

## Topic 1: Successor Program Incentive Design

1. Please describe the advantages and disadvantages of the three incentive program types identified above.

**Tariff-Based Incentive:** This is the preferred approach. However, the degree of volatility of the overall value will depend on what the other value streams are. Those value streams should be comprised of rate components that are not subject to much fluctuation, so the customer has confidence in what they will receive in terms of total value. We would advocate for a fixed amount to whatever extent possible.

**Market-Based Incentive:** While this has historically been the typical incentive structure, it is subject to market volatility and has proven to be expensive to ratepayers. More states are moving away from this model and it seems prudent for New Jersey to consider moving to another incentive structure.

**Performance-Based Incentive:** We do not advocate for an incentive that rewards developers who simply look for large land owners first and are going to develop big ground mount solutions that quickly soak up incentives.

We are Direct Energy's sister company and advocate on behalf of customers that install solar. We are not in the business of building big standalone facilities.

2. How would you expect the incentive value (and the cost to ratepayers) to change based on the incentive program type?

Due the uncertainty as it relates to the overall economy and having seen the impacts of recent tariffs, solar costs do not necessarily always go down. We would hope the incentive value would stay the same, or closely align with the actual price of solar. If costs do not go down the incentive should not either.

3. Should the Board establish a differentiated incentive (i.e. different incentives for different project types), as was done for the Transition Incentive program? If yes, what should these different project types be?

This approach makes sense, as it is logical the board would like to incent various project types. However, we would recommend a series of adders be used to further incent those types, rather than significant subtractors or percentage factorizations.

4. How should the Board set the value of the incentive: via administrative modeling, a competitive solicitation, or an on-going market? What are the advantages and disadvantages of these three mechanisms?

Either via administrative modeling or competitive solicitation are likely the best approaches. Neither is particularly preferable to the other. The most important component of the incentive needs to be that there is significant capacity available so that there is not a boom and bust cycle where the market stagnates after all of the capacity is filled (as in MA SMART).

5. How should the Board establish and periodically revise the maximum incentive payment caps described in the Clean Energy Act?

The board could review incentive levels on an annual basis, similar to how it is done in Rhode Island. Or they could set up a review period after X amount of capacity is filled, as was done in the SMART program. Again, the important thing is to maintain a fluid continuation in the market.

6. What is the preferred incentive qualification life (10 vs. 15 years) based on typical project financing?

The preferred incentive life is at least 15 years. The longer incentive life allows for longer continued value streams. 20 year qualification life is even preferable, many financing terms are 20 years.

7. The Clean Energy Act requires that the Board “encourage and facilitate market-based cost recovery through long-term contracts and energy market sales.” Please provide your assessment of various market-based cost recovery mechanisms, and their applicability to each of the three incentive program types developed by Cadmus.

No comment.

## Topic 2: MW targets / Program Capacity

8. What MW target project categories should be established?

No comment.

9. How should the Board set the capacity for each MW target, in compliance with the incentive cap and cost cap requirements? Please consider: 1) how the Board should set the overall capacity to be made available on an annual basis for the Solar Successor Program; and 2) the relative breakdown of the total annual capacity between MW target project categories.

The proposed allocation below seems to have too much residential capacity allocated. As seen in both Massachusetts and Illinois, both of those markets have plenty of unused capacity on the residential side, but all of their commercial capacity was gone very quickly.

For reference, the breakdown of installed capacity by solar installation type as of January 2020 is as follows:

Residential	30%
Non-Residential <=100 kW	4%
Non-Residential >100 kW < 1000 kW	24%
Non-Residential >=1000 kW	21%
Grid Supply	21%

Source: <https://www.njcleanenergy.com/renewable-energy/project-activity-reports/project-activity-reports>

10. Should the historical breakdown of actual MW installations serve as the basis for future targets?

No comment.

11. How should the Board administer these MW targets? Should projects be allowed to participate on a first-come, first-served basis?

Yes.

12. What measure should the Board implement to prevent “queue sitting”? Please include in your response a discussion of a) maturity requirements, b) filing fees, and c) alternative suggestions.

The program should require the need for non-ministerial permits and interconnection service agreements, as this will prevent projects that are unlikely to be built from getting an incentive award. This will thereby prevent capacity from being awarded too quickly and having projects subsequently cancel.

13. Should excess annual capacity be reallocated if not used (e.g. if a project drops out of the pipeline)?

Yes.

14. Should projects located in municipal utilities that do not pay into the RPS be eligible to receive Successor Program incentives?

Yes.

15. How can the State most efficiently progress towards the goals set in the Energy Master Plan, while balancing ratepayer costs for solar development in- and out-of-state?

No comment.

### **Topic 3: Grid Supply**

### **Topic 4: Solar Siting**

The 2019 Energy Master Plan states that, “in order to enhance smart siting of solar, the state should better define areas that are considered marginalized, such that they have constrained economic or social value.” This includes a commitment that “NJDEP and NJBPU will coordinate land use policy for solar siting with the New Jersey Department of Agriculture to identify sites that could be used to expand New Jersey’s commitment to renewable energy while still protecting the state’s farmland and open spaces.” (EMP Goal 2.1.8)

20. How should the Successor Program incentive structure be designed to address the state policy preference for solar located on rooftops, landfills and brownfields versus open space and farmland?

The state could implement adders to further compensate projects built in preferred land use areas.

21. What land use restrictions and limitations should apply to the Successor program incentive to reflect the siting of solar projects in New Jersey? Please include a specific discussion of solar on farmland and open space, consistent with all applicable New Jersey statutes and regulations.

No comment.

22. Aside from the various types of net metered projects and grandfathering a defined set of projects on farmland, the Solar Act of 2012 limited eligibility for SRECs to solar electric generation facilities which demonstrated no adverse impact on open space or those located on properly closed sanitary landfills and brownfields as defined in the Spill Compensation and Control Act. Should the criteria for Successor Program incentives retain these limitations as contained in the statute or be refined to broaden eligibility beyond the footprint of a landfill cap or limits of the brownfield site?

No additional restrictions beyond what was in place during the SREC program should be put in place.