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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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Lt. Governor



State of New Jersey
DIVISION OF RATE COUNSEL
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DEC 21 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STEFANIE A. BRAND
Director

December 21, 2018

VIA ELECTRONIC MAIL (communitysolar@njcleanenergy.com)
AND HAND-DELIVERY

Honorable Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 S. Clinton Avenue, 3rd Floor, Suite 314
Trenton, New Jersey 08625-0350

**Re: In the Matter of the New Jersey Community Solar Energy Pilot
Program—Application Process
BPU Docket No. QO18060646**

Dear Secretary Camacho-Welch:

Enclosed please find the original and then copies of the comments of New Jersey
Division of Rate Counsel (“Rate Counsel”) in connection with the above-captioned matters.

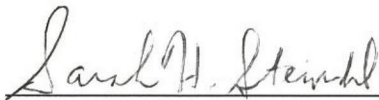
We are enclosing one additional copy of the comments. Please stamp and date the extra
copy as “filed” and return it in our self-addressed stamped envelope.

Case Mgmt
B. Rocque-Romaine, Esq.
J. Richardson, Esq.
List Copied

Thank you for your consideration and assistance.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

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STATE OF NEW JERSEY
BEFORE THE BOARD OF PUBLIC UTILITIES

In the Matter of New Jersey Community)	BPU Docket No. QO18060646
Solar Energy Pilot Program)	
)	

COMMENTS OF THE
NEW JERSEY DIVISION OF RATE COUNSEL
ON THE NEW JERSEY COMMUNITY SOLAR ENERGY
PILOT PROGRAM APPLICATION PROCESS

December 21, 2018

Introduction

The Division of Rate Counsel (“Rate Counsel”) would like to thank the Board of Public Utilities (“Board” or “BPU”) for the opportunity to provide comments on the application process for New Jersey’ Community Solar Energy Pilot Program (“Pilot Program”) in accordance with the Notice issued by the Board on November 28, 2018. Rate Counsel’s comments concern Appendix B to the draft application form, which provides the criteria and scoring rubric the Board is proposing to consider in evaluating and selecting applications. Rate Counsel’s comments are as follows:

General Comments

As a general matter, Rate Counsel believes that most of the proposed evaluation categories are unnecessary. There are two criteria that need to be evaluated in this pilot program: (1) the program should be offered to low-and moderate-income subscribers and environmental justice communities; and (2) it should be based on competitively-bid, cost-effective projects. The other categories are distractions and appear to be an attempt to manage the market and dictate the kind of products offered. The Board should evaluate projects on criteria that reflect the core objectives of the program. Criteria that increase costs to serve other objectives, and those that would be difficult or costly to enforce, should be eliminated. Rate Counsel offers its specific comments on each of the evaluation categories below.

Further, Rate Counsel notes that the Evaluation Criteria do not define how projects that score 40 points or more will be further evaluated or chosen by the Board. Rate Counsel recommends that this process be defined.

Comments on Specific Criteria and Weighting

Siting:

This proposed evaluation category gives preference to projects sited at specified locations. Higher preference would be given to projects sited at landfills, brownfields, areas of historic fill, rooftops, parking lots and parking decks. Medium preference would be given to projects sited at rights-of-way, canopies over impervious surfaces (e.g. walkway), and areas designated in need of redevelopment. The maximum number of points allowed in this category is 20 points; or half of the minimum points needed for consideration.

Rate Counsel disagrees with this proposed category and recommends that it be eliminated. Preference should not be given to projects sited at landfills, brownfields or areas of historic fill. As noted in Rate Counsel's comments filed November 30, 2018 in connection with the Board's proposed Pilot Program rules, the Board should work with the New Jersey Department of Environmental Protection to define which sites are, and are not, permissible for Community Solar projects. No other preference should be given for any siting considerations. Capacity development in the Community Solar Energy Pilot Program should be developed on a market-driven and least-cost basis. While Rate Counsel acknowledges the State's interest in developing sites such as landfills and brownfields, including this objective as part of the criteria for Community Solar projects can only increase costs and diminish the value of the products that are offered to subscribers.

Rate Counsel notes also that the Clean Energy Act does not grant the Board general authority to promote the State's land-use goals in connection with the Pilot Program. The Board it may only establish standards to "limit the land use impact of a solar energy project as required in subsection r. of P.L. 1999, c. 23." N.J.S.A. 48:3-87.11(b)(6). The cited provision requires a

project designated as “connected to the distribution system” not “significantly impact the preservation of open space in this State.” N.J.S.A. 48:3-87(r). This provision authorizes the Board to find that a proposed site either meets or does not meet the statutory criterion. It does not give the Board authority to promote any other land use goals.

As stated in Rate Counsel’s comments on the proposed Pilot Program rules, the Board should define which sites meet the statutory standard. The market should allow developers to determine the most efficient and cost-effective project sites that are allowed under the rules.¹

Subscribers and Environmental Justice:

This proposed evaluation category gives preference to low- and moderate-income projects with more than 50 percent of the project generation (kWh) assigned to residential subscribers in environmentally disadvantaged communities. The maximum number of points allowed in this category is 20 points.

Rate Counsel agrees with this category. As stated in Rate Counsel’s comments on the proposed Pilot Program rules, this program should be focused on projects that serve low-income and moderate-income customers and projects that benefit environmental justice communities. The objective of community solar is to make the benefits of solar energy available to those for whom solar energy is presently inaccessible.²

Product Offering:

This proposed evaluation category gives preference to projects offering guaranteed savings to subscribers. Higher preference would be given to projects offering guaranteed savings to subscribers of ten percent or more. Medium preference would be given to projects offering

¹ I/M/O Community Solar Energy Pilot Program Rules: N.J.A.C. 18:8-9, BPU Dkt. No. QO18060646, Proposal No. PRN 2018-090, Rate Counsel Comments at 4, 17-18 (Nov.30, 2018).

² Id. at 4, 12, 19.

guaranteed savings to subscribers of five to ten percent. The maximum number of points allowed in this category is 20 points.

Rate Counsel disagrees with this category and suggests that it be eliminated. This category dictates to the market what a community solar program should look like and what price should be offered. The Board should not be defining how the market offers products. For instance, there may be a market for subscribers who simply want to hedge on price or want a fixed price to avoid price volatility. Second, this category presents an opportunity for gamesmanship. It is not clear whether there is any practical way for the Board to monitor whether the claimed savings are actually being achieved. The proposed application does not specify any mechanism for auditing project price performance. This category simply serves to shift performance risk away from a projects awarded using this criterion and onto the project's subscribers (if there is no way to guarantee savings) as well as ratepayers, who are subsidizing these projects through SRECs (or the substitute mechanism currently under development³), and through net metering credits. Unless the Board intends to offer some guidelines as to how this would work, "product offering" criteria should not be used as an evaluation category.

Cost in \$/kW installed:

This proposed evaluation category gives preference to projects with the lowest installed cost (\$ per kW). The maximum number of points allowed in this category is ten points. It is unclear whether points in this category would be awarded to multiple projects that represent a range of the lowest installed costs among all applicants, or, just to one project with the lowest cost. This needs to be clarified in the evaluation criteria. In either event, Rate Counsel believes

³ I/M/O Rulemaking to Implement Certain Sections of P.L. 2018, Chapter 17, Regarding Closing the SREC Program to New Registrations Following the Attainment of 5.1 Percent of Total Kilowatt-hours Sold in the State from Solar Electric Power Generators Connected to the State's Electric Distribution System, BPU Dkt. QO18060647.

that this category and cost-effectiveness are of most importance and should be assigned a higher number of points.

Community and Environmental Justice Engagement:

This proposed evaluation category gives highest preference to projects that partner with municipalities, local community organization(s), affordable housing providers and/or providers of local jobs/job training. Some preference will be given to projects that receive a letter of support from these groups.

Rate Counsel refers to its comments regarding the Subscribers and Environmental Justice category. As specifically mentioned above, Rate Counsel agrees with the intent of this category. However, it is duplicative of the criteria included with the Subscribers and Environmental Justice category, and including both would be double-counting. This category should be removed.

Other Benefits:

This proposed evaluation category allows ten points to be awarded to projects that are paired with storage, micro-grid projects, energy audits and/or energy efficiency measures. Rate Counsel disagrees with this category and finds that it should be eliminated. Rate Counsel appreciates the importance of emerging storage technology and energy efficiency measures. However, bundling projects with these add-ons will only drive up the cost of a project and reduce the benefits available for subscribers. Thus, including this category simply contradicts the Installed Cost category above and means that the Board is granting points to more expensive projects.

Geographic Limit:

This proposed evaluation category gives preference to geographic restrictions for distance between the project site and subscribers. Higher preference would be given to projects that restrict subscribers to the same municipality and adjacent municipalities as the project. Medium preference would be given to projects that restrict subscribers to the same county or adjacent counties as the project. No preference would be given for projects without geographic restriction.

Rate Counsel is unclear as to the purpose of this category and suggests that it be eliminated. There is no explanation as to why higher preference would be given for geographic restrictions. This may actually serve to limit the number of subscribers for a project, potentially increasing project cost. Further, there is no detail offered as to how the Board will audit this over time or enforce this restriction as subscribers change.

Project Maturity:

This proposed evaluation category gives higher preference to projects that have received an EDC feasibility study, permits and site control. Some preference will be given to projects that have applied for an EDC feasibility study, permits and conditional site control.

This category is often included in competitively-bid request for proposals ("RFP"). Rate Counsel agrees with this category.

Table Summarizing Recommendations

Based on the recommendations outlined above, Rate Counsel provides the table below, which compares the BPU Staff's proposed criteria and point assignments with Rate Counsel's proposed revisions:

Table 1: Rate Counsel vs. Board Staff Evaluation Criteria and Point Assignments

Evaluation Criteria	Maximum Points	
	Staff Draft Application	Rate Counsel Recommendation
Siting Higher preference: landfills, brownfields, areas of historic fill, rooftops, parking lots, parking decks Medium preference: rights-of-way, canopies over impervious surfaces (e.g. walkway), areas designated in need of redevelopment Not preferred: preserved land, wetlands, forested area, farmland Bonus points for: landscaping, land enhancement, pollination support, storm water management, decommissioning plan	20	Not applicable
Subscribers and Environmental Justice Higher preference: LMI project, with real benefits to the LMI subscribers, more than 50% kWh assigned to residential subscribers, in environmentally disadvantaged community	20	25
Product Offering Higher preference: guaranteed savings >10%, flexible terms Medium preference: guaranteed savings >5% Not preferred: no Guaranteed savings	20	Not applicable
Cost in \$/kW installed Higher preference: lowest cost	10	25
Community and Environmental Justice Engagement Higher preference: partnership with municipality, local community organization(s), affordable housing provider, providers of local jobs/job training Medium preference: letter of support from municipality, project owner is a government, public and/or quasi-public entity, project owner is an affordable housing developer	10	Not applicable
Other Benefits - Paired with storage, micro-grid project, energy audit, EE measures	10	Not applicable
Geographic Limit Higher preference: municipality/adjacent municipality Medium preference: county/adjacent county No preference: any geographic location within the EDC service territory.	5	Not applicable
Project Maturity Higher preference: EDC feasibility study received, permits received, site control received Medium preference: EDC feasibility study applied for, permits applied for, conditional site control	5	10
Total Potential Points:	100	60
Minimum Points Required:	40	40