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September 10, 2020

**VIA ELECTRONIC MAIL ONLY**

Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue  
Trenton, New Jersey 08625  
solar.transitions@bpu.nj.gov

**Re: New Jersey Solar Transition  
Successor Program Capstone Report and Staff Request for Comments  
Docket No. QO20020184**

Dear Secretary Camacho-Welch:

On behalf of Jersey Central Power & Light Company (“JCP&L” or the “Company”), please accept this letter as JCP&L’s response to the Cadmus Capstone Report and request for comments issued by the Staff of the New Jersey Board of Public Utilities on August 11, 2020. JCP&L thanks the Board for this opportunity to offer comments and respectfully requests leave to file these comments out of time. The Company has been participating in New Jersey’s solar transition process and looks forward to continuing its work with stakeholders as New Jersey moves towards its solar market of the future. JCP&L offers these limited comments to provide its insights based on the Company’s experience with New Jersey’s solar market, solar renewable energy credit (“SREC”) financing programs, and net metering.

**I. The electric distribution companies’ (“EDCs”) experience with SREC-based financing programs demonstrates why the solar successor program should not be structured as a financing incentive directly from the EDCs.**

There are a number of reasons that solar incentives should not be delivered through project-specific contracts with the electric distribution companies (“EDCs”). First, based on its experience with the SREC-based financing programs, JCP&L does not believe that there would be any appreciable difference in financing costs through the use of project-specific contracts with the EDCs. The Company offered two iterations of an SREC-based financing program in which scheduled solicitations resulted in a wide range of fixed price SREC contract values. While JCP&L has no direct knowledge of how many projects in the program relied upon the SREC purchase contracts in order to secure financing, the Company did notice a substantial number of projects where construction had commenced, and even projects that were substantially completed, before execution of contracts for the program. Based on this activity, it can be surmised that these projects either did not need the security of a fixed price contract to obtain construction financing or were able to finance construction through other means. Still, the structure of these fixed price

contracts greatly benefited the solar developers with a long-term, stable SREC price, which is many times higher than current market prices. In the end, these benefits for developers participating in the regulated utility program are essentially paid for by New Jersey's ratepayers. JCP&L discourages the Board from using a similar construct for the solar successor program.

It is also likely that projects relying on project-specific financing from the EDCs would experience unnecessary construction delays because of the regulated nature of the offering. As an initial matter, the EDCs would be required to file a program for approval by the Board before implementation of any such program. Additionally, as with the SREC-based financing program described above, any such program requires a reasonable amount of time for processing within the process for project approval. For example, the SREC-based financing program held solicitations every 100 to 120 days, resulting in projects having only a fixed window to submit applications for financing approval. After submission of bids, there was also a time period for bid review, which was then followed by approval at a Board agenda meeting. Many times, this process resulted in up to six months elapsing between the time a solar developer proposed a project to a client and the ultimate contract approval. A similar process, and similar timeframes for application submittal, receipt, review, and selection, would likely be required for a program offering project-specific funding from the EDCs.

## **II. Out-of-state solar projects should be allowed to participate in the solar successor program.**

Board Staff's request for comments seeks feedback on the Energy Master Plan's finding that out-of-state utility-scale resources that are deliverable to New Jersey are part of the least cost path to reaching 100% clean energy and, specifically, asks for feedback on whether stakeholders agree or disagree with allowing out-of-state resources to participate in New Jersey's solar program. JCP&L does not object allowing out-of-state resources to participate in New Jersey's solar program. As these projects are deliverable into PJM and the EDCs have access to them via the PJM auctions, New Jersey's customers will continue to benefit from such projects although they are located out-of-state.

## **III. New Jersey's net metering construct needs to be re-evaluated.**

The recommendations in the Capstone Report note that the Clean Energy Act's milestone for net-metered customers will be reached within the next several years and concludes that "[t]his trigger (or the run-up to it) would benefit from broad discussions within the industry regarding policy paths for net metering."<sup>1</sup> JCP&L agrees that net metering is ripe for replacement or restructuring. In the current construct, the benefits to participants of net metering are assessed against the ratepayers who either do not wish to, cannot afford to, or cannot install their own solar generation. However, the Company does not believe that an expansion of remote net metering is the best route to fixing these issues because there is no associated load reduction from remote net metered participants. If the State's goal is simply to maximize solar production and not to reduce load, a more efficient and cost-beneficial way to reach this end is through utility-scale solar. By

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<sup>1</sup> Capstone Report at p. 87.

relying on utility-scale solar, the State could increase solar production without relying on the ratepayer subsidies required for remote net metering.

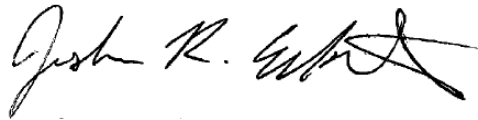
**IV. Working groups should be created to address the various issues associated with New Jersey's transition to a solar successor program.**

The Capstone Report recommends that the Board convene focus groups of technical experts and stakeholders on a regular basis in order to “provide a transparent, effective means to address several recommendations discussed, including interconnection, siting, and related programs.” The Company agrees that stakeholder groups with the involvement of the EDCs are advisable when it comes to working through the various issues, especially those related to interconnection and project siting, that must be dealt with during New Jersey's transition to a solar successor program. JCP&L appreciates the opportunity to be a part of this process and looks forward to continuing its work with the Board on this important issue.

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JCP&L again thanks the Board for the opportunity to offer comments on these issues. Please do not hesitate to contact me should you have any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joshua R. Eckert". The signature is fluid and cursive, with a prominent loop at the end.

Joshua R. Eckert