

## Stakeholder Comments: New Jersey Solar Successor Program Staff Straw Proposal

Submitted by: SunConnect Corporation

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### INTRODUCTION

SunConnect applauds the Board of Public Utilities (BPU) continued effort to produce a fair and equitable solar program within the state of New Jersey. We have experience on both ground-mount and rooftop projects with our primary focus being in the LMI sector over the last five years. We are well acquainted with the challenges of bringing affordable, clean energy to these communities. We appreciate this opportunity to comment on the program design and look forward to participating in the final program.

### STRAW PROPOSAL COMMENTS

#### *Incentive Modeling*

Overall, we feel the proposed incentives do not adequately encourage solar development in New Jersey. This is especially true for the rooftop sector. The “easiest” rooftops have been taken. Therefore, the available sites within this sector are older and in need of significant, expensive repairs. In their current state, the aged rooftops force developers to invest more project cost to addressing these structural deficiencies. An incentive of \$85.00 per megawatt (MW) hardly supports development on even the best sites, let alone ones that need this additional work.

The Cadmus modeling supports a base incentive of \$110 - \$155 per MW for rooftop projects with an incentive of up to \$180 per MW under the sensitivity scenario. This scenario is a more realistic picture of the needed incentive value to continue the desired rooftop solar development in New Jersey. The BPU’s current proposal offers an incentive of almost half that given during the TREC Program. Too large of a step down in incentive values will destabilize and stall the market. **We suggest an incentive value of at least \$155 per MW. This supports development of the leftover, older, and costlier rooftops.**

The other category that will suffer with the proposed incentive values is community solar. The Straw Proposal calls for an incentive of \$90.00 per MW for Low-Moderate Income Community Solar (LMI) and \$70.00 per MW for non-LMI Community Solar. Community Solar faces higher project costs than other installations due to the initial subscriber acquisition fees and management of offtakers throughout the system’s lifetime. These costs are even higher for projects with LMI subscribers due to the added non-payment risk which impacts a project’s ability to obtain financing. **At \$90.00 per MW, developers cannot offset the additional costs that come with developing community solar projects, especially projects meeting the “desired siting” criteria.**

The community solar incentive should consider the added costs for rooftop projects compared to ground-mount projects. As discussed above, **rooftop development will stagnate under any incentive less than \$155 per MW due to the necessary structural updates on older rooftops.** New Jersey is best suited toward rooftop installations – with large tracts of industrial space amongst population dense areas. However, the proposed incentives do not encourage the development of these types of community projects. It is beneficial to separate the community solar incentives into ground-mount and rooftop sectors, with a higher incentive given to rooftops to offset the added costs. This will encourage developers to seek out rooftop siting for their community solar projects rather than flocking to greenspace. This also triggers project placement in areas where the energy is most needed (populous cities), ensuring better grid resilience.

### ***Incentive Review and Market “Check Up”***

We encourage the Board to reevaluate the proposed incentive value reset mechanism. While we support providing a clear line of sight in the market, we feel that implementing increments of three-years or less will unintentionally create a start/stop effect. In our experience, the most successful programs are those that foster consistent development throughout the life of the program. Under the Straw Proposal, developers participating in the market towards the end of the three-year incentive timeline will face uncertainty as to the value of incentives in the following three-year period. **Public proceedings take time and force the market to stall to ensure their project viability under the new incentive values.** Early-stage development takes six months to one year and costs developers millions. The industry cannot risk million-dollar investments for projects that might not pencil when the incentives are updated. This mechanism will have a feast and famine effect – causing high volume early and a complete stall until the next incentive allocation is announced.

Short-term incentives with frequent changes create market uncertainty. **We suggest that the Board utilize a five-year incentive timeline with an evaluation in year two.** The results from the evaluation would be published in year three. If changes are necessary, they would not be implemented until year six; the start of the next five-year period. This gives developers a longer runway for planning and allows the incentive term to line up with the natural development cycle. Any timeline shorter than five years will hinder solar growth. Our solution prevents uncertainty by providing a clear line of sight throughout development whilst promoting continuous solar expansion.

### ***Transparency***

Lastly, **we encourage the Board to implement transparency measures that allow developers to better plan and implement their projects in both the administrative and solicitation programs.** On the administrative side: bid details, scoring, and chosen project information should be released following the closure and awards of an application period. It is imperative that the community credits be updated annually with the rate schedules and promptly posted in a uniform and understandable format. On the Competitive Solicitation side, all data, especially bid prices, should be released to give developers an understanding of where the market currently stands, the types of projects the Board is choosing, and how they can best design future projects. This kind of transparency ensures industry fairness as well as fostering a more predictable market.

## CONCLUSION

**SunConnect supports the BPU’s continued efforts in developing the Solar Successor Program. We encourage the Board to implement greater transparency in both the Administrative and Competitive Solicitation Programs. And, to maintain New Jersey’s success in the deployment of solar, explore higher incentive values particularly for rooftops and community projects. Market segmentation is key in creating a successful community and LMI program. The current proposal will discourage the development of community solar on desired sites. We urge the Board to take a closer look at site and cost differentiation within the community program. Finally, we encourage the Board to revise its proposal for the incentive value reset mechanism. We suggest a five-year incentive timeline with a check-in at year two, and implementation of any program changes in year six. We appreciate the Board reviewing our comments and look forward to working together in the future.**