AMPION
RENEWABLE ENERGY

BUYER'S GUIDE:
How to Choose a Revenue Management Company for Distributed Generation

7 Key Criteria to Inform Your Decision Making Process

Introduction

So you want to hire a subscription and revenue management company for your distributed generation portfolio...but where to start? As investors, developers, operators, asset owners — whatever your critical role is in the CDG world — what you care about most is projects that pencil. And the easiest way to achieve that is through a fully-subscribed site with high-quality subscribers. But there are a lot of details along the way, and it takes exceptional execution to get that end result.

In this guide, we'll provide a list of factors to consider when evaluating the platform and people you're entrusting to handle your distributed generation projects. Some factors may seem obvious, but others will surprise you. Read on for more!

About Ampion

Ampion provides strategically critical back-office systems to renewable energy developers and asset owners. Since 2014, we have operated in nearly every Community Solar market in the country, supported dozens of developers as their assets were interconnected, and currently service over 1 billion kWh of solar, storage and fuel cell capacity annually. Utilities, regulators, clients and subscribers, large and small, regard us as market experts. Indeed, we have over 200 years of collective utility market experience in our company.

If you choose the right company, you can rest easy knowing that your assets are managed effectively and profitably, with minimal impact from the inevitable hiccups along the way. And believe us: we've seen and addressed just about every hiccup that could get in the way of delivering our clients' revenue. We've learned to expect the unexpected — late utility data, subscriber security regulations, nonpayment issues. You name it.

But enough about us. In the end, three core points form the foundation of each of the factors below: people, process, and platform (technology). So when you're on a Zoom call with a potential partner who could determine the profitability of your sites, here are some key attributes to look for.

1.

People

This is a big investment for your firm, so you want to be sure you're working with

a professional team that has the experience and the focus you need to maximize your return. We're talking about years of experience in the industry, at reputable firms, with a history of success. And you want this in each of the functional areas that are important to the success of your project.

Don't talk to just the sales team — you'll want to get a sense for the whole company. After all, your projects will last 20+ years. This industry changes all the time. You need a partner with deep expertise in each of the key functional areas, and one that can be nimble to adapt as the rules and business needs change.

We suggest closely evaluating each of the following departments:

Acquisition / Sales
This is the team that fills your sites. Meet with the people deciding on the channels used to acquire subscribers, and the mix of those subscribers. Does the team have experience in the energy space? A long history of success? Talk about the strategies they employ and how they adjust as project needs change.

Operations
This group has many different titles, but whatever the name, you want to meet the people who are optimizing your revenue. Operations includes the important back-office work of billing, allocating subscribers across projects, monitoring and analyzing churn, tracking credit banks, etc.

Customer Care
This is the team responsible for the subscribers of your solar farm or distributed generation project. They play a big role in minimizing churn and ensuring stable revenue streams.

Legal / Compliance
This is an often-overlooked, but critical area. State and federal rules change frequently. There's a lot of interpretation of expected future legislation. This becomes even more important with the Inflation Reduction Act. Meet the compliance team and find out what their level of involvement would be and their willingness to consult on strategy.

Account Management
These are the folks you'll be interfacing with throughout the project. Of course you want to be able to get along with them, but other key factors include flexibility, responsiveness, and evidence of efficient, streamlined reporting and communication processes.

Financial Backers
These usually aren't employees of the company, but it is important to understand the financial backing of your partner. Are they financed in a legitimate and stable fashion? The answer can give you confidence that they are able to grow with you.

Are they publicly traded? Public markets can indicate stability, but could also bring growth incentives that may not align with your interests.

Are they at the crowdfunding / family and friends funding stage? Their upfront pricing may be attractive, but companies in this phase come with risks, including funding stability and ability to scale with you.

2.

Subscriber Acquisition— getting the right mix for your project, fast

Filling your sites with the right mix of high quality subscribers is the first task. Doing this right requires a diverse blend of acquisition channels, and the scale to keep a backlog of subscribers ready when you need to replace those who churn.

Ask to see the company's history of acquiring various subscriber types. You'll need a variety: large enterprises, low-to-moderate income (LMI) residential, small commercial, and more. The types of subscribers can vary depending on the state and your revenue objectives, including tax equity and investment tax credit considerations.

Channels

You'll likely see a range of acquisition approaches, with varying levels of expertise across each. Common examples:

- Door to door
- Digital marketing
- Customer referrals
- Partnerships with trusted organizations (affiliate programs, municipal partnerships, etc.)

Compliance and Controls

It's a challenge to operate in multiple states, so acquisition partnerships are essential. However, be sure your revenue management company consistently evaluates the quality of these partner enrollments to ensure compliance with local regulations. Managing these partners properly requires constant attention.

And be sure to ask about internal controls used to manage all subscriber acquisition activities. Is the company acquiring the right subscribers the right way? Strong processes reduce your risks: risk of churn, risk of a subscriber mix that doesn't match your target, risk of government investigations into compliance violations, and more.

You need a software system that can adapt to variable flows necessitated by wildly different state and program requirements. And don't forget that all of this data should be collected accurately and stored in an accessible format to allow for audits by oversight authorities.

Find out about the team's ability to blend various segments. Certain approaches can reduce the risk associated with different types of customers and subscriptions. Providing the right mix of commercial and residential subscribers, credit scores, LMI, etc. can help buffer your portfolio from subscriber churn.

LMI

Acquiring low-to-moderate income (LMI) subscribers: this point is related to acquisition, but it's important enough to warrant its own section. Since the creation of Community Solar, LMI subscribers have been a core segment of Community Solar legislation. Now with the federal Inflation Reduction Act's LMI incentives, it's more important than ever to have a clear strategy for acquiring LMI subscribers.

The IRA places even more emphasis on this market segment, with increased investment tax credit incentives and changing compliance requirements. Details are still being ironed out, but the benefits are likely to be huge — both for you, and for the people who need energy savings the most. See if the team has a proven track record of acquiring LMI subscribers.

You also want an organization that is flexible and can adapt to the changing LMI requirements. That means having the experience, the existing technology, and the resources to adjust processes and acquisition strategies. This is no time to be building a team, processes, and platform from scratch.

Flexible billing systems to meet a range of subscriber needs.

Your revenue management company needs to make it as simple as possible for subscribers of all shapes and sizes to pay their bills. This may sound obvious, but you need a system that can bill accurately 100% of the time and meet the diverse needs of various subscriber segments.

Enterprise billing

Most distributed generation portfolios prefer large enterprise subscribers as an anchor to their subscriber population, so it is important that you have strong enterprise billing capabilities for your Community Solar projects.

Billing enterprise subscribers is more complicated than it may seem. They entail complex billing relationships but expect a level of simplicity that is difficult to provide given the underlying nature of their meters.

For example, enterprise subscribers often have thousands of electric meters across many Community Solar sites, sometimes across different states, and often different offers. Even more confounding, any individual meter might be enrolled in several sites. i.e. One electric meter can be assigned to more than one Community Solar site. The meters may also belong to a set of cost centers, each of which may have a unique payment method (e.g. a separate ACH account) and certainly requires clear reporting.

This is a situation where an enterprise solution is needed to manage the complex data and reporting requirements that naturally emerge. The satisfaction of that enterprise subscriber is at risk; they might choose not to expand their Community Solar footprint and could even contemplate canceling their subscriptions.

Common Use Cases:

Restaurant Chains
Want each individual location to receive a separate bill.

Fortune 100 Companies
With locations enrolled in different sites across several states, they want one consolidated invoice. However, they also want the ability to reconcile by location and individual meter, while summarizing by Community Solar site and state.

Will your revenue management company be able to bill them with one invoice? While also providing details by state, utility area, and project, on demand?

Service model to support the technology

It's rare for a company to have software systems that can handle all the complexities of distributed generation. It's even more uncommon to have an experienced customer care team that is able to adequately support the wide range of end customers. Prod your prospective revenue management company on these points. Be sure you're comfortable with the answer.
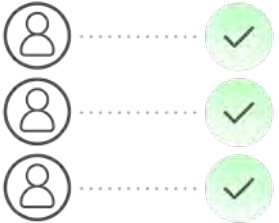
Edge cases are the norm
Community Solar billing rules are complicated. Utility mistakes can be frequent. Software capabilities have not kept up with the rate of change in legislation.

One simple example — Billing errors from the utility occur occasionally and mean a credit is due to the enterprise customer. But you, the developer or investor, have already collected payment. How does your revenue management company unravel that across many meters, sites, and even your own financiers? Standard accounting software doesn't apply here. *You need a partner who has the platform and processes tailor made for this industry, and the personnel with the experience to know what to do with it.*

Subscribers demand customization

Many of the enterprise subscribers you prioritize will not sign up for your distributed generation project unless you can demonstrate how your billing platform meets their particular workflow needs. Housing authorities serving LMI populations and large enterprise companies are common examples. A flexible platform can eliminate these barriers to subscriber acquisition and delays in revenue delivery. Not to mention, relieve headaches for your accounting and operations teams.

Here are a few examples of different types of subscribers, the issues that Ampion has seen, and how a revenue management company like Ampion can find a solution that fits specific subscriber needs:

Subscriber Type	Issue	Revenue Mgmt. Company Solution
Housing Authority or Residential Organization	Many meters, stringent accounting requirements, and a reliance on utility summary billing.	Provide consolidated invoicing and payment processing in a fashion that meets their reporting and operational requirements.
Large Corporation with Multiple Locations	Locations enrolled in different sites across different states.	Consolidate all utility account subscriptions' invoices into one clean, clear invoice to the appropriate recipient. Provide detailed reporting to support accounting reconciliation.
Franchise / Chain Restaurant	Individual locations each need to receive and pay bills separately, although they are all under the same subscription.	Enable each location to pay for bills using unique payment methods, while providing consolidated reporting accessible from a single platform. Each restaurant or shop can be marked as its own paying entity. Each subscription is bundled under its own billing account, and the chain owner can view each payment and each subscription's information.
Residential Subscriber	Depending on financial situation, potentially unwilling or unable to enroll with autopay.	Accept different forms of payment, including credit and ACH for autopay; plus check and subscriber-initiated "click-to-pay" as alternative forms of payment
Municipality	Has to adhere to specific, government-regulated security requirements that prohibit them from sharing payment information.	Allow the municipality to control the timing of payments using click to pay, or a method that doesn't require storing payment details.

5.

Revenue Optimization

This evaluation factor is truly a culmination of the people, processes, and platform that make up the core of the revenue management company. If these three foundational elements are done right, true optimization of your revenue becomes possible.

Revenue optimization is how a company mobilizes all the data it collects to deliver the maximum revenue possible to you from your assets.

We all know that distributed generation assets are dynamic, with constantly changing variables — energy use changes, solar farm production values change, rates change, program rules change…

Having systems and people that are aware of those changing variables, combined with the knowledge of how to adjust appropriately, truly is the difference between profit and loss.

Utility Integration
The importance of healthy data flows with the utility can't be overstated. Speed and accuracy make all the difference. Some utilities provide APIs for access, but linking directly to the subscriber account is the best option for providing a real time view into usage and changes. This can shave months off the time it takes to access subscriber data for optimization purposes.

Active Allocations
Ask how your prospective revenue management partner monitors and adjusts subscription sizes based on electricity usage fluctuations, credit banks, and other factors that drive variability in site revenue. The practice of monitoring and deploying subscriber energy use intelligently across your assets is what Ampion calls "Active Allocations." This is where you can squeeze out maximum revenue efficiency. Active Allocation enables you to receive the highest financial benefit possible, while enabling subscribers' credits to more accurately reflect their monthly usage. Without continuous correction, you risk subscriber underperformance that can ultimately lead to churn and lost revenue.
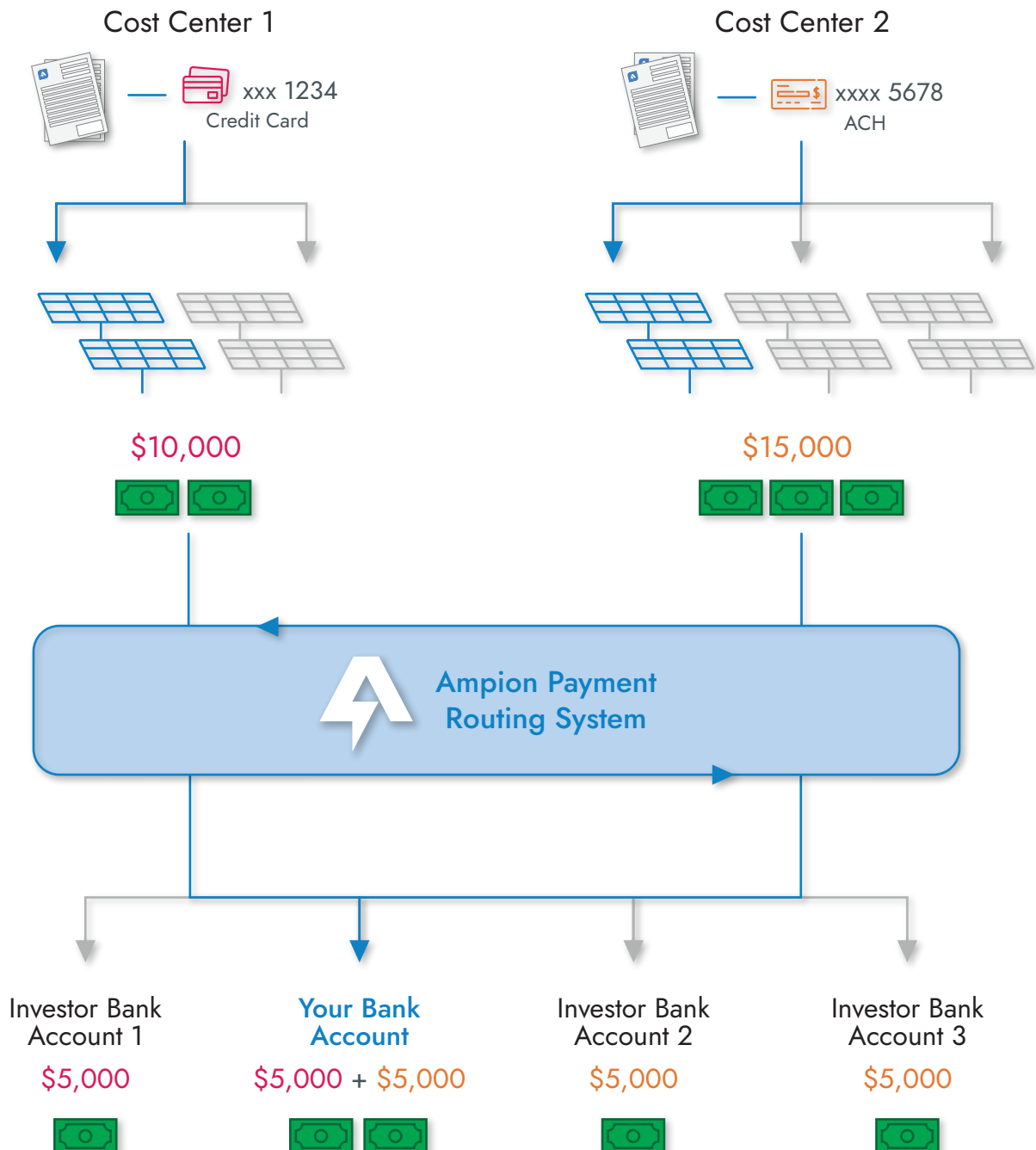
Some revenue management companies "set it and forget it," relying on the monthly kilowatt hour (kWh) allocation from the one initial bill that the subscriber submitted upon enrollment. The large, diverse subscriber pool of distributed generation projects means there are more data points adjusting continuously. Failure to proactively adjust leads to a leaky revenue bucket.

You want a dedicated team that constantly evaluates and tweaks allocations across your portfolio: monitoring site production, subscriber usage, portfolio churn, credit banks and other variables, and adjusting regularly to maximize your revenue.

Flow of funds capabilities

When working with large corporate subscribers, housing authorities, or other entities with multiple meters, it can be a real challenge to determine which dollar of revenue goes to which site and which of your bank accounts. "Flow of funds" refers to the ability to disseminate one electronic payment from a subscriber to different bank accounts in the appropriate amounts. It's something you might not think about very often, but this capability is hugely beneficial to ensuring a seamless transfer of revenue on your end. Transferring funds to multiple banks or investors is a challenge for many developers, so hiring a company that can accurately manage diverse payment scenarios and the flow of funds is a huge benefit to your firm. *See below for an example of the complexity we see with many enterprise customers:*

Enterprise Subscriber A: Bill Summary

Cost Center 1

xxx 1234
Credit Card

Cost Center 2

xxxx 5678
ACH

$10,000

$15,000

Ampion Payment Routing System

Investor Bank Account 1

$5,000

Your Bank Account

$5,000 + $5,000

Investor Bank Account 2

$5,000

Investor Bank Account 3

$5,000

6.

Account Management

One of the simplest and most important questions to ask yourself throughout this whole process: *Do I like their account management team?* This is the team you'll be working with week after week for the duration of the project. You'll want to meet them to get a feel for how they operate. They are your primary contacts. When setbacks arise and decisions need to be made, these are the folks who help navigate the details and work through solutions.

While it's true that evaluating the team is fairly subjective, there are some concrete factors you can assess to gain more insight.

Experience
How much collective industry experience does your account team have? A mix of experience levels is common, but ideally, some team members will have built their careers in the retail and distributed generation space.

Response time
How responsive are they? Try to get a sense for how quickly they respond to client questions, and how effective they have been at resolving issues. Ask for recent examples of how they did this for other clients.

Reporting flexibility
Can the team provide you with the data and insights you need to run your business? A powerful platform and capable personnel can save you a lot of time and money.

Market updates
Do they proactively notify you about important changes in market regulations? You want detailed and timely updates on changing state laws that impact your business. This requires a policy team that pays close attention, and an account team that can quickly translate regulatory changes into business impacts, tailored for you.

Service level
A high-touch level of service is to be expected, and should be included as part of your standard agreement.

7.

Technology and Security

The 2021 Colonial pipeline ransomware attack demonstrates how damaging a security breach can be, both for a company and the grid. Energy grid participants are targets. An increase in phishing, malware, and social engineering scams all leave your data vulnerable to exposure. And you're collecting some very sensitive customer information, from payment credentials to personally identifiable information (PII). A lot can go wrong. You're right to be concerned.

This is why security is one of the most important considerations to evaluate when selecting a revenue management company.

Check for **ISO 27001 certification**. This is the gold standard for information security. Its requirements span physical protection, software development practices, systems architecture, and far-ranging operational processes, including risk management and business continuity.

Get to know some of the **key security practices** for keeping your subscribers' data out of the bad guys' hands. Ask to see evidence the company is following these practices.

- Is the company conducting regular penetration tests to identify weaknesses in its defenses?

- Does it use highly-regarded payment processors such as Stripe and Plaid to validate and manage subscriber payment information?

- Do their services comply with PCI and NACHA — two payment industry standards that are designed to protect consumers and businesses?

- Are they heavily investing in security training, awareness and process controls to keep employees vigilant in protecting your subscribers' data?

A security breach brings both regulatory compliance and reputational risks. We recommend thoroughly evaluating your revenue management company's security practices as an important step to keep your company out of the news (for the wrong reasons).

Summary

When it comes down to it, choosing a revenue management company is a big deal. It's a meaningful investment, so you'll want to make sure the company's processes, platform and people are able to meet your needs to deliver — and maximize — your revenue.

We hope this buyer's guide gave you some insight into the complexities of subscriber acquisition, billing and management, and what to look for when choosing the best possible partner for your projects.

Ampion has been in the industry since the beginning. With flexible, secure, enterprise-grade billing and payment systems and an experienced team, we can help you accomplish your distributed generation goals.

We're proud to help developers and asset owners fill their distributed generation sites with quality subscribers and manage ongoing revenue to maximize project ROI.

To learn more, visit us at
ampion.net/energy-developers
or **email Evan Steiner at**
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