

Arcadia

July 1, 2022

UM 1930 – Community Solar Program

Staff Draft Recommendation and Request for Comments – Use of Agent Subscription Model

Attn: puc.filingcenter@puc.oregon.gov

I. Introduction

Arcadia Power, Inc. (“Arcadia”) appreciates the opportunity to provide feedback to the Staff of the Oregon Public Utility Commission (“OPUC” or the “Commission”) on the Draft Recommendation – Use of Agent Subscription Model in the Community Solar Program (“Draft Recommendation”).¹ We appreciate Staff’s thorough process for stakeholder feedback, from the public workshop to the remaining process laid out in the Draft Recommendation.

Our comments on the Draft Recommendation are twofold. First, we offer comments providing targeted feedback and requests for clarifications on the proposed definition of the “agent subscription model.” Second, we provide comments regarding Staff’s concerns leading to the ultimate recommendation to disallow the use of the agent subscription model. We have also provided a sample redline of potential language in Appendix A that Staff could consider to address a number of the concerns raised in the Draft Recommendation in lieu of recommending that the Commission disallow use of the agent subscription model altogether.

II. Background on Arcadia

Founded in 2014, Arcadia offers the first nationwide digital energy services platform. Our software and Application Programming Interfaces (“APIs”) create unprecedented access to the clean energy data needed to decarbonize the grid. Arcadia connects both residential and commercial utility customers with clean energy technologies while helping them save money on their utility bills. Among other services we provide, Arcadia is the largest manager of residential community solar subscribers in the U.S.

Arcadia facilitates community solar by enrolling subscribers and managing all processes related to the subscribers’ experience. Arcadia operates a customer 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 total, Arcadia performs these functions for more than 750 megawatts of community solar, spread across projects in nine states. These projects serve roughly 100,000 subscribers.

¹ Staff Draft Recommendation on the Use of the Agent Subscription Model in the Community Solar Program (June 14, 2022) (“Draft Recommendation”).

III. Staff Should More Clearly Define any Components of “Agent Subscription Model” that they Recommend be Prohibited

We appreciate Staff’s work on the Draft Recommendation and the inclusion of definitions that are intended to clarify the role of the “Project Manager,” “Subscription Manager,” and the “agent subscription model.” At the outset, we believe it is imperative for Staff to more clearly define any potentially prohibited practices to provide clear direction and understanding of the Community Solar Program (“CSP”) for the benefit of all market participants. Under the definition in the Draft Recommendation, Staff contemplates a single agent who “administer[s] the participant’s electric utility account,” “subscribe[s] the participant to a Community Solar project,” and “provide[s] the participant with a consolidated bill, paid to the agent instead of the utility.”²

We appreciate Staff’s desire in developing this definition to be proactive in providing certainty for both projects and participants. To that end, it is imperative for Staff to identify and clearly define the specific components of the agent relationship that are of concern to Staff. As drafted, the definition is overly broad and would exclude important agent activities that would otherwise enable the CSP to operate efficiently and be successfully implemented, while providing significant and tangible cost savings to customers.

A. “Administer the Participant’s Electric Utility Account”

First, the definition reflects an agency relationship between the participant and the agent (typically the Subscriber Manager or Project Manager) who “administer[s] the participant’s electric utility account.” Staff raises the concern that “[b]ecause an agent subscription model allows a project to administer a participant’s utility account, the customer may lose some or all access to their utility account. The customer may receive utility notices only if a Project Manager or Subscription Manager chooses to pass them on.”³ [emphasis added] Staff is further concerned that the participant “would have to re-establish access to their utility account” if they were to cancel participation in the CSP.⁴

Arcadia strongly encourages the Commission to only prohibit specific practices which harm customers. Rather than prohibit a *model generally*, which in this instance would result in vague programmatic and regulatory requirements for market participants, the Commission should explicitly prohibit only the specific conduct that it views as problematic. For example, Staff should recommend any Subscriber Manager or Project Manager that administers all or a

² Draft Recommendation at 1.

³ Draft Recommendation at 3.

⁴ Draft Recommendation at 3.

portion of a customer's utility account should be required to pass along all utility notices and to ensure that customers always have access to their utility account information.

These protections will address the substance of Staff's concerns in a more certain way than providing vague language that prohibits an agent from "administer[ing] a participant's utility account." As such, we strongly recommend that Staff delete such language from the definition. A deletion would have no impact on the practical implication of the definition because Staff's concerns can easily be addressed through recommendations that prohibit the specific practices that Staff is concerned may be deployed. Yet, deleting this language materially benefits the CSP because it eliminates uncertainty or ambiguity for market participants regarding the meaning of "administer the participant's electric utility account."

B. "Subscribe the Participant to a Community Solar Project"

Second, and *distinct* from the agency relationship that is created through third-party consolidated billing, is the ability for an agent to "subscribe the participant to a Community Solar project"⁵. Arcadia operates in markets where we have an agency agreement in place with the customer that allows us to subscribe customers to a community solar project and then manage their subscription in an efficient manner. In addition to states where Arcadia's agent model has been approved by regulators (including New York and Massachusetts), Maryland's Community Solar Energy Generating System program rules specifically codify the subscriber agent relationship⁶ – recognizing the many significant benefits that this process facilitates for overall program economics and success while ensuring vital consumer protections. In fact, our community solar offerings provide guaranteed savings to customers by utilizing this subscription model.

The subscriber agent relationship is different from the consolidated billing agent relationship. Arcadia operates in markets where we have subscriber agreements in place with customers who also use our consolidated billing AND with customers who do not use our consolidated billing. Thus, the billing mechanism is a choice for the customer, and it is separate from the agency relationship centered on subscription management.

Staff further contemplates that the "Subscription Manager" is "primarily responsible for conducting *customer outreach and acquisition* on behalf of a Project Manager and its pre-certified CSP project."⁷ [italics added for emphasis] Yet within the definition of "agent subscription model," Staff recommends excluding the agent relationship whereby the third party "*subscribe[s]* the participant to a Community Solar project." [italics added for emphasis] It appears that Staff's concern centers around "unintended consequences for participants."

⁵ Draft Recommendation at 1.

⁶ COMAR 20.62.05.01, Accessed at <http://www.dsd.state.md.us/comar/comarhtml/20/20.62.05.01.htm>

⁷ Draft Recommendation at 1.

Staff raises concerns regarding the potential for a participant to be enrolled in programs unrelated to the CSP or for a participant's data to be shared with other parties unrelated to the CSP. Program participants can be protected from these unintended consequences by requiring participant consent. Arcadia is very supportive of such simple consumer protections and urges the implementation of specific regulatory language that lays out the prohibited practices and mandates express consent, if not already required.

Staff also raises concerns regarding the potential for Subscription Managers to transfer participants to other projects. Many Subscription Managers will acquire customers for multiple projects. It is in the customer's best interest to be placed on the first available project to be electrified. Eliminating this flexibility will have significant negative impacts on customers, some of whom may have to wait years to receive bill credits (and thus savings) if their original project is delayed, suffers long-term outages, or never achieves commercial operation. Here, too, the Commission should specifically mandate the outcome it seeks, such as requiring any entity using the agent model to place customers on the first available project for a given developer to ensure that the participant receives bill credits as expeditiously as possible.

We believe that Staff's concerns could be more fully addressed by enhancing the consumer protections that Subscription Managers must offer to participants rather than excluding an agency relationship where the agent "subscribe[s] a participant to a community solar project."⁸ Based on the foregoing, we strongly recommend that such agent activities not be prohibited to ensure that the Subscription Manager is able to efficiently and effectively perform the authorized agency functions, which inherently include subscribing participants. Prohibiting such activities would result in a significant departure from the traditional agency relationship between a Subscription Manager and a participant that commonly exists in community solar programs around the county. We believe it is imperative that Staff err on the side of caution and not include language that could unintentionally result in a market design that prohibits Subscription Managers from performing a vital function that provides significant benefits to participants.

C. "Provide the participant with a consolidated bill, paid to the agent instead of the utility"

The third agency relationship that Staff defines within the "agent subscription model" occurs when the agent "provide[s] the participant with a consolidated bill."⁹ Staff's Draft Recommendation indicates that Staff is concerned by the situation where a customer may receive and pay their bill (which accounts for the participant's community solar credits) to a third-party agent instead of the utility. Staff states in their recommendation that that the

⁸ Draft Recommendation at 1.

⁹ Draft Recommendation at 1.

benefits of “providing participants with a consolidated bill” and “accurate accounting of bill credit information” are “already built into the Community Solar Program.”¹⁰

It appears that Staff believes that because the utility and the Program Administrator collectively perform these functions, then there is no value for a third party to do so. Arcadia recognizes that these benefits may be included in the proposed program dynamic whereby a participant receives a consolidated bill and pays the bill directly to the utility. However, these benefits are also available where a third party directly provides a customer with a consolidated bill. In fact, our experience through participation in other jurisdictions is that Arcadia has access to sophisticated technology that is often more nimble than the utility system. In fact, we have been able to provide a more transparent and informative bill display across all of our active community solar jurisdictions that can more clearly demonstrate the value of the community solar program (highlighting monthly savings and directionality of payments) to the customer. A sample of an Arcadia consolidated bill is provided in Appendix B.

Staff also raises the point that both Staff and the Program Administrator have spent a great deal of time working with the utilities to develop and provide CSP participants with detailed information on their monthly utility bills. Staff notes that the Program Administrator has further worked to put forth a system to track and account for the participant’s bill credits. It appears that Staff is concerned that a third-party consolidated billing approach would impact this work in some undefined manner. However, the utilization of third-party consolidated billing will do nothing to undercut this work. A better developed crediting and billing system will only enhance both utility consolidated billing AND the process for third parties to administer consolidated billing. In fact, a third-party agent has a greater incentive to ensure that the crediting and billing system operates optimally, as delays or irregularities in issuing credits will cause community solar subscribers to miss out on some of the benefits they expected to receive and could lead to participants leaving the program.

Utility errors in both billing and crediting are common occurrences. For example, in the New York program, NYSERDA noted the following in recent comments: “Recently, Staff was notified that several of the State’s investor-owned utilities have, or currently are, experiencing numerous ongoing billing issues that have left tens of thousands of New Yorkers confused about their energy costs and their energy choices. Instances have occurred, and are still occurring, where customers have not been billed for several months and later received multiple bills within a short period, or a single very high bill due to not being billed for any of their usage for that extended period. There have also been many reports of CDG members not receiving appropriate credits on their bills, when those bills do finally arrive.”¹¹ Unlike a utility, an agent has a direct financial incentive to ensure that such billing and crediting issues do not arise or are

¹⁰ Draft Recommendation at 3.

¹¹ NYSERDA Department of Public Service Staff Straw Proposal on Opt-Out Community Distributed Generation (March 29, 2022).

quickly addressed so that participants do not become dissatisfied and instead remain in the program.

Finally, Staff raises concerns from an administrative perspective regarding the “complex and inconsistent methods for transfer of data.”¹² According to Staff, “these information systems allow the utilities to provide participants with a consolidated bill, allow the Program to accurately account for participant bill credits, and ensure the Program Administrator and Project Managers receive funds per the Program design.” It appears that Staff’s ultimate discomfort occurs when a participant makes a payment directly to the agent rather than the utility. However, a third-party consolidated billing approach does not disrupt any of these functions. Whether the participant pays their bill to the utility or to the agent, the Program Administrator will have all information necessary to account for a participant’s bill credits. Additionally, the Program Administrator and Project Managers will always receive the funds from the program.

IV. There Are Valuable Benefits of an Agent Subscription Model With Third-Party Consolidated Billing

Arcadia has successfully deployed an “agent subscription model” using third-party consolidated billing display in other jurisdictions (including Maryland, New York, Illinois, Massachusetts, Maine, Colorado, Rhode Island, and the District of Columbia). In those markets, Arcadia has provided significant cost savings to customers, increased program efficiencies, and increased the share of low-income customers receiving community solar savings. Staff provided four specific rationales for their recommendation that the Commission not permit the use of such a model. We offer the following additional feedback to Staff’s assessment.

A. An agent subscription model does provide significant additional benefits for participants

Staff notes that the primary benefit of the agent subscription model is that the model provides customers with a consolidated bill and accurate accounting of bill credit information. These are, of course, important benefits of the model. Yet there are additional and significant benefits of the model that Staff does not capture, both in terms of program administration as well as regarding impacts to participants.

The agent model is the most efficient and most seamless way to match projects with customers. The model allows projects that are under development to know that they have participants who are willing to subscribe to the project very early in the process, which helps both in financing and in the development of the project. This, in turn, allows participants to be

¹² Draft Recommendation at 4.

served by projects the moment the projects are energized and assists in reducing project risk or delay. Without such a model, customers may miss out on the benefits of the CSP unnecessarily, as fewer projects may come online or they may be delayed.

Further, the agent model provides program flexibility that can further reduce risks for both the participant and the project. For example, the community solar project is able to quickly replace a subscriber who requests to leave, which means that each individual subscriber poses very little credit risk to the project. Accordingly, project investors are comfortable with more consumer-friendly terms, such as no credit check requirement, no cancellation fees, and no long-term commitment by the subscriber, all of which are hallmarks of Arcadia's community solar subscription offer to the customer. None of these consumer-friendly terms would be possible without certainty around the ability of the Subscription Manager to maintain the project's subscriptions over time, even as individual customers join or leave the project. These are important benefits that Staff should consider as it further refines the Draft Recommendation.

B. An agent subscription model does not inherently create additional risks

Staff articulates a number of risks that may result from an agent subscription model, although the vast majority of these risks only apply to the use of third-party consolidated billing. Many of these articulated risks were discussed previously, and they include: reduced access to utility bill and utility communications, the need to reestablish utility contact if CSP participation ends, unintended consequences for participants regarding the third party use of data, the need to inform participants about the program, and more complex and inconsistent methods for transfer of data. Arcadia does not agree with Staff that the agent subscription model inherently creates these additional risks for participants. We have addressed a number of these concerns in the preceding section, but we believe that further information may be useful for Staff's consideration.

First, Staff articulates a number of risks that they believe could apply to participant access to utility information under a third-party consolidated billing approach. Arcadia's model does not diminish a participant's level of service or protection, and Arcadia customers do not have reduced access to their utility bill and utility communications. Arcadia customers 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 has already been implemented in Oregon for Portland General Electric customers and will be implemented for Pacific Power customers. These communications also serve as a reminder for the Participant to review their online communications from their utility.

Second, Staff raises concerns regarding the potential risk that "an assigned agent may change a participant's utility account credentials" and that this could require a participant to have to

re-establish access to their utility account.¹³ Arcadia only changes utility account credentials in cases where a utility's IT systems do not allow a customer to have multiple email addresses on their account. Staff does not explain why they recommend addressing this issue by constraining the operations of third parties rather than requiring utilities to upgrade their systems to offer better customer service.

C. *Allowing an agent subscription model increases low-income participation*

Staff notes in the Draft Recommendation the concern that "an agent subscription model introduces additional barriers to low-income participation."¹⁴ However, in practice, this could not be further from the truth. Arcadia deploys a model where our access to customer utility bill data has also been instrumental in advancing our ability to subscribe low-income customers to Community Solar projects across the country. By directly accessing participant bills with the consent of the participant, Arcadia has industry-leading visibility into perceived bill payment risk. We are able to proactively qualify potential participants for Community Solar projects that have no history of non-payment or bill arrears, which we can view at the point of sale. We have found that the use of customer payment history as a metric for enrollment is a more accurate way to de-risk a project than the use of FICO scores. Additionally, low credit scores are unevenly distributed across the population. Low-income households are disproportionately impacted by a reliance on credit scores, effectively being locked out of the community solar market. Through Arcadia's approach, which does not rely on credit scores, Arcadia can dramatically increase the share of low-income customers participating in Community Solar programs. For example, in New York, 19% of the Community Solar participants Arcadia subscribed in 2022 qualified as Disadvantaged Community (DAC) members for the Inclusive Community Solar Adder projects.

Arcadia understands and agrees with Staff's desire to maintain robust low-income participation in the CSP. Staff provides additional concerns regarding low-income barriers, including the following:

1. Electronic registration creates income and age-related barriers;
2. Requiring the use of auto-pay requires a credit card, which creates barriers;
3. An assigned agent may unenroll participants from equal pay programs; and
4. Prohibition on partial payments could hurt low-income participants and increase program costs from turnover.

Staff provides no support to verify or validate these perceived barriers. Yet each of these perceived barriers is easily addressable through market dynamics rather than through a prohibition on agent activity that is actually intended to provide *more* options for low-income

¹³ Draft Recommendation at 3.

¹⁴ Draft Recommendation at 4.

customers. For example, some market participants may allow for paper registration or other forms of payment. Arcadia has a model that is able to target and serve a segment of the low-income market that other market participants may not be able to serve; we do utilize auto-pay but we do not require a credit card and do accept ACH payment. Further, in all community solar markets where consolidated billing is available, the customer is not required to provide a payment method at all.

In states with robust low-income community solar programs, there are a variety of models deployed by third parties that address the various ways in which community solar is provided to such customers. Naturally, having more ways to reach low-income customers increases the probability that they can properly enroll and participate. As such, Staff's recommendation to limit the agency model would restrict the types of program offerings available to low-income customers.

We also specifically rebut Staff's assertion in the Draft Recommendation that "[a]n assigned agent may unenroll participants from equal pay programs. Staff has learned that it is standard practice for both Arcadia and Common Energy."¹⁵ While Arcadia cannot speak to what is standard practice for Common Energy, we can say definitively that this is not a function that Arcadia performs on behalf of our customers. Arcadia agrees with Staff that "equal payment plans provide steady, predictable utility bills."¹⁶ The only situation in which Arcadia would advise our members to enroll from an equal pay program is if the program is causing issues with the customer's billing or crediting related to community solar. In that instance, we would only *advise* the customer to unenroll from the equal pay program. However, the unenrollment is voluntary and would occur from the customer's side. Again, this is not a function that Arcadia performs as an agent on behalf of the customer.

D. Allowing an agent subscription model would not require additional ratepayer funds

Staff's Draft Recommendation states that the Program Administrator has estimated the use of an agent subscription model "will require approximately \$200,000 in additional ratepayer funds to further develop the information systems to accommodate use of the Model." This alleged additional cost has not been substantiated in this proceeding, and the assertion should, therefore, be withdrawn by Staff. Arcadia operates in community solar programs across more than 30 utilities and no utility has claimed, much less received from ratepayers, any additional program implementation cost driven by the agent subscription model. Further, while any ratepayer cost should be appropriately vetted for reasonableness, the basis for the cost estimate has not been presented or subject to any review or analysis. Therefore, the cost estimate alone should not guide the Staff's decision-making, without a full and transparent review.

¹⁵ Draft Recommendation at 5.

¹⁶ Draft Recommendation at 5.

Staff further raises the concern that “changes to the data exchange, which may result in changes to the utility billing system and thus add costs¹⁷.” These theoretical utility costs are not applicable to Arcadia’s product because Arcadia deploys a system that directly shares information with the utilities. Regardless, Staff should ensure that all cost estimates are rigorously vetted for reasonableness and are verified through an open and transparent process.

To be very clear, we are concerned that Staff has included this baseless assertion of additional ratepayer costs in their Draft Proposal. Our interactions with Staff have always been productive, responsible, and professional, and this assertion is inconsistent with the reasonable and appropriate regulatory standards of the Commission and its Staff.

V. Conclusion

Arcadia appreciates the opportunity to provide these comments on Staff’s Draft Recommendation. As is clear throughout the Draft Recommendation, Staff has significant misconceptions regarding Arcadia’s model that have contributed to Staff’s concerns regarding the use of the agent subscription model. We hope that these comments highlight the myriad of benefits of the model while dispelling many of Staff’s concerns. We strongly recommend that Staff address the specific concerns that it has raised rather than recommend that the agent subscription model be disallowed altogether. In jurisdictions with robust community solar markets, the agent subscription model is foundational to the success of the market. We look forward to continuing to engage in this process as Staff finalizes its recommendations to the Commission.

Respectfully submitted,



Madeline Gould Laughlin
Policy Manager, Arcadia

¹⁷ Draft Recommendation at 5.

Appendix A
Sample Regulatory Language to Address Staff's Concerns

2.6.6 Customer contracts¹⁸

- a. Project Managers shall include in all Subscription contracts certain provisions, statements and information intended to protect consumers, in the form and manner required by the Oregon CSP. The specific provisions can be found in the Requirements chapter of the Program Implementation Manual.
- b. Contracts between Project Managers and residential Participants must use a standard, Program-approved contract template.
- c. The Oregon CSP contract disclosure checklist shall be presented to every customer prior to signing a participation contract.
- d. Written contract terms and verbal representations made by Project Managers and their Agents shall not conflict with each other.
- e. Project Managers and their Agents shall consider a customer's capacity to understand the terms, ramifications and risks of a contract before entering into such contract.
- f. Contracts and marketing materials intended to aid a customer's decision to enter into a contract shall be provided in a language that is understandable to the customer. If such a contract cannot be provided, customers can request services to seek translation from the Program Administration team.
- g. Project Manager shall keep up-to-date records of Participant contract and Subscription information to facilitate correct billing and crediting for generation on Utility bills.
- h. Project Managers may impose additional Project eligibility requirements on Participants, provided those requirements do not discriminate based on race, color, religion, sex, sexual orientation, national origin, marital status, disability, familial status, source of income or any other protected status.
- i. Project Managers must make good-faith efforts to serve and contract with non-English speaking customers referred by the Low-Income Facilitator and may use interpretation services provided by the Program for this purpose if needed.
- j. Participants must be given the right to cancel their contract and receive a full refund on any deposits or payments if the request is made within three business days (Monday through Friday, excluding federal holidays) of signing the contract.

2.6.7 Agency Agreements

- a. Project Managers and/or Subscriber Managers may utilize Agency Agreements with Participants to facilitate efficient implementation and appropriate subscription

¹⁸ Oregon CSP Program Implementation Manual

enrollment process. The scope of specific agency authority should include the following types of actions and/or activities for subscription enrollment and management: Subscription solicitation, execution inclusive of executing a subscriber agreement, billing, payment, determination of subscription allocation, increase or decrease of subscription size, assignment and/or reallocation of subscription.

- b. Project Managers and/or Subscriber Managers must have a validly executed Agency Agreement with a Participant in order to act as an agent on their behalf in the Oregon Community Solar Program.

Appendix B
Sample Arcadia Community Solar Bill

Arcadia | Dashboard



Service address
[Redacted]

Utility account
[Redacted]

Payment method
[Redacted]

Payment date
August 13, 2020

August 10, 2020

Statement amount

\$88.60

Details

⚡ Utility 07/02/2020 - bill 08/03/2020	\$92.42
🌿 50% Wind Energy	\$0.00
☀️ Community Solar	-\$3.82

Energy usage

693 kWh

Your clean energy impact

- 346.5 kWh wind energy purchased
- \$3.82 saved from solar production

NY energy breakdown

- 0.52% coal
- 1.2% petroleum
- 38.34% natural gas
- 32.39% nuclear
- 27.55% renewables



Upgrade to 100% Wind Energy

Your total impact

Clean kWh purchased

⚡ 16414.5 kWh

CO2 averted

🏠 13.46 tons

Cars off the road

🚗 2.38 cars