

BLUEWAVE

**Successor Program Capstone Report
Docket No. QO20020184
September 8, 2020**

Dear New Jersey Board of Public Utilities and Staff,

BlueWave Solar (BlueWave) is a community solar developer and services provider based in Boston, MA. We have developed nearly 200 MW of community and public solar and are working on the forefront of dual-use development with New Jersey's farmers and landowners. We are excited to bring BlueWave's commitment to holistic development and community engagement to the residents, small businesses, public entities, municipalities, and farmers of New Jersey.

BlueWave is a member of the Coalition for Community Solar Access (CCSA) and is an active participant on the New Jersey Subcommittee. BlueWave firmly supports the comments filed by CCSA in the Successor Program Capstone Report Docket No. QO20020184. Additionally, we submit these supplemental comments outlining the opportunity New Jersey has in embracing dual-use solar projects by providing an incentive to qualified projects.

BlueWave sincerely thanks the Board of Public Utilities (BPU) for its collaboration and interest in building out a robust and responsibly sited successor program. We respectfully submit these comments for consideration by the BPU and look forward to working together to meet New Jersey's ambitious clean energy goals while at the same time prioritizing land preservation and farm viability.

What is Possible Through Dual-Use for New Jersey?

In our comments we will refer to "light" and "full" dual-use projects. The following are definitions of those projects. BlueWave is happy to follow up with BPU staff with more details about how we break down the incentive payments, rather than submit these proprietary financials in public comment.

Light Dual-Use: Actively managed grazing-friendly solar aimed at livestock production with slightly elevated and strengthened racking. This type of dual-use solar array could also be designed to host crops in and around the project and meet baseline sunlight thresholds over a minimum percent of the project area. A modest incentive would account for increased costs of materials for animal grazing, design, and loss of density due to spacing the rows further apart.

Full Dual-Use: Projects with robust agricultural and horticultural production under and around appropriately elevated solar canopies designed to meet baseline sunlight thresholds over a minimum percent of the project area. This would require more investment in costs for materials, larger farmer subsidies, upgrades to farm equipment, farm management resources, and decreased panel density.

Dual-Use in a REC-based Factorization Incentive Structure

Although there needs to be more clarity around the overall potential REC value for a successor program, it is possible to build certain types of “light” agricultural solar arrays in order to qualify for a factorization equal to the TREC community solar transition program value (.85 factor). As stakeholder sessions and discussion around the value of the program are further solidified, BlueWave will be able to determine a workable financial model for “light” and “full” dual-use under a factorized REC structure.

In order for the .85 factorization of the current TREC levels to work for dual-use projects in New Jersey, the project size would need to be 5MWDC. Financial models become unfeasible when the projects decrease in size from 5 MWDC. If the policy objective is to have smaller than 5 MWDC projects with “full” elevated dual-use, then the factorization would need to be closer to 1.0, the same as the TREC program categorizes parking lot canopies. Parking lot canopies are similar to dual-use projects since both project types require increased racking and different construction considerations. BlueWave is confident that in a REC-based factorization structure with the ability to participate in retail rate net metering, dual-use will work in New Jersey.

Dual-Use in an Adder Incentive Structure

Under an administratively set incentive structure similar to Massachusetts’ SMART program, dual-use projects would need a sufficient to be determined base compensation rate paired with an adder in order to be financially feasible. For “full” dual-use projects the adder level would need to be at least .05/kWh for a 5MWDC project. Below 5 MWDC, projects will not return revenues that adequately provide value for projects in that size range. With the additional needs for farm capital investments, farmer subsidies, and decreased panel density, “full” dual-use needs a higher incentive. As for a 5MWDC “light” dual-use project, BlueWave projects would need a sufficient base compensation rate and at least a .03/kWh adder.

BlueWave is happy to share the details of this analysis with staff, but declines to submit these proprietary details in public comment.

A Dual-Use Program Should Not be a Competitive Procurement

A competitive procurement for dual-use projects would deter market players from participating. Oftentimes the purpose of a procurement is to drive down costs for project development, but we know that dual-use inherently costs more to develop because of the complex aspects of coupling energy and agricultural operations. Squeezing margins for a procurement would do a disservice to farmers and disincentivize developers from pursuing these projects. Dual-use should be thought of as a powerful policy tool to protect farmland, increase farm viability by private resources, and provide clean energy savings to residents and communities.

A Stepwise Approach to New Jersey Dual-Use

As the BPU determines the best approach to allow solar siting on undeveloped land, we urge Staff to consider signaling to the dual-use market and award dual-use projects on farmland higher scores in the Community Solar Pilot Program. This will lay the groundwork for a robust and efficient dual-use market once the successor program begins.

As projects currently receive zero points for siting on farmland or previously undeveloped land, the BPU should consider projects that allow for new or continued agriculture or horticulture in and around the arrays on preferred sites. The BPU should award points for projects that demonstrate the continued agricultural use of the land through maintaining farmland assessment status. This process already exists for farms to maintain their farmland tax status and the appropriate agencies can utilize this assessment to verify agricultural activity for dual-use projects, instead of creating an additional process.

The benefit of this step is to signal to the industry that dual-use is coming to New Jersey, allowing for a sufficient market shift. An additional benefit is that economic development to farmers could start sooner and aid in the post-COVID recovery. Farmers could begin to receive lease option agreement payments as soon as there is an indication that the market will be moving in the direction of dual-use. For some farmers, this means investments in additional jobs, upgrading farm equipment, or staying afloat when other income streams are not readily available.

Dual-Use as an Economic Development Tool

Dual-use can be a targeted post-COVID recovery tool for the agricultural community. With many family farms struggling to meet the demands of a new marketplace, a solar project that does not take land out of production can help stabilize a family enterprise for the next generation. Stable solar revenue can jump start the agricultural economy and be an incubator for new and innovative farming business models. Because of the economic uncertainty of COVID, more than ever, farms in New Jersey are at risk for conversion to permanent forms of development like housing or strip malls.

Additionally, dual-use solar is an economic development tool not just for farmers, but for municipalities as well. Developers are committed to paying property taxes on behalf of the farmers or landowners for the life of the dual-use project. If the project is also built as a community solar project, towns often have the chance to be anchor customers and realize energy savings on behalf of their residents.

Net Crediting to Achieve Low to Moderate Income Program Goals

As the BPU considers which policy priorities to incentivize in the successor program staff should consider, BlueWave supports an incentive for LMI participation, but it also important for the BPU to consider giving solar providers the option to use net crediting.

Net crediting is a mechanism in which community solar savings show up directly on customer utility bills. The utility then allocates a monthly payment to the project owner after credits are applied to customer accounts. Net crediting benefits the customer through guaranteed savings every month and a simplified experience on their utility bill.

By allocating the savings associated with customers' community solar subscriptions directly to their utility bills, net crediting eliminates the need for community solar providers to send customers a separate bill and removes the risk of non-payment. This allows providers to widen the pool of eligible customers who can subscribe to their projects. Removing underwriting criteria, such as FICO scores, and reducing operating costs, net crediting can allow greater LMI participation and access to community solar. With increased financial constraints due to COVID-19, net crediting can guarantee that customers pay less for electricity while reaping the benefits of local community solar.

We want to commend the BPU for a thoughtful and engaging stakeholder process on the Community Solar Pilot Program as well as an open and transparent conversation about the future of the permanent program. If the staff has any additional questions about dual-use solar or net crediting, please reach out.

Sincerely,

Lucy Bullock-Sieger
Director of Civic Engagement