

NATIONAL GRID CONSOLIDATED BILLING AND CUSTOMER ACQUISITION PETITION

Hodgson Russ Renewable Energy Alert
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On October 2, 2019, the New York Public Service Commission (PSC) issued a notice under the State Administrative Procedure Act (SAPA) that it is considering National Grid's proposal for implementing a Community Distributed Generation Platform. This "platform" would include two main components: "Consolidated Billing," which market participants have long sought and a customer acquisition strategy that would allow National Grid to sell customer information to community distributed generation (CDG) developers, who are predominantly solar. The SAPA notice kicks off a 60-day public comment period through December 2, 2019 (which can be extended by the PSC) and will likely result in an Order in the first quarter of 2020.

Under the current regulatory regime, CDG developers enroll individual customers as "subscribers" to their projects. Developers allocate a percentage of the CDG project's energy production to each subscriber and the subscribers, in turn, receive credits on their utility bills based on their allocated share of energy injected into the grid. Customers pay their CDG subscription fees directly to the developer and separately receive the CDG credits on their utility bill. Since its original Order creating the CDG program, the PSC has recognized that cost-effective consolidated billing could reduce soft costs associated with CDG. The multiple billings system has been frequently cited as an impediment to increasing participation in CDG programs.

In its petition, National Grid proposes to consolidate this billing structure by use of a "Net Credit" approach, subtracting the subscription fees from CDG credits and applying the resulting net savings to the subscriber's bill, thereby eliminating the need to separately invoice the customer for subscription fees. The utility claims this will improve the customer experience, ensure that customers never have higher utility bills for enrolling into a CDG project and reduce a CDG developer's exposure to subscriber credit risk, thereby removing a barrier to enrolling low and moderate income customers. In exchange for this service, National Grid proposes to charge a fee of \$0.02/watt per year, which National Grid estimates to be in line with the current market rate for CDG billing services.

The optional Customer Acquisition and Turnover Management service, under which National Grid would "use its brand recognition and position as the trusted utility partner" to enroll CDG customers and manage ongoing customer turnover,

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would cost the CDG host an upfront fee of \$0.09/watt and a maintenance fee of \$0.09/watt.

It is expected that commenters will at least take up the questions of whether National Grid's pricing structure is appropriate, whether its customer acquisition and management service is an appropriate role for a regulated investor-owned utility company and whether the Consolidated Billing mechanism would ensure a smooth customer experience and efficient process for developers.

To learn more about this petition, consolidated billing issues and the opportunity to comment, please contact a member of Hodgson Russ's Renewable Energy Practice at <https://www.hodgsonruss.com/practices-industries-147.html>.

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