "it may be difficult for them to regain access to their utility account if the log-in credentials have been changed."

Arcadia's Third-Party Consolidated Billing model does not diminish a participant's level of service or protection, and Arcadia subscribers do not have reduced access to their utility bill and utility communications. Arcadia subscribers can always access their online utility portal to view their bill and any important notifications. Additionally, Arcadia has built a system to forward all emails from the utility to the participant. This system is in place for both ComEd and Ameren, and the communications that Arcadia sends also serve as a reminder for the subscriber to review their online communications from their utility.

Rather than remove the ability to provide Third-Party Consolidated Billing altogether, the IPA could require that all AV's and Designees deploy these same requirements if offering such service. In particular, the IPA could require that any AV or Designee that administers all or a portion of a subscriber's utility account should be required to pass along all utility notices and to ensure that subscribers always have access to their utility account information.

Finally, Arcadia only changes utility account credentials in cases where a utility's IT systems do not allow a subscriber to have multiple email addresses on their account. A simple fix is that the IPA could request that the ICC require utilities to make minor upgrades to their systems to allow multiple email addresses on file, which has the added benefit of offering better customer service.

Arcadia currently provides Third-Party Consolidated Billing for most of its Illinois subscribers. Arcadia believes that consumers on Arcadia's Third-Party Consolidated Billing generally have a positive consumer experience and appreciate the convenience of the service as a component of Arcadia's comprehensive community solar consumer management services. However, Arcadia shares the IPA's view that for a variety of technical and operational reasons, a transition from Third-Party Consolidated Billing to Net Crediting as the default mechanism for subscriber payment would be optimal for Illinois' community solar program overall.

The question, however, is whether the Net Crediting programs as currently designed and operated are consistent with facilitating a healthy community solar program. At present, the answer is "no." Without a fully functional utility-administered net crediting program, the Third-Party Consolidated Billing offering that Arcadia provides can ensure that the subscriber has access to a consolidated billing option without diminishing a participant's level of service or protection.

B. Net Crediting

The Background statement observes that there is now a statutory provision that facilitates utility-administered Net Crediting for Illinois community solar consumers. Arcadia agrees that Illinois law now requires the utilities to offer Net Crediting for community solar projects. However, the Net Crediting programs each have deficiencies that must be rectified if the IPA intends for Net Crediting to become the default bill payment mechanism for ABP projects. The ComEd program is structured in a manner that undercuts some fundamental needs of an optimal community solar program. The Ameren program is not yet operational, and preliminary material from Ameren reveals that their program will suffer from the same defects as the ComEd program.

1. ComEd's Net Crediting Program

ComEd's Net Crediting program is operational, and thus Arcadia and other stakeholders have some "real world" experience with ComEd's program. In Arcadia's view, ComEd's Utility Consolidated Billing program has several positive aspects, such as:

- The ComEd bill will apply the community solar bill credits, as is currently the case under Third-Party Consolidated Billing;
- The bill will also "net out" the subscription fee, revealing the subscriber's monthly savings through participation in the community solar program;
- ComEd will remit payment to the solar farm; and
- The mechanics of the Net Crediting program will occur via ComEd's existing community solar portal.

While the items noted above are positive, the ComEd Net Crediting program has a number of flaws that have limited the program's success. First, ComEd's program is structured such that if a community solar subscriber fails to pay its ComEd bill, then ComEd will not pay the owner of the solar facility to which the subscriber is subscribed. This is quite problematic and creates a series of cascading negative effects for the solar facility owner and the community solar program generally, for reasons that include the following:

- ComEd's failure to pay the community solar facility owner for electric services that the facility has delivered into the ComEd system deprives that facility owner of that value due to an act or omission by a consumer that is completely outside of the facility owner's control and occurs after the value has been placed into ComEd's system.
- The possibility of non-receipt of payment by the community solar facility owner creates a disincentive for a facility owner to accept subscriptions of consumers who want to use ComEd Net Crediting program. That outcome is directly contrary to the

IPA's clearly expressed preference that consumers use Net Crediting rather than Third-Party Consolidated Billing.

- This possibility of non-receipt of payment by the community solar facility owner creates the specter of a less secure cash flow for the facility owner. On the front end of the financing process, this prospect of reduced or less predictable cash flow makes financing more difficult to obtain on favorable terms. Once financing is in place and the facility is operational, the possibility of reduced or variable cash flow raises the possibility of default under the terms of the financing arrangement. Moreover, the possibility of non-receipt of payment creates heightened scrutiny on subscriber credit profiles, and may impede serving low-income subscribers who bear the greatest energy cost burden.
- ComEd's failure to pay a community solar facility owner due to non-bill-payment by a subscribing consumer is particularly unfair to the facility owner, because the subscriber has a lower payment obligation directly resulting from participation in the program, meaning that community solar helps to reduce the risk of default for the utility.[4] It is Arcadia's understanding that ComEd has a mechanism to recover for any non-payment via an uncollectibles reconciliation process. In other words, absent something highly unusual, ComEd faces limited to no risk for ultimate recovery of the amount that the subscriber does not pay, but ComEd apparently will not pay the community solar facility owner either now or in the future where the subscriber either fails or is delinquent in making their payment.
- Unfortunately, under ComEd's current implementation, the only recourse for facility owners where a subscriber does not pay their utility bill is for such facility owner to pursue collections processes that are not typically utilized in community solar programs nationally. Subscribers will experience improved consumer protections if the entire nonpayment process is managed by ComEd and regulated by the ICC rather than via a mechanism that could lead market participants to engage in collections efforts independently.

Another flaw in ComEd's proposed implementation is that, in contrast with best practices from other markets that utilize a Net Crediting approach whereby the bill impact to a subscriber is always a net reduction, ComEd intends to directly charge subscribers for their credits. This may result in higher bills for subscribers in select periods due to seasonality. For example, if a subscriber's utility bill would have been $100 without community solar, and the subscriber's subscription generated $120 of credit in a particular month (production exceeding consumption is a common occurrence in summer months), under a true Net Crediting approach, the

---

[4] *See* State of New York Public Service Commission, CASE 19-M-0463, In the Matter of Consolidated Billing for Distributed Energy Resources, Order Regarding Consolidated Billing for Community Distributed Generation, Issued and Effective on December 12, 2019, at p. 13 ("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,11 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.")

subscriber's bill would simply reflect a reduction of $12 for a new bill total of $88 (assuming a 10% bill credit discount).[5] The excess credits could then be rolled over and paid for by the subscriber in future months when the output from the solar facility does not result in bill credits that exceed the subscriber's utility charges. The remaining $108 of credit (minus ComEd's program fee) would be remitted to the facility owner.[6] By contrast, under ComEd's proposed approach, the subscriber would be charged $108 ($120 of credit minus $12 discount), which is an *increase* compared to its bill without community solar, and this same $108 (minus applicable program fee) would be remitted to the AV.

Finally, ComEd requires participants in the program to pay high administrative fees, which make it costly for facility owners and their subscribers to participate. ComEd applies a 2% fee to the entirety of the community solar bill credits, including the portion that provides the subscriber with bill credit savings. Instead, ComEd should only apply the fee to the portion remitted to the facility owner, which would not impair the savings of the subscriber. For example, if the community solar bill credit is $100 and the subscriber receives a 10% discount, the fee should apply to $90 of bill credits. Today, the fee applies to the full $100, including the $10 in savings that would otherwise go to the subscriber.

As an example, the New York community solar program also requires utilities to provide net crediting. Program participants in the New York program pay a fee to the utilities equal to 1% of the community solar bill credits actually remitted to the facility owner. Via Arcadia's engagement in that market, we have seen significant participation in the New York utility net crediting programs. Addressing the size and scope of the administrative fee will help to ensure that the utility is incentivized to operate efficiently and will increase the likelihood of facility owner participation.

Based on these flaws, to our knowledge, no Approved Vendor has agreed to participate in the ComEd Net Crediting program. Therefore, the current iteration of the program is providing no value to the subscribers of ABP projects.

2. *Ameren's Net Crediting Program*

As the IPA and most stakeholders are likely aware, Ameren's Net Crediting program is not yet operational. It is Arcadia's understanding that Ameren's program start date target is currently November 1, 2023. Based on information available to Arcadia, it appears that Ameren's Net Crediting program embeds many of the same elements of the ComEd Net Crediting mechanism.

---

[5] As an alternative, the subscriber's credit could be limited to $10 in the period in which credits are generated to align with the portion of credits consumed in-period, with the remaining $2 banked and rolled over to the next period.

[6] The $108 could be remitted in full to the AV in the period in which credits are generated, or it could be separated into multiple periods where initially $90 would be remitted in the first period (portion of credits consumed by the subscriber in-period), and the remaining $18 would be banked and rolled over for remittance in the next period as the subscriber pays for those credits.

The proposal has a number of beneficial elements. Namely, the program will allow subscribers to receive a single consolidated bill from Ameren that includes both the community solar bill credits and nets out the subscription fee. This bill would then clearly demonstrate the subscriber's savings during each billing cycle. Further, Ameren will remit payment directly to the solar facility owner.

At the same time, Arcadia understands that Ameren's program will also mirror the same flaws as the ComEd program. Both the administrative fee and the potential risk associated with non-payment to the solar farm are limiting factors that will impair the ability for subscribers to benefit from the program.

Arcadia agrees that the utility-administered Net Crediting programs should be the default billing method for subscribers participating in the ABP community solar program. We support the IPA and ICC working collaboratively to ensure that the utility-administered Net Crediting programs are improved upon so that consumers may benefit from them.

VI. Recommendations

In summary, Arcadia favors moving to a system where all Illinois community solar subscribers participate in a utility-administered Net Crediting program. Under this structure, subscribers will receive a single consolidated bill that demonstrates their savings from participation in the ABP community solar program. Further, community solar facility owners should receive payment from the respective utility through the payment provisions of such utility's program.

For the Net Crediting mechanisms to be optimal for the Illinois community solar program, it is critical that the IPA work with the ICC and the utilities to implement the following modifications to the Ameren and ComEd Net Crediting programs:

1. Require the utilities to remit payment to the solar farm that is providing value to the grid regardless of whether the subscriber pays their utility bill;
2. Clarify that the utility may recover any subscriber uncollectibles via the utility's traditional rate recovery mechanism, with the understanding that the community solar program reduces subscriber costs and therefore should reduce the number of defaults;
3. Improve the bill credit rollover process so that subscribers experience savings on their utility bills via Net Crediting;
4. Address the application of subscription fees to community solar bill credits so that such fees apply only to the subscription fee portion of the bill credit and not to the subscriber's savings.

In the interim, until such time as these issues are addressed, the utilization of a Third-Party Consolidated Billing mechanism continues to provide an enhanced subscriber experience. The IPA should not request that such a mechanism be discontinued within the market, as it is premature given the ongoing improvements to the Net Crediting program that must be made in order for the program to deliver benefits to subscribers.

Again, Arcadia appreciates the opportunity to provide these comments and looks forward to working productively with the IPA and all stakeholders to continue to improve the Illinois ABP community solar program.

Sincerely,

Angela Navarro
Head of State Regulatory Affairs
Arcadia