



**NJSOLARPOWER**

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Re: Comments Regarding Docket No. QO20020184

May 27, 2021

My name is Bill Hoey and I am the Managing Member of NJ Solar Power located in Bayville New Jersey. I would like to first thank all of the Commissioners and the staff of the BPU for the opportunity to comment today on the Solar Successor program and the Staff's Straw Proposal.

We currently employ a staff of 25 that are all located here in New Jersey. Over the past 18 years we have witnessed first-hand the peaks and valleys of the Solar Market here in New Jersey. So much of this market has been driven by sound policy and this point in time is no different. It is critical that we get this right.

We are finally beginning to come out of one of the worst economic and societal crises in my lifetime, the Covid-19 Pandemic. It is critical that we create policy that continues the success and the direction of the current program and not head in a new direction. We also need to ensure that permanent local jobs are created so that the money being spent by the ratepayers benefits the tax base and the New Jersey Economy. The vast majority of New Jersey based jobs are created by small businesses like NJ Solar Power. We are the economic engine of the Solar Economy here in New Jersey but are too often forgotten. If there is one critical point that the commissioners and staff take from my comments today, it is this:

**THE SMALLER THE JOB, THE MORE PERMANENT LOCAL JOBS THAT WILL BE CREATED**

**THE LARGER THE JOB, THE HIGHER THE PROBABILITY THAT THESE TYPES OF JOBS ARE BEING PERFORMED IN OTHER STATES AND IN SOME CASES OTHER COUNTRIES.**

The Residential and Small Commercial Ratepayers pay the majority of the Electrical bills in the state. With the pandemic and 'New Normal' more people are working from home and residential electricity usage must have surpassed 50% by now. The best way for these Ratepayers to participate is through direct purchase. Yet, there is nothing in the straw proposal that encourages this. In fact, we are encouraging third party ownership models by pushing Community Solar (more about that Later). Third Party ownership models merely save the

ratepayer a percentage of their Electric Bill (for Community Solar only 10-15%), where direct ownership allows them to maximize the benefits and profit from their system.

When we look at the over 3 Million Residential homes approximately 30 percent of these are owned or rented by LMI homeowners. The numbers currently set for the Community Solar Program are simply too high. The math does not add up. We have only done 2 percent of the homes and there is nothing in the numbers that justify this amount. Of the roughly 139,000 Solar projects completed to date, approximately 85% of them are residential or 118,150 and 30% of that is 35,445 LMI households. The Community Solar Pilot has already taken care of much of the in-equity stated to date and this assumes that no LMI customers have purchased or leased Solar on their homes.

We believe that 75-90MW would be a more realistic number for this segment and at least 50% of the customers Must be LMI ratepayers. If we choose to change the direction of the Solar Market in New Jersey (which is what this is), scores of companies will go out of business and thousands of individuals will lose their jobs. We will have created a program that permanently stunted the growth of the most important segment of the Solar Market. More importantly we would be putting in place a huge program that does not benefit the ratepayers as advertised.

What needs to be done is a Cost Benefit Analysis of Community Solar vs. direct ownership by the LMI and all residential ratepayers. When this is done, you will clearly see that the ratepayers only save 10-15 % with Community Solar and most of the benefits go to the Developers and Owners of these companies. The ratepayers are far better off by owning or leasing their system on their roof vs. going with Community Solar. In fact, with credit requirements loosening over the past few years more and more LMI Customer are putting systems on their roof. Clearly, the best thing for them to do. We can only hope that the staff and ultimately the board reconsider these numbers as the current allocation will be devastating to the ratepayers and the existing Residential Solar Market.

The direct purchase of solar provides the highest level of benefits to the ratepayers and needs to be emphasized. If we are at all concerned about developers profiting from Solar then why are we not encouraging direct ownership? Staff has stated that the ratepayers benefit the most from Direct Ownership yet there is nothing in the proposed program to encourage Direct Ownership.

We recommend that we make sure to split the 750MW or Cost of the program proportionally amongst who actually pays the bills. For example, the residential ratepayers should be around 50% and small commercial around 10%. There is no differentiation between large commercial and small commercial and there needs to be. We recommend anything under 500kw be considered Small Commercial. This segment should be awarded between 50-75MW. Here are the adjustments we would recommend:

Residential	210MW
Community Solar	90MW
Small Commercial	50MW

The additional MW in the Residential Sector gives us added flexibility to encourage Direct Ownership for LMI Customers (which is better for them) and to encourage Direct Ownership for the other ratepayers as well. For example:

LMI Direct Ownership	10MW
Residential Direct Ownership	80MW
Residential Leased	120MW

It is important to realize that the rest of the country has already shifted to direct ownership and New Jersey was moving in that direction as well. This segmentation gives us the flexibility to adjust vs. allocating what is obviously too much to Community Solar. It also helps to create a long-term, durable incentive program that can adapt to the diverse needs of the ratepayers.

The structure and the level of the REC has to be balanced against the cost cap. One area takes away from the others. The most obvious of this is the amount targeted for Community Solar. We support taking care of the LMI in our society but the numbers currently proposed are simply too high and cannot possibly be justified. In fact, when Community Solar kicks in they will go after the same customers that we are as they have similar capital requirements to customers trying to purchase. As a result, the Residential ratepayers have a high probability of being shut out of owning their systems due to the Community Solar allocation.

We recommend re-evaluating the levels and keeping an eye on this as it has the potential to develop too much Community Solar is high and not in line with the overall goals of the program. These goals as stated by staff as compared to what Community Solar will actually do for the program are:

**1. Support the continued growth of the Solar Industry while balancing ratepayer Costs**

Community Solar will:

- a. Permanently stunt the growth of the largest segment of the Solar Industry (Residential) by allocating half of the Residential projects to Community Solar
- b. Cost more than the Residential Segment and ultimately more to the Ratepayers

## **2. Maintain a Vibrant Solar Industry**

Community Solar will:

- a. Devastate the small businesses who rely on a consistent program to sell into the market. As large amounts of the program are taken up by Community Solar, the market will be forced to stop and start. These businesses will not survive.
- b. Ratepayers will be shutout from participating directly in the program
- c. Ratepayers will not be able to do Energy Storage as they signed up for Community Solar

## **3. Grow High Quality Jobs**

- a. Because many of the Community Solar Companies are from out of state and in some cases out of the country, the high quality jobs will not be New Jersey based. We will be exporting economic development elsewhere at the expense of the rate payers.
- b. Because scores of local small businesses will not survive, the opposite will happen and these high quality jobs will be lost forever.

These are not our goals and are the goals as set forth by the Staff of the BPU. As you can see from this analysis, the major policy shift towards Community Solar will be a mistake and needs to be reconsidered. Why do we need to become the Saudia Arabia of Community Solar? The numbers simply do not add up and the results will be devastating to the industry.

We recommend the following levels for the RECS:

Residential                    \$95.00 (We could ask for \$100 but \$95 is where we need to be)

Small Commercial        \$125.00

The Small Commercial segment of 500kw and below are local small businesses who are going to need the most help coming out of this Pandemic. We need to make sure that the C&I Sector is not gobbled up by 2-5MW projects and the ones who need it the most (the small businesses) are not left out.

As we come out of this pandemic together, we need to make sure that we do not crush the majority of the market with an entirely new direction. This would be a mistake and will result in the loss of thousands of local jobs. The program is properly balanced so that we do not destroy the local Solar Industry that the ratepayers have invested in. Local jobs and economic development should be a key goal rather than the exporting of jobs and dollars out of New Jersey. For this we need more smaller jobs and not more larger jobs in the program. By emphasizing Solar ownership vs. third party ownership we will ensure that the ratepayers vs. the developers will benefit the most from the program.

We thank the staff and the Board for your efforts and for the opportunity to provide our comments.

Respectfully,

*William C. Hoey*

Managing Member  
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