



## NEW JERSEY CHAPTER

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Aida Camacho, Secretary  
New Jersey Board of Public Utilities  
Post Office Box 350  
Trenton, New Jersey 08625

April 28, 2021

**Re: Docket No. QO20020184, Solar Successor Program**

Dear Ms. Camacho,

The New Jersey Sierra Club offers the following comments and suggestions regarding the Solar Successor Program Straw Proposal. This Straw Proposal will help us get to where we need to go when it comes to solar and green jobs. This is heading in the right direction, and there are many positives. This proposal will expand the amount of solar that would be built in New Jersey, including grid-scale, net metering, and community solar.

We are glad that the proposal moves away from using Solar Renewable Energy Certificates (SRECs). It increases the amount of solar we can do every year, which will help New Jersey meet its clean energy goals. It also includes performance standards, which are important. We are glad to see this straw proposal reflect a lot of the comments we've said throughout this process, but we would like to see it expanded even more.

**Incentive Program Design:** BPU staff proposes to implement a bifurcated incentive program structure. This includes an administratively-set solar incentive for behind-the-meter projects of 2 MW or less, which includes net metering and community solar. We'd like to see that number expanded.

We do like the idea of a competitive solicitation process, and we are glad that the projects will be divided into separate tranches. It is important that this process reflects the actual cost of certain sectors of the solar market, differentiating between grid-scale, landfill, third-party ownership, and direct ownership. Some projects, like those on landfills or brownfields, may need more funding in order to actually complete them. Other projects, like residential, may not be able to compete.

The BPU should establish a rate of return, for example 10% per program area. Each area has different costs; therefore, each should have a project-specific set rate of return to save ratepayers money and keep us under the cap. These program areas include utility, scale, third-party, direct-purchase, residential, and commercial. Using separate incentives would help increase access to solar for different

customer classes. As we get to a grid approach and prices come down, we can transition to an incentive-free market.

We are glad to see that the proposal includes 15-year contracts instead of the previous 10-year contracts. This is a good step forward, but we would even like to see up to 20-year contracts. Expanding long-term contracts will help make grid- and utility-scale solar a reality. Long-term contracts will add stability to the program. We are glad that environmentally-sensitive areas like the Highlands and Pinelands will be protected. We should also be incentivizing solar projects on landfills, along turnpikes, sound barriers, on landfills, corporate office lawns, brownfields, parking lots, and more.

**Net Metering:** We would like to see net metering expanded. Right now, projects are capped at 2 MW. This should be increased to at least 10 MW to 15 MW, if not up to 20 MW, so that we can put more solar into the grid. Increasing the amount of clean energy going into the grid is critical as we ramp up electrification of the transportation sector and housing sector.

**Community Solar:** Staff is currently looking at two options for implementing a Permanent Community Solar Program. Option 1 is to rollover and continue the Pilot Program structure and design. Option 2 would eliminate the annual competitive solicitation and implement a first-come, first-served model. We'd like to have a permanent program instead of the pilot program, but it should be a competitive solicitation instead of first-come, first-served.

What size will projects be limited to under the Permanent Community Solar Program? We think that we should allow for projects that are at least 5 MW if not 10 MW or larger. This will allow more communities to get solar and benefit from green jobs and cleaner air.

We would like to see the Permanent Community Solar Program expanded past the pilot program. The second year of the state pilot program was doubled from 75 MW to 150 MW. However, Year 2 of the Community Solar Pilot Program received 410 applicants representing 800.5 MW of total capacity. This shows the need to expand the program even more to 200 MW, 250 MW, or even more.

It is important to create a permanent community solar program like other states have so that we can advance solar power for everyone in New Jersey. Maryland has a 30% carve-out for community solar for projects where 20% of the output serves low- and moderate-income communities and Massachusetts has roughly 23%. We ideally want at least 20% set aside for community solar in New Jersey.

We also need to make sure we keep community solar costs down in low-income and minority communities. These projects should be subsidized using the Clean Energy Fund to make the program more accessible for people living in these communities that need the benefits from solar the most. It is also important that the benefits of solar are directed to these communities, including jobs. The Office of Clean Energy Equity should be used to direct solar job training to overburdened communities. It is critical to make sure that everyone can benefit from solar energy.

**Performance Standard:** We are glad that the Straw Proposal includes a performance standard that requires developers to pay a penalty or give up a project after a certain amount of inactivity. However, we would like to see how it will work. We want to make sure that this won't be punitive for projects that are delayed for reasons beyond their control. For example, projects that are facing delays because of hold ups with local planning boards should not be penalized.

**Cost Cap:** The Successor Plan is being designed to comply with the cost cap and maintain flexibility to incorporate findings of the cost cap proceeding.

The BPU is looking at how to set MW targets while maintaining compliance with the legislative cost caps. However, we believe that it is critical for the BPU to recommend getting rid of the cost cap now because the cost cap hurts the solar industry and favors fossil fuels. Sierra Club opposed the cost cap language in the legislation because we are so concerned about the external costs of electricity production from fossil fuels, and the need to ramp up clean energy as quickly as possible. We don't have a cost cap on fossil fuels or nuclear so there shouldn't be one on solar.

We are still concerned that our residential solar program will suffer under this because we are heading toward larger projects like community solar and net-metering. We should go back to having a rebate program like in the early days of the program, which would also avoid the cost cap. We should also eliminate the cap on schools and government buildings so that they can sell energy back to the grid.

We believe that the state needs to do a better job of analyzing the benefits and costs of the cost cap. We should not only be looking at the cost of projects but also how much money they will save. When looking at the cost of projects, solar will actually save money during peak demand periods. When prices are high, solar will not only reduce demand but will be cheaper and therefore save consumers money. Solar is also very effective at lowering costs for distributed generation. Distributed generation and battery backup can not only power microgrids but also keep the grid going during blackouts, brownouts, or polar vortexes. When energy prices spike, solar is a constant which reduces cost and wholesale prices. That is why the state needs to analyze the complete cost and benefit of the cost cap to help show the economic benefit of removing the cost cap.

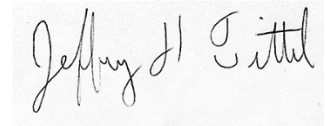
**Capacity Targets:** The solar capacity goals in the 2019 New Jersey Energy Master Plan includes a final target of 32,200 MW by 2050 (under the Least Cost scenario). One of the milestone capacity targets is 12,188 MW by 2030.

New Jersey is currently only generating 300-400 MW per year. It is good that the straw proposal looks at getting to 900 MW a year. This is important because we need to more than double what we're doing now in order to meet our state goal of 32,200 MW by 2050 that the EMP calls for. It is important to come up with a cost-effective solution that works for all of New Jersey. This includes looking at other funding mechanisms and regulations to push for solar programs to get done. It is also good that the grid-scale solar carve out is 260 MW. This will help move large-scale solar projects forward in New Jersey

The Solar Successor Program Straw Proposal is the first step towards fixing New Jersey's solar program, but we need to do more. We need a more robust solar program to create more green jobs, fight climate change, and close dirty power plants, especially in overburdened areas. Solar projects should also be targeted to communities that are overburdened by pollution, as well as the benefits like lower electricity costs and jobs. The cost cap limits the amount of solar we can build, so we need to get rid of it to reach 15 GW by 2035. Expanding our solar program will help save ratepayers money and deal with climate change while growing our economy. We must expand our solar program so that we can reach our clean energy goals and be a leader in clean energy once again.

If you have any questions or would like to discuss this matter further, please feel free to call me at (609) 558-9100.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey H. Tittel". The signature is written in a cursive style and is contained within a light gray rectangular box.

Jeff Tittel  
Director, New Jersey Sierra Club