



May 27, 2021

Hon. Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
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P.O. Box 350  
Trenton, NJ 08625-0350  
Via email to: [board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

Re: **Docket No. Q020020184, Solar Successor Program  
Comments of the North Jersey District Water Supply Commission**

Dear Secretary Camacho-Welch:

The North Jersey District Water Supply Commission (the “NJDWSC”) is pleased to submit the following comments in response to the Staff of the New Jersey Board of Public Utility’s (the “BPU” or the “Board”): (1) New Jersey Solar Successor Program Straw Proposal dated April 7, 2021 (the “Straw Proposal”); and (2) Memo re Updated Recommendations for New Jersey Solar Successor Program Straw Proposal dated May 7, 2021 (the “Memo”). The NJDWSC appreciates the opportunities that have been provided for communication with Staff throughout this process.

### **Part I – General Summary**

NJDWSC’s comments are specific to our current Floating Photovoltaic (“FPV”) project. The NJDWSC is working with a project team to develop an approximately 10 MWDC FPV system at our Wanaque Reservoir Water Treatment Plant (the “Wanaque Floating Solar Project”). Specifically, NJDWSC is partnering with EDF Renewables Inc. (“EDF”) on this project. The Wanaque Floating Solar Project is expected to provide 100% of the energy needs at the NJDWSC’s Wanaque location and may serve as a national model for resiliency and distributed energy resources. The Wanaque Floating Solar Project may be the largest such project in the nation and has many advantages over traditional ground mount solar arrays, as further set forth below.

As the technology is relatively still new, and because the project is located on our reservoir, our Wanaque Floating Solar Project faces unique complexities including engineering and construction costs that are comparable to a complex contaminated or landfill solar site. To be sure, we have already made significant financial investments in the Wanaque Floating Solar Project. Without many examples, field experiences or shared technical knowledge to draw from, the NJDWSC has already spent considerable resources in the research, engineering design and development of the Wanaque Floating Solar Project. EDF has also already made major financial investment in the project, and

is merely a few months away from the submission of the full permit package to all the departments at the State with jurisdiction over this project. The parties are also currently in the process of finalizing negotiations on the Power Purchase Agreement.

We believe that FPV systems will further enhance New Jersey and the Board's desired outcomes relative to space usage, efficiency and solar renewable leadership. As recognized by Staff, FPV's plays an important role in the New Jersey's solar future and as set forth more fully herein, NJDWSC believes that specifically recognizing the utilization of FPV's as preferred siting and analogous to the complexity of solar landfill/contaminated lands projects will further enhance New Jersey and the Board's desired outcomes and goals. It is also important to recognize the overall importance of supporting public projects such as ours as the benefits of public projects are ultimately shared with many, including the community and taxpayers/ratepayers, and in our case, provides safe drinking water to 14 communities with approximately 3 million customers.

## **Part II – Answers to Specific BPU Questions**

*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.*

**NJDWSC believes that all net metered systems should be part of the administratively set program because encouraging participation in the green economy and transition from diverse types of consumers (i.e., consumers with larger sites and loads) and supporting resiliency/distributed energy resources in the face of climate change appear to be current policy goals and should continue to be. If this is not possible, then the BPU should consider policy to categorically exempt projects involving preferred off-takers (EJ communities, public entities) or certain desired land uses (landfills, brownfields, non-recreational water bodies for floating solar). Power purchase agreements (“PPA”) are the most common structure of solar procurement by public entities. Many public entity projects such as ours are only possible through the PPA model as we do not have the upfront capital for the outright purchase and development of a solar system. Nonetheless, we desire to participate in the green transition, support New Jersey renewable goals, and become more resilient.**

**Under the competitive solicitation model being proposed for large net-metered projects, a developer will not know the level or availability of an incentive, making it nearly impossible to bid the most competitive PPA prices during the public entity's RFP stage. Even if an award is made despite such significant uncertainty,**

if the economics change considerably after contract award, this creates a precarious situation for the both contract parties on whether and how to move forward, and makes it much more difficult if not impossible to have a fair and competitive process and negotiation. The impact to the solicitation process might be so detrimental that it may discourage public projects such as ours altogether. Should the NJDWSC be required to enter into the competitive solicitation for its existing project, this would lead to detrimental impacts to our projected cost savings expectations in the PPA over the approximately 15–20-year term (which savings are ultimately to the taxpayer/ratepayer benefit). Simply put, the tremendous level of uncertainty of the competitive solicitation would harm public projects due to the necessity of our procedural and legal requirements, and the manner in which a PPA is procured and awarded by the public entity. In particular, as we have already undertaken a significant solicitation and award process and awarded to EDF based on the calculated rate of PPA savings, the proposed changes in the Straw Proposal and Memo put the entire premise of our award into jeopardy.

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?*

**FPV is not presently within a specified tranche and it should be added. As noted above, it is recommended that all net-metered FPV projects should be moved to the administrative incentive program. FPV should be treated the same as projects on “landfills” or “contaminated lands” – preferred land uses that are complex and require longer commercialization periods. As a desired land use, the BPU should consider the creation of location-based adders that justify the higher risks and costs for solar development on these desired but relatively new and complex land uses.**

New Programs and Technologies

(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.*

**Yes, see answer to Questions 11 and 25 as to why FPV should be added.**

Solar Siting

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

**Yes, see answer to Questions 11 and 25 as to why FPV should be added. FPV was overlooked and should be added as 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?*

**See above. FPV should be considered a desired land use and BPU should consider the creation of location-based adders that justify the higher risks and costs for solar development on these desired but complex and relatively new land uses.**

**FPV provides the ability to utilize water bodies instead of land, allowing for preservation of valuable green space, recreational areas, and agricultural areas. Such benefits are particularly relevant for the area within which the Wanaque Floating Solar Project is located.**

**The net environmental benefit to the source water via the cooling effect of the water on the energy generation includes shading of the water, which aids in reducing algae bloom presence, reduced water evaporation, and reduced chemicals required. For the Wanaque Floating Solar Project, the reduction in algae growth on the Wanaque Reservoir will be a valuable benefit.**

**The floating structure, mooring and anchoring systems are complex attributes that should be compared to the complexities of landfill or contaminated lands solar projects. For example, solutions for the floating structure alone can vary. A unique mooring and anchoring system is designed and engineered for each site based on water-level variation and environmental and climate conditions, among other factors.**

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.*

**The NJDWSC appreciates BPU Staff’s thoughtful approach to closing the Transition Incentive (“TI”) Program and opening the Successor Program as detailed in the Straw Proposal. If the BPU limits the administratively determined incentive program to net metered projects that are 5 MW<sup>1</sup> or less, however, then non-residential net metered projects that exceed 5 MW, such as ours, will have no successor incentive until the competitive solicitation is finalized. The truly unfortunate outcome will be that a groundbreaking project for the State, that has achieved significant maturity, will be sitting and waiting for months with uncertainty despite being fully ready to move forward, and may even eventually fall apart.**

**The BPU Staff noted at its May 14, 2021 Stakeholder Workshop that in considering extension requests concerning permission to operate (“PTO”) deadlines, it is “sensitive to the need for regulatory certainty for projects currently under development.” BPU Staff were hesitant to endorse extensions because “the program was always intended to be temporary and because of fairness considerations.” NJDWSC would argue that it would be unfair and unreasonable to require 12 months for all types of solar projects, regardless of type and complexity. Such a stance would inadvertently penalize projects such as ours that are on desired/preferred land uses but that naturally require more time due to the layers of geo-tech investigation, engineering, and design with a multitude of permitting involved. 18-24 months commercialization period is a reasonable timeframe for projects such as ours – and additional extension should be allowed with proof of substantial maturity.**

**There is neither any guidance in the Straw Proposal nor in the Memo as to the specific reasons that would qualify for an extension of PTO deadlines for large net-metered projects if such applicants were to petition the BPU for same. This is also extremely troublesome since the competitive solicitation process and rules have not yet been established. Although BPU Staff acknowledged at its May 14, 2021 Stakeholder Workshop that the BPU has granted extensions of PTO deadlines in the past, it did not provide any further details. Large net-metered solar projects such as ours should not be placed in a position of potentially losing all the initial investment of time and money and face such harmful uncertainty. Rather, such projects should be given an automatic extension under the existing TI Program**

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<sup>1</sup> We also note that if our net-metered project cannot be categorically entirely exempt for the reasons stated elsewhere in this letter, the BPU should make the limit 5 MWDC rather than AC and that there should be no reduction in incentive level for projects that are between 2-5 MW, as this will have the unintended effect of penalizing public entities/consumers that simply have larger loads and are procuring solar through a PPA.

provided that they have reached a certain level of maturity. Alternatively, the NJDWSC respectfully requests that BPU Staff strongly consider providing clear guidance as to the metrics the BPU will use in granting or denying petitions for extension requests.

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.

**NJDWSC suggests off-taker-based adders which includes public entities, and location-based adders for desirable land uses (i.e., on contaminated land, floating solar, etc.). Adopting adders from the onset will further embed NJ’s preferred siting and state policy objectives within the Successor Program’s design and better incorporate the market realities of developing different types of solar projects, including those that might be preferred by the state and have multiple values but come at a cost premium in design and construction.**

**Public solar projects are also important for achieving climate change resiliency and furthering the distributed energy network. NJDWSC desires to become a more resilient facility and further serve as an example of the type of leadership New Jersey is capable of. When public projects are prioritized, the entire community literally reaps the benefit of a greener economy – in addition to taxpayer/ratepayer savings, opportunities are created for public and stakeholder participation and education, public works/jobs are utilized during construction and ongoing jobs are created for operation and maintenance. Public solar projects will contribute in a significant way toward New Jersey and the Board’s desired renewable goals and objectives, and should be an important consideration in the BPU’s process.**

Thank you for this opportunity to provide input on the Solar Successor Program stakeholder process. Please do not hesitate to contact me with any questions.

Sincerely,

/s/ Timothy Eustace  
TIMOTHY EUSTACE  
EXECUTIVE DIRECTOR, NJDWSC

cc: Lloyd Naideck, Deputy Executive Director, NJDWSC  
Bhavini A. Doshi, General Counsel, NJDWSC