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April 30, 2021

VIA ELECTRONIC MAIL ONLY

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

**Re: In the Matter of Solar Successor Incentive Program Pursuant to P.L. 2018, c.17
Docket No. QO20020184**

Dear Secretary Camacho-Welch:

Attached, please find the comments of Public Service Enterprise Group Incorporated in the above referenced matter.

Please advise if you have any questions regarding the foregoing.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Joseph Shea", is written over a faint, larger version of the same signature.

Enclosure



**In the Matter of Solar Successor Incentive
Program Pursuant to P.L. 2018, c.17
BPU Docket No. QO20020184
April 30, 2021 BPU Public Meeting**

PSEG Comments on Board Staff’s Straw Proposal

Good morning, President Fiordaliso, Commissioners, and members of the public. My name is Joseph Shea, and I am Associate Counsel – Regulatory for Public Service Enterprise Group, Inc. (“PSEG” or the “Company”). PSEG, on behalf of affiliates Public Service Electric and Gas Company and PSEG Power LLC, appreciates the opportunity to provide input on Board Staff’s **New Jersey Solar Successor Program Straw Proposal** (“Straw Proposal”). The Straw Proposal details Staff’s preliminary recommendations for the Successor Solar Incentive Program, and includes program design and implementation, calculation of annual megawatt targets, and calculation of the statutory cost cap.

PSEG strongly supports the policy objectives of the State of New Jersey and Governor Murphy – to significantly reduce greenhouse gas emissions with the goal of 50% renewable energy by 2030 and 100% clean energy by 2050. These policy objectives are necessary to address climate change, perhaps the most significant long-term threat to the State of New Jersey. We commend the Board for soliciting

stakeholder input and putting the solar market on a path to a Successor Program that cost effectively achieves the State's clean energy goals.

With respect to the design of the State's Solar Successor program: the clean energy goals in the State's Energy Master Plan are significant and challenging. The participation of the New Jersey electric distribution companies is essential if we are going to have a realistic opportunity to meet the goal of installing 5.2 GW of solar by 2025, 12.2 GW by 2030, and 17.2 GW by 2035. To achieve these objectives, the State would need to install approximately 950 MW/year, almost triple what the market has delivered annually over the past five years. Given the substantial increase in solar targets, it is critical that the Board develop a cost-effective approach to incent solar development, particularly given the high cost of solar and the solar cost caps in the Clean Energy Act.

The most realistic way for NJ to achieve its clean energy goals is to maximize all proven approaches to solar development, including bringing the State's electric distribution companies into the market to grow the grid connected solar sector. Currently, the Straw Proposal does not provide an opportunity for the EDCs to participate in the Successor Program. We believe that tapping into the EDCs' unique capabilities (experience, technical expertise, transparency) will significantly improve the probability of achieving the goals of the Clean Energy Act. Only about 20% of the State's solar capacity is grid connected, which is among the lowest percentage among the leading solar states in the country, where 50-80% of solar generating capacity is grid connected. This focus away from more economic, larger scale, grid connected solar has contributed to the higher overall cost of solar in NJ, which all customers are bearing. The State can easily increase its grid connected capacity by encouraging its electric utilities to develop, own and operate larger, grid

connected solar facilities. PSE&G’s existing and successful Solar 4 All® Program is precisely the model to support the State’s ambitious solar energy goals.

PSE&G’s Solar 4 All® Program targets landfill and brownfield sites for development, sites that are generally difficult to develop for the private market due to the complexity and challenges of meeting New Jersey Department of Environmental Protection requirements, local permitting and a long (approximately 2-3 years) development cycle. Through the Solar 4 All® program, PSE&G has become a national leader in developing these difficult sites, with over 40% of all landfill/brownfield solar capacity in the State. This model can and should be expanded to allow utilities to build and own solar on additional unproductive landfill and brownfield properties, which would be an underserved market segment without PSE&G’s involvement. As noted in its January 2021 Capstone Report, the Cadmus Group noted that utility-owned solar projects may provide a “valuable segment” in the Successor Program because such projects could be located near utility infrastructure and paired with storage.¹

Finally, utilities stand ready to implement programs that will benefit low and moderate income residents, particularly those residents disproportionately impacted by environmental justice concerns, by supporting expansion of solar and achievement of the State’s ambitious clean energy goals. For these reasons, the Board can and should establish a target for utility ownership and operation, which target would not impact the capacity available for the rest of the solar development community.

¹ See Final Capstone Report at page 12.

Beyond these direct roles for utilities in the solar market, PSE&G offers the following suggestions for the Straw Proposal:

- In light of their capital structure and long term planning capabilities, utilities are uniquely qualified to participate in the “solar plus energy storage” segment. The Board should allow New Jersey’s EDCs to participate in this segment to have any realistic opportunity to meet the Clean Energy Act’s energy storage goals of 600 megawatts by 2021 and 2,000 megawatts by 2030.
- The “solar plus energy storage” segment should have a minimum threshold battery requirement per MW-AC of installed solar capacity. The minimum battery storage capacity should be at least 25% of the solar generation capacity. For example: a 1 MW-AC solar facility should have, at a minimum, 250 kWh energy storage capacity. Without such a threshold, bidders may seek to install very limited battery storage capacity in order to reduce project costs, a result at odds with the Clean Energy Act’s energy storage goals.

On behalf of the Company, I want to thank you for the opportunity to present these comments. PSEG looks forward to our continued partnership with the State in achieving the goals of the Clean Energy Act.

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