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May 27, 2021

VIA ELECTRONIC MAIL
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Aida Camacho-Welch
Secretary to the Board
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

RE: BPU Docket No. QO20020184, Solar Successor Program
Holland, submitting Comments on behalf of Atlantic City Electric Company

Dear Secretary Camacho-Welch:

Enclosed herewith for filing are the written comments of Atlantic City Electric Company in connection with the above-referenced matter.

Consistent with the Notice in the above referenced proceeding as well as the Order issued by the Board in connection with *In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations*, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being electronically filed with the Secretary of the Board. No paper copies will follow.

Thank you for your cooperation and courtesies. Feel free to contact me with any questions or if I can be of further assistance.

Respectfully submitted,

Cynthia L.M. Holland
An Attorney at Law of the
State of New Jersey

Enclosure

In the Matter of Solar Successor Incentive Program Pursuant to P.L. 2018, c. 17

Docket No. QO20020184

COMMENTS OF ATLANTIC CITY ELECTRIC COMPANY

On behalf of Atlantic City Electric Company ("ACE" or the "Company"), please accept these comments in response to the Staff straw proposal on the Solar Successor Program in the above captioned docket. By Notice dated April 26, 2021, the Board of Public Utilities ("Board") extended the comment deadline until May 27, 2021. In Section VIII of the Notice, Staff solicited feedback on a variety of questions. The Company offers the following responses to questions identified below.

ACE appreciates the opportunity to comment on the Solar Successor Program straw proposal. It is important to recognize the electric distribution system impact of additional solar projects and their impact on available utility hosting capacity capability. Investments in the electric distribution system will be needed to accommodate the increasing quantities of solar on individual electric feeders. To the extent possible, setting incentive levels on the basis of a competitive solicitation process will help to ensure that New Jersey electricity customers do not pay more than is required to incentivize solar. Simplifying the program design will help to reduce administrative costs and improve stakeholder understanding of the program. Selecting a third-party administrator to oversee the successor program will be invaluable to implementing and administering the new program. ACE looks forward to continuing to work with the Board to meet New Jersey's aggressive renewable generation targets.

Overall Program Design:

Staff proposes to establish a bifurcated Solar Successor Incentive Program in which residential projects, community solar projects, and non-residential net metered projects 2 MW or smaller are offered an administratively set $/MWh incentive. All other projects would participate in the competitive solicitation.

1. **Please comment on the benefits and consequences of this suggested division. Does this program design provide a pathway to maximizing solar development while minimizing ratepayer costs and supporting the industry? Please explain and include alternative suggestions if you believe there is a better approach that Staff should consider.**

ACE believes that, to the extent possible, incentives should be based on a competitive solicitation process so that market-based incentives can be established. In this manner, incentive amounts will not be set at a level higher than needed and resulting solar successor program costs for ACE customers are set at an appropriate level. ACE recommends establishing a periodic competitive solicitation process for all community solar projects and projects above a certain size. Developers of projects that are larger in size have the ability to participate in the solicitation process and have the financial incentive to do so.

Administratively determined incentive for small net metered and all community solar projects

2. **Please comment on the proposed breakdown of market segments in the administratively set program (e.g., net metered residential, net metered non-residential rooftop and canopy, net metered non-residential ground mount, community solar, and LMI community solar). Would you suggest any changes, and if so, why?**

ACE recommends that the number of distinct market segments be minimized. For example, segments could be limited to net metered residential, net metered non-residential, and community solar. Fewer market segments will help to simplify the program, increase the likelihood that the lower cost solar systems will be installed and operated, thereby reducing the cost of the program. This recommendation will help to lessen the cost impact on ACE customers and other New Jersey electricity customers.

3. **As currently proposed, all net metered projects in the administratively set program would qualify for an incentive of $85/MWh for the first three-year period (EY 2022-2024); community solar projects would qualify for an incentive of $70/MWh, and community solar LMI projects would receive an incentive of $90/MWh. Please comment on these proposed incentive levels and if you disagree, please reference specific concerns with the modeling or historic performance assumptions used to develop the proposed levels.**

Administratively established incentive amounts will inevitably be lower or higher than those required by the New Jersey market to achieve the level of solar development desired. A preferred approach, which is more consistent with the State's long standing support for competition, would be to develop incentives periodically based on a competitive market solar solicitation process for each established solar segment. All selected projects within a segment could be offered the market clearing incentive price. Any subsequent projects would be offered the same incentive price until the next competitive solicitation occurs. Administratively set incentives should only be applicable to smaller sized projects. In this manner, incentive amounts will not be set at a level higher than needed and resulting solar successor program costs for ACE customers are set at an appropriate level.

4. **The Straw proposes that selected projects would receive a 15-year qualifying life, consistent with the TI Program. Staff seeks comments on whether this is the appropriate term due to the nature of heavily discounting outer-year incentives, as well for consistency with the proposed competitive solicitation program. Please comment on this proposal and explain any alternative suggestions.**

A qualifying life of greater than several years underscores the importance of developing a market-based approach to establishing incentive amounts whenever possible. The longer the incentive period, the more likely the incentive will be above or below what is needed over future years. Please refer to ACE's response to question 3 above.

5. **Staff proposes to establish annual capacity allocations for each market segment on an annual basis, as discussed in the Cost Cap section. The annual program capacity allocation would be divided (by four) into a quarterly allocation. Developers would then be able to reserve a spot within each quarter's capacity allocation.**

   a. **Staff proposes to allow projects to reserve capacity against the quarterly capacity allocation on a first-come, first-served basis. Please provide any comments on this proposal.**

   b. **Staff anticipates that there may be situations in which a quarter's allocation becomes over-subscribed. How should the Board handle over-subscription?**

   c. **What different or additional measures could the Board take to ensure that there is sufficient opportunity to participate in the incentive program throughout the year?**

   a. Capacity allocations should be established on an annual basis. Reserving capacity on a quarterly basis is administratively cumbersome and may result in less meritorious projects being selected.

   b. If the annual or quarterly subscription is over-subscribed, the excess projects should be moved into the next subscription period.

   c. A single annual subscription should be established.

6. **Concern of "ghost projects" or "queue sitting" threatens the productive functioning of the incentive program. Please comment generally on the slate of project maturity requirements as proposed on page 13 of the Successor Straw or suggest alternative bidding requirements, including minimum criteria to demonstrate project maturity, site control, or escrow amounts to discourage speculation.**

ACE is concerned by "ghost projects" or "queue sitting." ACE notes that, in addition to impacting the incentive program, these projects unnecessarily require utility administration and engineering resources. These projects also reduce the amount of available utility hosting capacity that could be used to serve other renewable projects. ACE agrees with the list of required "minimum maturity requirements," but notes that these requirements should be administered by the selected program administrator.

7. **Staff proposes that projects awarded within a quarterly window pay a fee to the program administrator to cover the costs of administering the program. The fee would vary based on project size (under 25 kW, between 25 kW and 500 kW, and over 2 MW). Please comment on what fee should be required for the three project sizes.**

   ACE has no comment.

8. **Staff proposes that developers seeking an extension beyond the initial 12-month deadline must submit a deposit, refundable upon project completion, equal to 10% of the project cost and not to exceed a value determined with stakeholders. Please comment on how Staff should determine the deposit fee for a deadline extension request.**

Establishing a required deposit is conceptually a good idea to increase the likelihood that a project remaining in the queue will be completed. The additional resulting administrative burden should be managed by the selected program administrator at a reasonable cost that is covered by projects. ACE does not have a recommendation on the deposit fee amount.

9. **Staff proposes to set incentives every three years to provide market certainty. However, using an administratively set incentive risks the potential for market under or over performance in any particular sub-market. What measures could be used to stop an overheated market and prevent inefficient use of incentive funds? Should the Board consider implementing measures such as a declining block structure, downward adjustments on the quarterly capacity allocation for the market segment, or others? How should the Board consider and assess market underperformance?**

Please refer to ACE's response to question 3. In the event that the Board determines that the market is "overheated," the incentives should be reset more frequently than every three years and/or the allocated capacity reduced for a specific segment until the incentive amounts are reduced to the appropriate level. This reset will help to maintain reasonable incentive costs for the successor program. ACE also recommends that the term "overheated" should be defined.

10. **What are the benefits and consequences of allowing or prohibiting behind-the-meter projects in non-EDC territories to register in the Successor Program?**

Only projects located within electric distribution service territories that financially support the Successor Programs should be permitted to participate.

Competitive solicitation model for all grid supply projects and large net metered projects

11. **Staff proposes to divide the competitive solicitation into four tranches to allow like projects to compete against like projects. The four tranches are designed to enable the Board to set policy preferences through the design and project requirements of the tranches, thereby enabling cost to be the single deciding factor in awarding bids in each tranche.**

    a. **Please comment on the overall approach of using a cost-based bid determination within the four described tranches, rather than a single solicitation with a Staff-led scoring process, such as is currently used for the Community Solar Energy Pilot Program. What eligibility or other solicitation criteria could be established to enable competitive bids from a diversity of project types and market segments with divergent cost structures?**

    b. **Please comment on the four proposed tranches: basic (i.e., open space) grid supply; desired land use (e.g., contaminated land, built environment); solar + storage; and net metered projects greater than 2 MW. Is this the optimal configuration for the competitive solicitation? Would you suggest any changes?**

    a. ACE recommends eliminating the administrative complexity of four tranches and recommends that a single tranche be established. In this way, the most cost-effective projects will be compared and selected, lowering the program costs. This will help to lessen the costs of the solar successor program for ACE customers and other New Jersey electricity consumers.

    b. ACE recommends establishing a limited number of tranches for the reason stated above.

12. **Staff proposes to hold an annual competitive solicitation. Please comment on this proposed schedule. Specifically:**

    a. **Would you advise running the solicitations more or less often, and if so, why?**

    b. **Can all four tranches be administered on the same schedule, or should one or more be run more or less often than the others?**

    c. **Should the program vary the solicitation frequency schedule based on liquidity in any given tranche? For example, if a given tranche fails to attract sufficient bids in one period, should the program provide extra time before holding the next procurement in that market segment?**

    d. **Staff is particularly interested in determining if the net metered tranche should run more often than the grid supply tranches, and if so, why.**

    a. ACE recommends conducting the solicitation annually.

b. ACE believes that, ideally, all projects are placed into a single tranche. However, if more than one tranche is established, the schedule should be identical for each tranche. Each project should only be permitted to participate in one tranche.

c. No, the solicitation should take place once annually.

d. All tranches should run under the same schedule.

13. In the interest of procuring the maximum amount of solar energy and the lowest possible price, Staff requests feedback on whether projects awarded within the competitive solicitation should be paid-as-bid or receive a single clearing price.

The use of a single clearing price will reduce the administrative burden and compensate all selected projects fairly. This practice is similar to the manner that the Board's Basic Generation Service auction and the PJM-region Base Residual Auction for the capacity market are structured. The Board and New Jersey stakeholders have familiarity with these auction structures.

14. Staff proposes that selected projects would receive a contract for REC off-take in a term of 15 years, due to the nature of heavily discounting outer-year incentives, as well for consistency with the administratively determined program. Please comment on this proposal and explain any alternative suggestions.

Given the potential size of the Solar Successor Program, it is likely that the use of larger scale solar facilities will be crucial in meeting the State's objectives for solar energy. For these large size facilities, ACE supports competitive solicitations administered by a third party. In this situation, the administrator would act as conduit between the electric distribution company and the developer, ensuring payment. ACE wants to avoid any situation in which it is a counterparty to any fixed price long-term agreement. Credit Rating agencies can treat long-term agreements as imputed debt, which can negatively impact the Company's credit profile and ultimately harm the Company's credit rating. A good alternative funding approach would be what was adopted by the Board for offshore wind, which expressly permits collection from customers. *See N.J.A.C.* 14:8-6.6.

15. Staff proposes that projects applying to the competitive solicitation must post a deposit equal to $40/kW of DC nameplate capacity of the solar facility in an escrow account. Projects proposed with energy storage would be required to place an additional deposit of $40/kW of nameplate capacity of energy storage offered. The escrow amount would be reimbursed to the applicant in full upon either (i) the project not being awarded a contract through the competitive solicitation, or (ii) upon attainment of PTO for the solar electric power generation facility. If a project is selected, the escrow will be forfeited to the State on a pro rata basis for any kW capacity that remains unbuilt after 2 years, plus any applicable extensions.

a. Please comment on the proposed deposit fee(s) as they relate to the solar facility, whether it should be lower or higher, and why.

b. Please comment on the proposed deposit fee(s) as they relate to the storage facility, whether it should be lower or higher, and why.

c. The Straw Proposal seeks to ensure both strict project maturity requirements as well as general program accessibility. Please comment on whether the deposit should be required upon initial application or upon acceptance of a bid. In the alternative, should the Board require a lower deposit for initial application, followed by the balance due upon award?

All established fees should be the responsibility of the selected administrator to manage.

a. ACE has no basis for recommending the appropriate fee level.

b. The required fees should be identical for solar only vs. hybrid (with storage) projects to avoid disincentivizing projects from including storage.

c. The deposit should be required at the time of application. This requirement will reduce the number of applications for projects that are less certain.

16. The Straw proposes to include a tranche restricted to hybrid systems (solar and energy storage) in the competitive solicitation. Staff seeks commentary on the following:

a. The Straw proposes establishing a $/MWh incentive for hybrid systems would be administratively simpler than establishing separate contracts for the storage and solar components. Please comment on this approach.

b. How should the competitive solicitation account for battery degradation? For example, should applicants be required to commit to minimum performance metrics in order to qualify for the solicitation? Should applicants be required to commit to maintaining their stated capabilities until the end of the term? What criteria and documentation should the program administrator require as evidence?

c. Please address how the competitive solicitation should normalize bids associated with different MW and MWh capabilities. Should the Board require pricing based on specific battery sizes to enable clear bid comparisons, or should the Board allow flexibility?

d. Please comment on the potential for allowing distributed storage developers to place offers that aggregate a pool of distributed resources into a single "virtual power plant" bid that can participate in the grid supply paired with an energy storage tranche. Please address whether this is technically feasible for implementation in the first round of auctions or whether it should be deferred for possible consideration in future development cycles.

a. ACE agrees that establishing an administratively based incentive level for hybrid systems would be easier, but notes that a more appropriate incentive level could be established through a competitive solicitation process.

b. Assuming that the incentive period is over a 15-year horizon, storage incentive levels should be based upon the projected end-of-life MW and MWh capability.

c. ACE recommends that the Board request each bidding entity to provide both MW and MWh expected storage sizes at the beginning of life and specifically at the end-of-life during the designated incentive period.

d. Multiple developers and customers could be involved in a virtual power plant project proposal. Electric distribution companies ("EDCs") should be encouraged to install supportive energy storage and to actively manage and assemble virtual power plants as part of their distribution system infrastructure. In this way, EDCs can help to maximize the benefits of virtual power plants to the electric grid and facilitate their creation. It should be noted that the wholesale market mechanics of virtual power plants are under development at this time as a result of FERC Order No. 2222. It will be necessary to allow sufficient time to develop the rules regarding the structure of virtual power plants prior to incentivizing their use.

<u>New Programs and Technologies</u>:

17. For solar projects proposed on farmland that allow for continued farming on the same parcel, known as "agrivoltaics" or "dual-use programs," is it likely that there is a market for dual-use projects smaller than 2 MW, or should Staff presume that all dual-use projects would be larger and enter the competitive solicitation?

18. If dual-use projects are permitted into the competitive solicitation in future years, should they be permitted as a fifth tranche or into the basic grid supply tranche with an adder? If with an adder, how should the Board determine the adder?

19. Should additional siting restrictions be established for dual-use projects, for example, by limiting dual-use projects only to farms that meet certain soil characteristics or that are used for a certain type of herding, grazing, or crop type?

20. What rules and regulations should be established to ensure either no loss, or a reasonable loss, of agricultural productivity for dual-use projects? What should be considered a "reasonable loss" of agricultural productivity?

For questions 17 to 20, ACE has no comment.

21. Are there additional solar technologies or use cases for which this Successor Straw has not yet considered that may be considered for the Successor Program, either now or in the future? Please explain.

New technologies will emerge and, when they do, appropriate incentive levels may change. Presumably new technologies will lower the cost of solar systems, reducing the cost of installations and/or improving the efficiency of electricity production. An example of new technology is integrated solar shingle rooftops, such as the one developed by Tesla.

Solar Siting:

22. Please comment on Staff's proposed methodology for (a) limiting solar development on the areas specified on page 20 and (b) establishing a path forward for projects seeking to be developed on desired land uses that fall within otherwise prohibited siting areas.

23. Has Staff overlooked any siting categories for which solar development should be either expressly prohibited or otherwise limited as described in the Successor Straw and noted in the question above?

24. Has Staff overlooked any siting categories for which solar development should be considered a desired land use?

25. How should Staff consider relatively new land uses for solar development, such as floating solar, former mines, and quarries? Others?

26. Please comment on a proposed methodology for qualifying "contaminated lands." Please cite objective federal or state standards.

For questions 22 to 26, ACE has no comment.

Section IV: Megawatt Targets

27. Should the annual capacity targets for the administratively set program be set broadly for the whole program, or should the administratively set program be further sub-divided into market segments with individual cost caps? In other words, should the Board set cost caps for the residential sector, net metered commercial rooftop, net metered commercial ground-mount, etc., or simply allocate a certain amount of money to the whole net metered program? Staff notes that the community solar segment will have its own cost cap.

ACE recommends that cost caps be set broadly for the program to help ensure that the most cost-effective projects are installed and operated. For example, there could be one cap for all net

metered projects and one cap for community solar. A limited number of caps will also be administratively simpler to manage and more understandable to customers and the developer community.

28. Should the annual capacity targets for the competitive solicitation tranches be set with flexible parameters, such that the Board may accept more or fewer projects into any particular tranche based on viable project applications and pricing, as long as the total projects accepted into the competitive solicitation don't exceed the overall annual budget cap?

Yes. To reach the aggressive targets, flexible parameters should be established and overseen by the Board. The total authorized budget amounts should serve as a cap on the total number of accepted projects, but not on individual tranches.

29. Please comment on Staff's proposed megawatt targets for the first year (EY 2022) (see page 22).

ACE hosting capacity and feeder restrictions will determine the quantity and the size of the projects that can be interconnected at a reasonable cost within the ACE distribution system. ACE has many feeders within its service territory with different restrictions (allowing either no additional interconnections or only smaller projects) unless substantial distribution system upgrades occur. Unless resolved, these restrictions are likely to impact the feasible MW targets within the ACE service territory.

Section V: Cost Cap Calculation

30. Staff proposes to include the total amount of expenditures by electricity customers on annual retail bills and the costs associated with all net metered and other solar projects – whether host-owned or third-party owned – when calculating the denominator of the cost cap, as to accurately reflect the total amount of money paid by New Jersey customers for electricity (see details beginning on page 24 for details).

a. Do you agree with Staff's proposed categories for inclusion? Should any category be omitted? Has Staff overlooked a category that should be included?

b. Please comment on the sources of information, calculations, and assumptions underlying the categories.

31. Please consider the benefits and consequences of using the moving three-year average of annual electricity demand versus annual amounts in calculating and forecasting the annual cost cap percentage.

32. For the purposes of forecasting future electric costs to estimate the cost cap in later years, Staff proposes using a 0.5% growth factor based on consumption patterns, presumptive expenditures for future and continued clean energy incentives, such as energy efficiency programs, ORECs, and ZECs, as well as increased demand due to vehicle electrification in particular, and cost declines due to increasing energy efficiency. Please comment on Staff's assumptions.

33. Staff proposes to include the following elements in calculating the numerator of the cost cap to reflect the cost of incentives paid by ratepayers: the annual costs of SRECs, TRECs, and Class I RECs, minus the DRIPE benefits of solar (see section beginning on page 29 for details).

c. Do you agree with Staff's proposed categories for inclusion? Should any category be omitted? Has Staff overlooked a category that should be included?

d. Please comment on the calculations and assumptions underlying each of the components of the cost cap.

e. How should the Board consider the assumed annual value of SRECs, which is not fixed?

For questions 30 to 33, ACE has no comment.

Section VI: Implementing the Successor Program and Transitioning from the Transition Incentive Program

34. Please comment on the Staff proposal that, following the close of this stakeholder process, the Board will issue an Order directing Staff to close the Transition Incentive Program within 30 days. After that 30-day period, the administratively set program will open immediately. The competitive solicitation is targeted to commence in the second half of 2021. Staff notes that there will be a seamless transition for residential, community solar, and net metered projects at 2 MW or less, but there will likely be a gap between the end of the TI Program and the start of the competitive solicitation that will affect large net metered and grid supply projects.

Transition to a less costly incentive program as quickly as possible would reduce the cost burden on New Jersey electricity customers.

Ensuring State Policy Priorities

35. Should "adders" or "subtractors" be used to further differentiate incentives by project attributes in both the administratively set incentive program and the competitive solicitation, only one program, or neither? Explain why.

No. Including "adders" or "subtractors" will add administrative complexity and will provide uncertainty to developers and customers. Presumably many project developers will argue for "adders" while being forced to defend any "subtractors."

36. Would adders make the administratively set incentive program too complex when coupled with the anticipated differentiation envisioned for residential, non-residential roof, non-residential ground, community solar LMI, and community solar non-LMI? How could they be used most effectively?

Yes. The program is already too complicated and not directly market based.

37. Should the administratively set incentive program include an adder for projects that benefit environmental justice communities? For the competitive solicitation? If so, should there be criteria to select the projects with the highest benefits? How can "benefits" for these communities be quantified?

ACE has no comment.

38. How else could the Board consider designing the program to encourage broader participation among traditionally underrepresented groups?

Project selection should focus on underrepresented groups whenever possible.

Section VII: Community Solar Permanent Program

39. Please comment generally on whether the Board should consider maintaining the competitive solicitation for community solar projects in the Permanent Program, or if it should adopt strict qualifications and otherwise establish a first-come, first-served model (detailed as Option 1 and Option 2 on pages 40-41).

ACE prefers Option 1, where the Board continues to operate a competitive selection process. In this way, the most meritorious projects will be selected. Such a process is likely to result in projects that serve higher numbers of low and moderate income customers, are sited in locations that can be more readily connected to the electric grid, and that meet other state policy objectives.

40. Please comment on the Pilot Program rules (detailed beginning on page 41) and discuss which, if any, the Board should consider modifying for the Permanent Program, and why.

EDC participation: The community solar regulations for the permanent program should be revised to permit New Jersey electric distribution companies (electric public utilities) to develop, own, and/or operate community solar projects. Overtime, this change will result in additional innovative community solar projects that are competitively developed, installed rapidly, and designed to meet underserved customers. ACE's recommendation is consistent with the Clean Energy Act, *N.J.S.A.* 48:3-87.11f, which states that "[t]he [B]oard shall adopt rules and regulations for the permanent program that set forth standards for projects owned by electric public utilities, special purpose entities, and nonprofit entities."

Grandfathering of Pilot Program Regulations: Pilot program rules currently allow projects approved under the pilot program to operate under a different set of requirements than those approved under a permanent program. Where possible, regulations adopted for the permanent program should be similar to those established for the pilot program to avoid the difficulty of administering one set of regulations for the pilot program projects and a second set of regulations for the permanent program. ACE is concerned that it would be difficult, costly, and inefficient to implement two different sets of programs and processes. Additionally, ACE notes that it may be appropriate to reduce the full retail electricity credits applicable to the permanent program.

Rate Class Eligibility: As it pertains to the eligibility of all rate classes participating in a community solar project, ACE believes that the permanent program should exclude certain classes from eligibility. The Community Solar Energy Pilot program was intended to increase access to solar energy for customers who have less access to solar energy through other existing programs. The commercial and industrial customers that participate in the Commercial and Industrial Energy Pricing ("CIEP") category are not the customer class for which this program was intended. CIEP customers have the ability and sophistication to access solar through other existing programs. Additionally, the rate classes of Street and Private Lighting, Contributed Street Lighting, and Direct Distribution Connection should also be excluded. These classes are also not the intended target classes for community solar. The eligibility for the permanent program should be limited to the Residential and Small Commercial customer classes. However, in the event that CIEP customers are not excluded from the permanent program, these customers should be priced at an average calendar-year hourly rate based on PJM wholesale market prices for the ACE PJM Zone for pricing certainty and ease of administration.

Limited Program Participation: ACE also recommends that customers participating in the community solar program not be allowed to also participate in other New Jersey solar programs. Community Solar in New Jersey was developed to provide solar access to customers who are unable to participate in the other existing New Jersey programs. Allowing access to multiple programs simultaneously does not further the State's policy objectives and ultimately results in additional unnecessary subsidies.

Compensation for a Subscriber's Net Excess Credits & Project Operator's Remaining Generation Credits: Experience in other jurisdictions reveals that paying organizations and subscribers at hourly nodal LMP prices is extremely difficult from a technical perspective. This technical difficulty is due to the numerous and continuously changing LMP prices at each node. ACE continues to recommend that both a subscriber's net excess credits and a project operator's remaining generation credits be compensated at the average hourly ACE Zonal LMP value from the prior calendar year.

Project Operator's Banked Credits: ACE believes this provision for project operators to be able to bank excess credits and distribute them to subscribers is difficult to implement in practice at scale and in an automated fashion. The system for subscription enrollments is separate from the billing system. Although this may be accommodated manually on a limited basis, ACE is concerned that this will be difficult to accomplish for the permanent program. This may lead to significant billing issues. Compensation for unsubscribed energy should be set at the average ACE Zonal LMP for the prior calendar year.

41. Currently, community solar projects must be sited in a single location and are not permitted to include aggregated rooftops.

a. Should the Board consider revising this policy to allow aggregation of rooftop projects, up to the 5 MW capacity limit? Please comment on this general policy, and if you agree, what kind of limitations should the Board set with respect to the proximity of the rooftops, site control or ownership, etc.

b. What should the Board consider with respect to the competing value of rooftop space, particularly on multi-unit residential and small commercial buildings, in locating HVAC or other equipment necessary for future energy efficiency and building decarbonization measures?

a. ACE recommends only allowing aggregation if the rooftop projects share a common generation meter owned by the EDC. Based on experience in other jurisdictions, virtual aggregation of separate community solar meters would be extremely difficult for ACE's subscription and billing systems to accommodate and could create significant billing issues.

b. Each building owner/operator should identify their preferred equipment – over-time technology will change and the BPU should not be placed in the position of determining which technology is "best."

Bonus Question

42. Staff is seeking feedback on its proposal to call the Successor Renewable Energy Certificate a "UREC" to differentiate it from the Solar Renewable Energy Certificate (SREC) and the Transition Renewable Energy Certificate (TREC). In the alternative, please provide additional acronyms or program names for consideration.

Please explain what "U" stands for and evaluate whether it will create confusion in the market if the term is no longer an acronym.