

New Jersey Solar Successor Program Staff Straw Proposal

Comments by Safari Energy, LLC

To the New Jersey Board of Public Utilities:

Safari Energy appreciates the opportunity to provide comments on the New Jersey Solar Successor Program Staff Straw Proposal, published by the New Jersey Board of Public Utilities on April, 7th, 2021. We commend and thank the BPU for their diligence and transparency throughout this process. Safari Energy is very excited to see New Jersey's continued success as a nationwide leader in solar legislation and look forward to doing business in the state for years to come. We present the following comments to be considered for the New Jersey Solar Successor Program.

About Safari Energy

Safari Energy, LLC is the solar partner of choice for commercial and industrial customers, real estate owners, public sector organizations and solar developers seeking competitive financial solutions for their projects. Headquartered in New York City, Safari Energy ("Safari") has helped clients unlock enormous economic value and drive significant energy savings by developing hundreds of solar energy projects across the country, including more than 20 projects in New Jersey. With extensive interdisciplinary expertise, Safari supports the growth of distributed energy resources and PPL Corporation's focus on advancing a sustainable energy future.

Comments

1. Administratively-Determined Incentive

Safari Energy would like to open our comments by expressing our support of the current TREC program structure as the 15-year fixed incentive has provided project value certainty and financing viability that other incentive programs across the country do not. We support the continuation of this structure, as has been proposed through the Administratively-Determined section of the Straw Proposal.

2. Size of Net Metering Projects Eligible for the Administratively-Determined Incentive Program

Safari Energy supports the recent increase in the eligibility threshold for Net Metering projects to participate in the Administratively-Determined Incentive Program from 2MW or less to 5 MW or less. Safari anticipated that project developers would have sized projects below 2 MW AC to avoid the uncertainty of the Competitive Solicitation, therefore stunting the efficiency and speed in which New Jersey would reach their capacity goals for the Commercial and Industrial Market Segment each year.

3. Megawatt Targets

Safari Energy would like to express our concerns regarding the Annual Megawatt Targets suggested in the Straw Proposal. Historically an "open" incentive market, Safari expects that New Jersey will

begin to experience delays from incentive allocation to the likes of Massachusetts and their current SMART Expansion delays. While we are hesitant to support an Annual Capacity Cap in New Jersey, if one is ultimately put in place, Safari would like to suggest the following.

- a. Publish a weekly, publicly accessible update of the remaining MW available each quarter.
- b. Establish a waitlist when the MW cap is reached each quarter. This allows fair allocation to projects when the next MW term opens and reserves a pipeline of projects when other projects who made the cut that quarter become no longer feasible.

4. Extensions and Fees

Safari Energy feels that the 6-month extension fee for projects in the Administratively-Determined Incentive Program is too high at 10% of “project cost”. Safari anticipates that this will prove to be a significant economic hurdle for developers. While we appreciate the NJBPU’s effort to establish stronger maturity requirements for projects, we believe this may be an unnecessarily expensive penalty for projects who do not finish construction within 1 year of the incentive award date. Depending on how EPC Agreements are written, up to 50% of a developer’s milestone payments may be dependent on project completion and incentive closeout. Adding on a 10% extension fee to a project may create a cash flow issue, especially for the smaller developers.

5. Energy Storage Program

Safari Energy voices our support for an Energy Storage Incentive Program in New Jersey. Safari Energy recognizes the resiliency that energy storage projects bring to the electric grid but does not anticipate installing energy storage projects in the State until financial support is given.

6. Incentive Values

In Safari’s review of the proposed incentive values for the Administratively-Determined program, Safari would like to express their support for the incentive level distinction based on the project’s “market segment” that was recently proposed in the May 7th Staff Memo. Safari believes that it is important to recognize the variability of each project and to build a program that reflects that. We feel that the distinct difference in costs (steel, labor, etc.) between a rooftop, ground mount, or carport project were not well accounted for in the original Straw Proposal and hope that the new market segmentation will more accurately reflect the support each project needs. For example, Safari strongly encourages the Staff to reconsider their proposed incentive value of \$85/MWh for carport projects 2 MW AC or less. Given the Staff’s preference for solar projects on the built environment, carports will need to play a major role in achieving New Jersey’s solar goals, and \$85/MWh puts that project type’s future in jeopardy.

We appreciate the time taken to read these comments and look forward to the future of solar in New Jersey.

Sincerely,

Safari Energy, LLC