Camacho, Aida (BPU)

From: Friedman, Jared <jfriedman@prologis.com>
Sent: Thursday, May 27, 2021 1:26 AM
To: Secretary, BPUBoard (BPU)
Cc: Friedman, Jared
Subject: [EXTERNAL] Successor Program Capstone Report Docket No. QO20020184

To: Secretary of the Board
RE: Public Comments for the Successor Program Capstone Report Docket No. QO20020184

Hello, as a major owner of commercial and industrial real estate in New Jersey, we commend the NJBPU for holding transparent and open meetings on the TREC successor program. Our company has been an active participant in the TREC program which has enabled us to make substantial capital commitments to bring significant solar generation in New Jersey. Many of our sites are buildings located in dense and constrained areas of the grid enabling energy to be produced where it is consumed. We expect to participate in the successor program and have several comments to the straw proposal that we feel will increase the desire for participation:

1. **Project Incentive Value Differentiation.** We propose the BPU incentivizes rooftop, carport, and community solar by a factor of 1.7. In the straw proposal, rooftop and carport solar projects are penalized by having the same incentive as a ground mounted project yet have higher build costs. Putting solar on already developed sites is preferable to new development on otherwise usable land and should be incentivized accordingly. Furthermore, community solar projects include high administrative costs to attract and maintain non-LMI or LMI subscribers and require a higher level of compensation for similar project economics.
2. **Push Successor Program Implementation Timeline.** By giving a clear indication of a cutover date to the Successor Program which is at least 3 months in the future (but preferably 6 months in the future), that gives an opportunity to finalize projects and get all required approvals so the projects can move forward. A typical development cycle on a solar project is 12 months or longer, all that work is lost/wasted and projects are killed if the economics suddenly change.
3. **"Grandfathering" for Projects that have been Approved for TRECs.** Our experience with the TREC program has been that TREC approval is relatively quick but that utility interconnection routinely takes longer than expected. We have routinely waited 4 months or more for standard interconnections. This makes constructing in the required timeframe extremely challenging, especially if construction coincides with winter. When a detailed study is required or utility upgrades needed, it can take 6 months to get a determination from the utility and another 12 months for the utility to do the upgrades. As you can imagine, this makes building in time to get the TREC incentive impossible and potentially puts project owners in the position of putting out large sums of capital to pay for studies and fees for upgrades without having a clear indication of when construction will be possible. Additionally, for companies like us that have many projects in some stage of utility approval/review or construction, providing an adequate timeframe to get these projects constructed while still qualifying for the TREC ensures that underlying project economics are maintained which is what any reasonable project owner would want. The current information appears to suggest that when a project owner is doing everything in their power to get a project constructed but is delayed by the utility and can't meet the cutoff date for finishing construction that they will automatically get the successor rate rather than get an extension to finish construction at the TREC rate. We suggest that once approved for the TREC, the time to construct is extended to two years to Allow Adequate Time for Construction and utility work and/or delays**.**
4. **Program Capacity & Quarterly Threshold.** The proposed Year 1 Capacity Target of 110 MW for Commercial & Industrial Net Metered <2MW Projects is extremely small and will be gone quickly assuming economics are good enough for projects to "pencil". Additionally, the proposed Year 1 Community Solar Capacity Target of 150 MW will be grossly inadequate for what is possible just with Prologis' projects alone. We suggest a step down incentive similar to California's SGIP for both programs that does not limit projects on an annual basis since that

creates a start/stop environment that is horrible for project owner's , developers and utilities who need more transparency and continuity and to avoid a mad rush at the beginning of each new year of Capacity. Meanwhile a step down program ensures that the ultimate goals of the program are met while allowing for continuity for all parties involved.

5. **Utility & Interconnection Application Streamlining.** In order for the Successor Program to be successful, the BPU must address the lack of resources in New Jersey utilities devoted to reviewing and authorizing interconnection agreements. We have experienced significant delays from PSE&G and ACE based on their general turnaround time guidelines, and following the straw proposal, we foresee further utility backup and potential freezes. There is no accountability or recourse for utility based delays which wreak havoc on project timelines. To alleviate this, we recommend that the BPU provides updated hosting maps (which are updated on a regular basis) and regulates a standardized interconnection process with a transparent communication system.
6. **Utility Detailed Studies and Upgrade Work.** We have repeatedly been told (as a result of interconnection application) that circuits are at capacity and that detailed studies are needed. We have paid for many detailed studies. Prices come out all over the board. Timelines to conduct the work have been all over the board and routinely quoted as "12-18 months". There are no guarantees of staying on schedule when paying a utility to do upgrade work. We have been told that "upgrades are not possible" with no further explanation or cost to upgrade. In this case it is a circuit where we have multiple buildings and could potentially spread upgrade costs amongst many projects. We recommend that the BPU provide guidance to utilities allowing for upgrades when circuits are at capacity. In addition to solar, electric vehicles are coming and the grid needs to be ready.
7. **Remove requirement that only the customer in the building can sign the interconnection application. Allow property owner to submit/sign Interconnection Application.** Prologis and many other building owners are intent on putting solar on the roofs of the buildings we own. In New Jersey, the interconnection application can only be signed by the customer on the utility meter, meaning the customer renting the building. When an owner of a building wants to put solar on the roof, we have to get the customer to sign the interconnection application which is full of liabilities for the system owner. Tenants routinely refuse to sign the interconnection. Please read the interconnection application used by the utilities and ask yourself if you were a tenant in a building and the building owner came to you and said they wanted to put solar on the roof but you need to sign the application if you would do it? Many of our customers have legal counsel who say no. In California and many other states, the system owner, project developer, building owner or building customer can sign the interconnection application and this has not been a problem. We recommend that the BPU require utilities to update their interconnection applications which are limiting solar projects to allow for system owners, building owners, project developers and building customers to sign the application.

Thank you for your consideration and hard work to enable more solar. Sincerely,

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