



111 Speen Street, Suite 410
Framingham, MA 01701
P: [866-263-7372](tel:866-263-7372)
ameresco.com

May 27, 2021

State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

RE: Comments regarding Docket No. QO20020184, Solar Successor Program

Dear Commissioners,

Ameresco hereby submits comments New Jersey Board of Public Utilities (“BPU or Board”) in response to the New Jersey Solar Successor Program Staff Straw Proposal. Thank you for the opportunity to file comments.

Ameresco is a renewable energy developer based in the Northeast with over 474 MW of solar projects completed and in construction across North America, including projects in New Jersey. We develop customized solar projects for a range of customers including commercial and industrial customers, utilities, Federal, State and local governments, as well as community solar projects, to best fit the customer’s needs and constraints. Our portfolio includes solar PV rooftops, carports, landfills/brownfields, dual use agriculture and ground mounts, developed through a net metering, community solar or other solar incentive programs available, and we also deploy collocated storage with our solar projects to maximize the benefits to our customers. We are interested in commenting on the Successor Program Straw Proposal in effort to better address the challenges of developing these different project types and market segments for the State of New Jersey.

Ameresco greatly appreciates all the work that went into developing the Successor Straw Proposal. We are particularly supportive of the Board of Public Utilities decision to continue certain aspects of the Transition program, including the administratively set incentive that would be available to projects for a 15-year term, the differentiated incentive levels that incorporate projects up to 5 MW, and the consideration for dual use agriculture, storage and “contaminated sites” (encompassing landfills/brownfields and other contaminated sites), as part of the program design or future program phases. We are concerned however with several issues related to eligibility for the administratively determined incentive and incentive levels versus the competitive solicitation.

Administratively Determined Incentive Program

Ameresco fully supports the Board’s intention to expand eligibility under the administratively determined program to projects up to 5 MW AC. Additionally, we recommend that the Board consider including several project types under the administratively determined incentive program, rather than exclusively in the competitive solicitation.

Expanded eligibility for solar projects

Project types that would benefit from the administratively determined incentive program include: contaminated sites, net metered projects, dual use agriculture, community solar and collocated behind-

the-meter storage. These projects face additional development challenges, particularly when developed with public entities, and would benefit from price certainty in the administratively determined program, rather than being subject to risks and uncertainties of competition in a solicitation where pricing is unknown and an award is not guaranteed. For example, projects developed with public entities need to go through lengthy public procurement processes, and therefore face longer development timelines that make projects more difficult to compete in a competitive solicitation compared to other project types.

Furthermore, we strongly recommend that contaminated sites be considered for inclusion in the administratively determined program, particularly for projects that are net metered, as well as the competitive solicitation. We recommend that the Board allow flexibility for landfill/brownfields to participate in either program to allow for developers to best meet the needs of private and public customers with contaminated sites. Due to the costs and challenges associated with developing contaminated sites, we do recommend that for the competitive solicitation that contaminated sites have their own category as a market segment and are competing against like projects, and the administratively determined program has a separately priced incentive for these sites or a location-based adder. This flexibility will fully ensure that these priority sites are incentivized while ensuring that priority sites can compete fairly in the market; otherwise, there is a risk that these projects cannot compete, and the State will not realize preferred siting development.

Storage

While Ameresco is pleased to see that the Board has included collocated storage in the grid supply competitive solicitation proposal and intends to consider different storage programs in the next phase of the Successor Program, we urge the Board to consider incorporating storage eligibility into the administratively determined program as well, particularly for behind-the-meter (BTM) storage systems to be paired with solar. Allowing BTM storage systems to be eligible for this program will expand the benefits of storage to diverse customers in New Jersey- including for resiliency, peak demand reduction, and capturing additional revenue streams. We recommend that the Board create a BTM storage program that provides additional performance-based incentives or creates a demand response program; this program would provide additional benefits to a variety of customers and the State of New Jersey, including reducing emissions, resiliency, and grid benefits. Allowing this program to start now would jumpstart New Jersey's storage market, attract new investments, create jobs, and help the State meet their Clean Energy Act and Energy Master Plan goals of 600 MW of storage by 2021 and 2000 MW by 2030.¹ While we fully support the inclusion of collocated solar and storage in the competitive solicitation, limiting the Successor Program to this type of storage alone will significantly curtail other market segments from developing and represent a major lost opportunity to accelerate BTM storage deployment now and the confer the related benefits to customers across New Jersey.

We look forward to participating in forthcoming discussions for program design for storage inclusion in the Successor Program's later phases as well.

Dual use agriculture

Ameresco recognizes the Board's consideration for dual use agriculture in the future phases of the Successor Program, but we recommend that the Board include this project type in the Administratively determined incentive program in this phase of program rollout. Dual use agriculture, ("dual use"), maximizes farmland by allowing for agricultural production to continue beneath the solar panels. Dual use provides farmers with much needed revenue streams and furthermore allows for the land to be preserved for future generations. Many struggling farmers and landowners grapple with difficult decisions to continue their farming operations when faced with financial challenges; they often choose between

¹ Clean Energy Act 2018 and Energy Master Plan 2020

continued financial constraints or selling land rights to commercial developers, representing a permanent change to the land. Dual use allows these farmers and landowners to earn additional revenue by leasing their land for solar, while preserving the farmland through continued production and maintaining the land for future generations. Furthermore, we recommend the Board consider expanding siting eligibility for dual use agriculture to include prime farmland and farmland of statewide importance. Since dual use represents a temporary land use and non-permanent impact to farmland, the siting criteria for farmland should be expanded for dual use agriculture solar development.

Furthermore, we recommend that the Board consider including dual use in the administratively determined incentive program. As dual-use farmland requires specific performance standards and technology specifications that require developers to build projects that allow farming equipment to pass underneath by definition, these additional requirements do add substantial costs to projects. Therefore, we recommend the Board adopt a Dual Use Agriculture Adder to the administratively determined incentive program to support the development of these project types.

Community solar

Ameresco agrees with the proposal to align the start of the Successor Program with the start of the permanent community solar program. We are also pleased to see the community solar program incorporated into the administratively determined incentive program in the Straw Proposal. We recommend the Board implements the community solar program on a first come, first serve basis, as opposed to an annual solicitation. This will remove uncertainty from a complex project development cycle. We recommend that the Board continue to keep project maturity requirements high, to ensure that projects awarded are real projects from qualified developers that will be fully developed and completed. We are concerned however with the incentive level allocated to community solar projects under the administratively determined incentive. We recommend the Board reconsider the assumptions for costs for community solar projects and consider increasing the incentive rate for community solar projects or allow for adders to be applied to specific types of projects within the community solar program—for instance for LMI projects or community solar projects developed on landfills. In order to ensure that the benefits of solar and associated electricity savings extend to marginalized and low income communities, we recommend that the Board reconsider raising incentive levels for community solar projects, particularly for LMI projects.

Differentiation between Incentive Levels in the Administratively Determined Incentive Program

Ameresco greatly appreciates the Board's incorporation of projects up to 5 MW and the differentiated incentive levels across project types. As the Board has underlined the desire to incent projects in built environments and on marginalized land away from open space, we recommend that the Board consider incorporating location-based and offtaker-based adders. Carports, rooftops, landfill/brownfields and other contaminated sites expand the benefits of solar to a variety of customers with different availability for solar siting, including on parking lots, unused roof space, industrial and contaminated land, or landfill/brownfields, while also aligning with the Board's objective to direct solar development to preferred sites. Ameresco has extensive experience in developing these project types for diverse customers across the U.S. and is pleased to see these sites prioritized by the Board as we are poised to invest in development of these sites in New Jersey. Nevertheless, these project types have additional costs associated with the equipment needed, permitting requirements and development timelines, and the initially proposed incentive value will not fully cover the cost of developing these sites. Therefore, we recommend that the Board provide location-based adders to cover the additional costs for development to incentivize this type of deployment and ensure that the Towns, schools, and businesses can realize savings and the benefits of developing solar projects at their sites.

Thank you for your consideration of these comments. Please don't hesitate to contact us with any questions.

Sincerely,

Kathryn Chelminski

Kathryn Chelminski
Director, Policy and Strategy
kchelminski@ameresco.com