



May 27, 2021

Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: Docket No. QO20020184

Dear Secretary Camacho-Welch;

The Coalition for Community Solar Access (CCSA) greatly appreciates the extensive process and stakeholder engagement that the Board of Public Utilities (Board) has undertaken for the Solar Successor Program. The following comments are submitted in response to the Board's May 5 Notice in Docket QO20020184, regarding the Staff Straw Proposal for New Jersey's Solar Successor Program.

CCSA is a national Coalition of businesses and non-profits working to expand customer choice and access to solar to all American households and businesses through community solar. Community solar refers to local solar facilities shared by multiple community subscribers who receive credits on their electricity bills for their share of the power produced. Community solar provides homeowners, renters, and businesses equal access to the economic and environmental benefits of solar energy generation regardless of the physical attributes or ownership of their home or business. Community solar expands access to solar for all, including low-to-moderate income customers, all while building a stronger, distributed, and more resilient electric grid.

In particular, CCSA supports the Murphy administration's commitment to an equitable, clean energy transition, as indicated in New Jersey's Energy Master Plan. Much of this vision is also reflected in a federal legislation package that CCSA is supporting, along with a broad coalition of equity advocates.¹ CCSA strongly believes New Jersey can and should be among the leaders in this equitable transition by prioritizing energy policy opportunities that work for underserved environmental justice communities and low-and-moderate income citizens. CCSA strongly believes that community solar is one of the most effective mechanisms to ensure all New Jersey residents have access to the economic and environmental benefits of solar energy.

Generally speaking, CCSA supports the five principles outlined on page 6 of the Staff Straw Proposal. Based on the state's ambitious goals in New Jersey's Energy Master Plan, we also

¹ <https://www.localsolarforall.org/news/coalition-calls-on-congress-expand-solar-access>

recommend adding a key principle around the urgent need to address clean energy equity. CCSA is also supportive of the overall design of the program to provide much-needed certainty for investors, ratepayers and participants in the program, with the use of a 15-year fixed value for community solar projects.

The Community Solar Energy Pilot Program so far has been a great learning opportunity and economic success story for New Jersey, drawing new business and investment to the state, spurring entrepreneurship and helping expand solar access to millions of low and moderate income individuals or residents without access to rooftop solar. CCSA members look forward to participating in New Jersey's community solar market for many years to come.

On the following pages are CCSA's response to Staff's list of Questions for Stakeholder Feedback. We have answered the questions in numerical order, but we also want to highlight our most critical recommendations upfront. Those are:

1. A more gradual decline in REC prices from the TREC, to ensure market stability;
2. An increase in annual megawatt allocation for Community Solar, in order to facilitate a more just energy transition and meet pent up demand, and a clear process for reallocating capacity across market segments to avoid stranded capacity;
3. A clear, transparent Community Solar program that uses a First-Come, First-Served approach to meet capacity goals; and
4. Alignment of project timelines between the TREC, Successor program and the Community Solar Pilot and Permanent Programs.

CCSA offers the following responses to the Board's targeted questions.

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.

CCSA generally supports the basic division of the incentive program as described in the Straw Proposal. Other states' experience demonstrates that administratively-set incentives can lead to stable, sustainable growth for the solar sector when rates, program timelines, capacity targets and other details are set appropriately. CCSA does have a number of suggestions, outlined below, for refining the proposed structure to better achieve the goals outlined in statute and articulated by the Murphy administration.

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?

CCSA generally supports the breakdown of market segments but respectfully suggests that the Board consider adders to more accurately account for the unique project development characteristics of the Board's preferred siting goals. Community solar projects have unique additional costs that differentiate those projects from net metered projects, as the Board has rightly recognized, but community solar projects located on brownfield sites can have additional costs relative to community solar projects on rooftops.

In essence, the cost differences should be reflected in the program design if the Board's goal is to ensure a diversity of project types. Absent a recognition of these cost differences, many of the more expensive types of projects will not be able to be built.

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.

CCSA is concerned that the proposed rates change too abruptly for projects in Pilot Year 3, and do not reflect market realities or the current cost of doing business in this state. The proposed incentive values for community solar in Staff's Straw Proposal represent a dramatic transition from the TREC, which will cause disruption in the market and fail to deliver the full diversity of preferred project types that have materialized in the first two years of the pilot program. The currently proposed incentive values represent a 45% drop for non-LMI projects and a 30% decrease for LMI projects. This shift in incentive value is an abrupt departure that would cause instability in the market just as the permanent program is launching and is inconsistent with many market-based principles that espouse market certainty, stability and gradualism.

The Board envisions incentive values declining over time, and CCSA member companies are committed to cost reductions, both through building economies of scale and working with utilities to achieve cost-effective and streamlined interconnection procedures, among other avenues. To get to that lower-cost future, however, CCSA recommends that the Board start from a value closer to the existing incentive level to avoid major disruptions in consumer expectations and project viability.

Absent a higher base value and/or category-specific adders, CCSA believes the proposed incentive will not be sufficient to achieve a permanent community solar program located on a diverse set of preferred sites. Creating a program that generally only works for one type of preferred site (e.g. large, warehouse rooftops) could limit the ability of projects on brownfields, landfills and parking lots to participate in the program.

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.

CCSA supports a fixed incentive payment over a term of 15 years, as it has worked well in other states and led to robust development. Financial markets adjust their return requirements to account for perceived risk and a 15-year term with a fixed incentive amount reduces financing risk and helps to ensure more capital is available at a competitive cost.

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.

The Straw Proposal does not clearly state whether Staff recommends using first-come, first-served (FCFS) to reserve capacity for Community Solar projects as well as for net metered projects. CCSA supports using FCFS for Community Solar project selection and we have provided more information on milestones in our response to Question #39 below.

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

Based on the number of Community Solar applications received in PY1 and PY2 of the Community Solar Pilot, it is clear that there is and will continue to be significant interest in the New Jersey Community Solar market for years to come. CCSA expects to see more interest in the program than available capacity, particularly in the early years, to account for pent up demand among renters and others who cannot install solar onsite.

Such an outcome is a symptom of a healthy solar market, and a FCFS system with appropriate maturity requirements is an effective way to manage that level of demand. If the BPU intends to use a quarterly solicitation model with FCFS for Community Solar, CCSA believes oversubscription can be managed by adding megawatts to meet the market demand and using appropriate maturity requirements. Once a block fills for a particular quarter, applicants that have not yet been accepted under the FCFS system can simply plan to reapply for the next quarterly solicitation.

If a project withdraws or drops after being selected in any previous solicitation, that amount of capacity should automatically be added to the next solicitation's capacity. No waitlist should be needed if there are regular quarterly solicitation events.

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?

If the Board does make Community Solar available on a quarterly basis using FCFS, CCSA believes it will give the market sufficient signals to continually develop projects and enter them into the program at quarterly intervals.

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.

CCSA appreciates the maturity requirements contemplated by the Commission to help ensure project viability and program success. CCSA recommends the use of project maturity requirements in program application processes because they require projects to meet a certain level of feasibility before they can move forward and claim program capacity. These requirements are typically designed to make sure projects get past the biggest hurdles of project development, including interconnection feasibility and permits that require some kind of discretionary ruling.

In an uncapped program, maturity requirements can be very high because the risk of not attaining capacity is removed. However, it is important to balance maturity requirements with development risks in a capacity-limited program. For example, it is unreasonable to ask a developer to pay hundreds of thousands of dollars for interconnection upgrades if there is less than a likely chance that the project will be awarded capacity in the program. A balanced approach provides both the program and the developer with the certainty they both need to make projects work. Without a balanced approach, project developers face a high level of financial risk that must be factored into the project economics. And on the other side, the program faces the risk of low developer turnout (or, conversely, too many applications with varying levels of feasibility). It is critical to consider project feasibility in the early years of the permanent program, with a plan to build toward a walk-up approach with high-standards for project development.

One of the biggest factors of project feasibility is interconnection cost. Based on our experience, it will be difficult for developers to meet the proposed new requirements without the ability to work with the utilities to study projects in advance of capacity application. CCSA recommends

taking best practices from other markets to mitigate this risk and we offer comments on specific maturity requirements in question #39 below.

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.

CCSA supports the use of a program administrator to keep the program running smoothly and ensure projects meet all requirements and those project sizes seem reasonable.

Any fees to cover program administration should be limited to ensure project development costs are kept down and savings to consumers are maximized. The BPU should review administrative costs for prudence before developers are required to pay them. Program administration fees can be kept lower by designing a streamlined application process that is transparent and straightforward.

CCSA also recommends that the Program Administrator provide a regular forum for discussion and updates to developers and hold stakeholder meetings as needed to work through the inevitable questions that come up during the setup of the program.

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.

Basing the deposit on project costs, as contemplated in the Staff Straw Proposal, adds an unnecessary layer of complexity and confidentiality for the program administrator. Instead, CCSA recommends the deposit be a fixed amount based on project capacity, should an extension be needed beyond the 18-month allowance for community solar. A steady and quantifiable amount is easier to administer and a more knowable risk for the industry to accommodate. Furthermore, CCSA recommends this deposit be met with a bond or letter of credit.

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?

CCSA believes that setting incentives for three years is appropriate. This would give the industry certainty and a long runway to market growth that is essential for building a robust market; a three-year outlook would likely achieve that goal. It is important to note, however, that unexpected factors can occur. For example, tax policy, local land use decisions, and other factors outside the control of the Board may fundamentally shift project economics in one direction or another. Therefore, CCSA recommends the Board retain the ability to alter rates if unexpected impacts emerge, but the Board should only exercise that power in emergency circumstances and after a transparent public process.

Other markets have also chosen to place guardrails around any price or market structure changes and commit that any changes within a specific window of time will not change pricing by more than a set factor (i.e. 10%). This measure could also provide certainty to financiers and other market participants as well as stability to the market.

10 - 16.) CCSA has no comment on these questions.

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?

CCSA believes there is appetite for innovative dual use (agrivoltaics) projects smaller than 2MW in New Jersey, but it is unlikely they would be developed without a specific acknowledgement from the Board that they would be considered as preferred siting and a REC adder to support the additional costs of developing these projects.

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?

Dual use projects should not be included in the competitive solicitation. There are not enough dual-use assets developed yet in New Jersey to justify a competitive solicitation for this project type and the competitive nature of the solicitation is not an effective tool to achieve dual use standards. Just as a carport project allows parking to continue on the same site, agrivoltaics allow agriculture to continue on the land. As such, dual-use projects can further the Board’s policy preferences for siting and community solar. CCSA recommends the Board consider adding dual use agrivoltaics as a preferred siting option for community solar projects under the successor program.

To ensure the economics work for an agrivoltaic community solar development, an adder is likely necessary. An adder can cover the additional costs associated with dual-use projects, including: taller or non-standard racking, increased EPC costs, additional materials, and

decreased panel density, in addition to necessary farmer compensation for added risks. Several of CCSA's member companies will be submitting further feedback on dual use agrivoltaics, which we urge the Board to consider.

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?

Properly sited agrivoltaics can protect and increase agricultural production for future generations. Considering these agricultural benefits, the BPU should refrain from placing overly-restrictive conditions on these developments. The quality of the soil is less important than whether agricultural activity continues on the land during the life of the project.

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?

CCSA recommends the Board convene a short stakeholder process involving farmers, state universities, solar businesses and others that could provide additional details and ultimately lead to a workable standard that centers farmers in the discussion and preserves agricultural open space. Over time, the Board should review the dual use program and make necessary changes as agrivoltaics methods and opportunities evolve.

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.

During the stakeholder process, the Board noted that energy storage opportunities for community solar may be taken up in a separate process. CCSA supports that and welcomes the opportunity to participate. Beyond that, CCSA does not have any specific recommendations at this time for additional use cases of Community Solar, beyond what is currently outlined in these comments. It is possible that new use cases will become financially viable in the future so we urge the BPU to be open to changes in the program in its regular review process.

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.

CCSA understands the Board's rationale for limiting solar development to preferred sites. The process envisioned by the Staff proposal is generally sensible. CCSA does urge Staff and the

Board to maintain an open mind on siting of all types. Experience in other states has taught that there may be circumstances where solar development may prove to be a preferred alternative to the development choices otherwise contemplated by the site owner, such as the permanent loss of farmland because a farmer cannot afford to farm the land anymore.

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?

CCSA does not believe any additional land use restrictions are required.

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

Not beyond what is already noted in these comments.

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

Hypothetical projects are extremely difficult to evaluate. While floatovoltaics are emerging as an interesting and potentially useful siting strategy, it is too early in their development to recommend a specific incentive level for New Jersey deployments. Former mines and quarries are already eligible to participate in New Jersey's solar market and CCSA does not believe projects sited on these parcels require additional consideration.

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

CCSA does not have a strong recommendation here but there are a number of sources that may help, including NREL's Solar Development on Contaminated and Disturbed Lands Report.²

Section IV: Megawatt Targets

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

Despite the fact that New Jersey has a thriving commercial and industrial economy with substantial rooftop availability, most residents are unable to site solar on their property due to common barriers to solar ownership. Increased capacity within the community solar program is vital to ensure there is greater accessibility and increased participation in the clean energy

² <https://www.nrel.gov/docs/fy14osti/58485.pdf>

economy for all. The development demand is apparent in both PY1 with more than 650MW and PY2 with more than 800MW of applications for the program, and for good reason:

- Community Solar is the most cost effective and **equitable** path forward;
- Low electric demand on warehouses and has opened a world of possibilities on warehouse roofs and brownfields in the state;
- Community Solar can support the preservation of farmland and help provide important ecosystem services³; and
- Community Solar can efficiently help New Jersey meet its ambitious Clean Energy targets.

Because of the historical imbalance in the accessibility of clean energy savings, CCSA recommends adding megawatts to the Community Solar program first, if there is any unused capacity in other market segments. As a result, CCSA recommends the BPU have a clear, transparent process for the movement of MWs between project categories and market segments. We have learned from other states that capacity can be stranded if there are market forces that prevent certain types of projects from getting built and there is not a clear path for redistribution. Capacity that languishes, unutilized and uncommitted, for 12 months should be examined and the megawatts redistributed and adjusted for capacity based on the development category and REC value that those projects receive.

CCSA appreciates the careful balancing act between the budget cap and the Board's efforts to cost-effectively reach New Jersey's aggressive clean energy goals. Respectfully, CCSA notes that the Staff proposal is very aggressive in terms of the number of new activities that will be undertaken before the end of the calendar year, including conducting a competitive solicitation for grid-connected projects. CCSA is confident the Board will establish a strong cadence of solicitations and project awards over time but it may be a more sensible course to start more slowly and carefully with the new procedures and, in the meantime, seek a greater number of megawatts from existing categories, such as community solar, that have large amounts of capacity already in the pipeline that can readily meet the targets.

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

³ <https://www.lancaster.ac.uk/spies/>

between the end of the TI Program and the start of the competitive solicitation that will affect large net metered and grid supply projects.

CCSA appreciates that the Board has stated multiple times that Pilot Year 2 projects will receive the Transition Incentive. Respectfully, CCSA would like to point out that Pilot Year 2 projects may require a special application process for the Transition Incentive since the program may have closed by the time the Board announces which projects have been chosen for Pilot Year 2.

In addition, CCSA requests clarification that deadlines for TREC eligibility for Years 1 and 2 community solar projects, and ultimately Successor eligibility for future projects, will be based on the Board-established timelines for the community solar program, not the 12-month deadline under current TREC and potential Successor rules. As noted on page 38 of the Straw, this seems to be the recommendation of Staff. If so, CCSA strongly supports this recommendation, which would appropriately align the project deadlines of the community solar program with the respective incentive programs.

CCSA looks forward to the implementation of the permanent program and has provided suggestions on how to successfully implement the program in response to question #39, below.

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.

Yes. The Straw Proposal proposes two levels of incentives for community solar projects, an incentive for low and moderate income (LMI) projects, and one for non-LMI projects. The methodology used by the Straw is based on the cost and financial analysis contained in the Cadmus modeling. The Straw Proposal’s differentiation between LMI and non-LMI projects is appropriate. However, to set incentives that fully reflect cost differentials between project types, CCSA recommends that these incentive levels be further differentiated to reflect the cost of different project types. Specifically, the incentives proposed by the Straw should be revised to provide different incentive levels for roof, ground, canopy, and preferred ground (i.e., dual-use, projects on landfills, brownfields, mining sites, etc.). CCSA also recommends using an adder to solve for the fact that master-metered LMI buildings receive a lower community solar bill credit rate than individual LMI residential accounts, due to master meters being on commercial rate classes even if they serve residents.

This further differentiation of incentives is needed to allow different types of community solar projects to be developed. Using undifferentiated incentives, as proposed by the Straw, will have the effect of preventing development of higher cost projects such as brownfields and landfills because the undifferentiated incentive (based on the average of lower and higher cost projects) will yield insufficient revenue to make the higher cost projects financially viable. Moreover, it will

push unnecessarily high incentives into project types with lower cost structures. Accordingly, CCSA's recommendation to establish differentiated community solar incentives by project type will both protect ratepayers from overpaying incentives to projects with lower costs and allow projects with higher cost requirements (including those on desired lands which are preferred by the BPU) to be developed. In essence, if the Board wants a targeted outcome, a targeted value structure is needed.

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?

No. As noted above, adders are an easy way to send a clear market signal to developers on siting and LMI policy preferences. It is important to also note that preferred siting projects should not be regarded inclusively with the project differentiation already outlined by staff. In other words, a project can both serve LMI subscribers **and** be sited on a landfill. Both of those characteristics are incremental to project costs in different ways and should be valued as such.

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?

We commend the Board's consideration of EJ communities in this program. These communities have disproportionately suffered from the ill effects of pollution for decades or longer and deserve to disproportionately benefit from the shift to clean energy. However, delivering the benefits of workforce development training and the economic benefits of community solar require thoughtful implementation, as discussed further in question #38. It's important to note that many frontline/environmental justice communities live in constrained geographies that may lack affordable open space or suitable rooftops for siting community solar projects. Constraints on siting can lower the value to subscribers so we urge the Board to consider both ways to site projects in EJ communities and also to ensure residents of these communities have access to participate in projects that may not be directly sited in the community.

To determine the eligible areas, the Board should use existing mapping from the New Jersey Department of Environmental Protection, US Environmental Protection Agency or another relevant entity. There is no need to create new maps just for this purpose.

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

Energy equity challenges date back to the beginning of the electric grid and will not be solved overnight. CCSA applauds the recent hiring of Deputy Director Pruitt to address clean energy

equity challenges. CCSA recommends that the Board convene a working group or some other means of ongoing dialogue with stakeholders to find solutions that will create meaningful change. Generally speaking though, the first step to correcting a problem is to measure it, so it may be advantageous for the Board to require any contractor that receives RECs in the permanent program to report on its contracting with minority and women-owned businesses. This reporting will give the BPU a baseline from which to base future decisions.

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).

The Board should not use a competitive solicitation for Community Solar projects in the Permanent Program. CCSA generally recommends a FCFS approach (along the lines of Option 2) with appropriate maturity requirements. Most of our members feel this approach is transparent and efficient, allowing the most advanced projects to apply to the program while discouraging speculative activity or instability that has caused problems in other states. The Straw proposes to use FCFS for net metered projects, and we believe this approach is appropriate for Community Solar as well.

To be successful, an FCFS approach must have clear requirements, meaningful security deposits, and project milestones to avoid a flood of less-developed projects. CCSA suggests slight changes to the maturity requirements described in the Straw Proposal (escrow requirement, completed interconnection study, and completed siting permits). While maturity requirements are essential in a FCFS system, requiring overly stringent requirements in a nascent market like New Jersey could become obstructive to project financing and development.

CCSA recommends the Board consider the following requirements to apply to the program and provides more details below:

- Interconnection pre-application report
- Demonstration of firm site control
- Non-Ministerial Permits
- Local support letter
- LMI Subscription Plan
- Security deposit

Interconnection

For New Jersey to have a stable, functioning Community Solar market in the long-term, utilities must reform their interconnection processes. CCSA has offered the Board suggestions for

reforming these processes in the past and we have attached these recommendations to these comments.

Currently, New Jersey electric distribution companies will not provide interconnection studies to community solar projects until they have been accepted into the community solar program. While this approach saves work for the utilities, it imposes tremendous risk on a project and causes program attrition because the costs of interconnection can prove to be prohibitive. The Board clarified in Pilot Year 1 that community solar projects must submit an interconnection application to the jurisdictional EDC, which means a project's viability is unknown prior to submission and still a question for months after being accepted into the program. A project's only alternative to assess interconnection risk prior to acceptance in the community solar program is to seek an interconnection study through PJM. A full interconnection study through PJM can take the better part of a year to complete and costs tens of thousands of dollars--a very high price to de-risk a community solar project.

A better approach for the near-term would be for the Board to require EDCs to provide pre-application reports, and for the applicants to submit pre-application reports before entering a project into the program. EDCs have shown that they can complete pre-application reports in a relatively short period of time and for affordable fees (for reference, pre-apps in ACE territory cost \$300 and take 1-2 months). Although pre-apps do not provide comprehensive data, using this milestone would generally provide enough data to make business decisions about applying to the program.

However, because some EDCs do not currently offer pre-application reports, or provide varying degree of information, the Board must first require all EDCs to offer pre-application reports that provide certain vital information, including:

- Feeder hosting capacity
- Substation transformer hosting capacity
- Estimate of needed upgrades, which is not necessarily a dollar amount, but a listing of required interconnection upgrades, such as:
 - Miles of express feeder
 - Miles of re-conductoring
 - Whether an upgrade for Direct Transfer Trip or Reverse Trip is necessary

EDCs should also be required to produce pre-apps that demonstrate the max system size that can be interconnected at that location without any upgrades at all. For example, if a developer submits a pre-app request for a 4MW system, the pre-app report should say what upgrades would be required for 4MW (as outlined above), but also state the maximum size that is possible without any upgrades at all. This information can allow for very efficient use of existing grid capacity, because a developer would learn that its proposed 4MW project may be prohibitively costly, but a 3.6MW project could be connected at a very low interconnection cost. This information could be gathered by filing multiple pre-apps for projects of descending size, but this would be a grossly inefficient process. Some EDC pre-application reports already provide this

information as “DER Size Limit at POI with no sys[tem] mod[ification]s” and all EDCs should be required to provide this information in all community solar pre-application reports.

Additional efficiencies can be garnered if the Board requires EDCs to have accurate hosting capacity maps that provide info about feeder and substation transformer hosting capacity, updated monthly. The above reforms would make the pre-application process function smoothly in the near-term.

In the long-term, the Board may want to consider requiring full interconnection agreements, but reform of the utility interconnection process will need to happen before that requirement makes sense for a FCFS Community Solar program in New Jersey. In the meantime, the pre-application is an appropriate milestone. CCSA continues to advocate for a robust interconnection reform process that includes an ongoing working group process for utilities and developers to problem solve together.

Site Control, Permits, Local Support

Site control and permits are another way to prove a project’s viability and CCSA advocates for the following:

- Demonstration of site control, which can be proven through a binding contract with the landowner/building owner;
- Demonstration of permits, which can be accomplished with a simple attestation.
 - While it is difficult for the Board to firmly assess every single possible local permit that may be required by every jurisdiction in the state, attestations of this type have been used in multiple other markets (MA, IL) without much difficulty.
 - Some exceptions may be required for landfills, brownfields, and areas of known contamination
- Local support letter(s) from the jurisdiction where the project is located.

LMI Subscription Plan

CCSA recommends that an applicant should be required to demonstrate a plan that, at minimum,

1. Assesses the number of LMI residents to be served by the project and their proximity,
2. Outlines the terms that will be offered, and;
3. Presents a customer engagement plan, including past experience with LMI subscriptions.

Not only do these standards ensure that projects can actually serve the LMI subscribers that they propose to serve but they also act as a good consumer protection tool, for a population that has been unfairly targeted by predatory marketing.

Project developers who lack previous experience with LMI engagement should show they are partnered with organizations that do have experience. Many CCSA members have already gained valuable experience directly engaging with LMI subscribers and community

organizations and the Permanent Program can build on this success. Also, if the Board determines that a proposed LMI subscription plan is insufficient or incomplete, it should recommend changes and not immediately revoke the entire project application.

Security Deposit

CCSA recommends that projects entering the community solar program post a refundable security deposit (through cash, bond or letter of credit) of \$40/kW based on the nameplate rating of the project. The deposit would be refundable only under three circumstances:

1. If a project is not awarded capacity in the program
2. When a project achieves commercial operation; and
3. If a project chooses to withdraw from the community solar program within 30 days of receiving its interconnection system impact study results.

Meaningful security deposits are serious financial commitments that dampen speculative behavior and select for de-risked projects. Security deposits force project developers to allocate their capital to their best projects, rather than flooding a queue. Refundability under limited circumstances is warranted and reflects the risk of developing a project. Refunding a deposit when a project achieves commercial operation is appropriate and provides an incentive for developers to meet the Board's timeline. Providing one opportunity to drop out of the program upon receipt of the interconnection system impact study is fair and appropriate. The Board may want to consider whether there should be a threshold for interconnection upgrade costs, only above which the refund is available. In Illinois, for example, developers were able to receive their security deposit back if the interconnection upgrade cost exceeded \$0.30/Watt. Until such time that projects can have an interconnection agreement in place prior to program application, there is tremendous uncertainty about the project's viability that cannot be managed or mitigated by the developer. In the case that any projects do drop out, the Board should reallocate that capacity to the next quarterly allocation, ensuring that the program remains on target to achieve the state's overall goals.

Additional Considerations.

As noted in CCSA's response to Question #5b, we believe the Board should use a quarterly solicitations model with FCFS, and maturity requirements as set forth above, for Community Solar projects. If the Board chooses this approach, CCSA also recommends that the Board use an outside administrator to manage solicitations for the program, especially if handled quarterly. Many competent entities already manage state solar programs and we recommend the Board explore these options for this program. There is no need to reinvent the wheel, as these platforms and systems already exist. Plus, contracting the selection process can free Board staff to manage other aspects of the program.

Using an outside contractor with experience in this space could also provide valuable perspective on aspects of program design including: verifying application requirements are met, fixing minor application deficiencies, reallocation of unused capacity and generally ensuring orderly and timely project development.

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.

CCSA would recommend using the final year of the pilot program to begin transitioning to the permanent program qualifications to allow for community solar organizations to adjust to stricter qualifications and project maturity requirements. This will allow BPU staff and the industry time to make adjustments prior to the implementation of the permanent rulemaking.

LMI Verification

CCSA recommends that the Board continue to improve the income verification for LMI subscribers. CCSA appreciates the Board's recent efforts to improve this process, but urges the Board to continue to look for ways to ensure robust LMI participation. In particular, CCSA reiterates the recommendation to use self-attestation as an acceptable method to verify income. This method ensures that all potential LMI subscribers are able to participate, regardless of where they live or their participation in other programs. CCSA encourages the Board to work with stakeholders to refine this method of verification.

Billing and Crediting

CCSA recommends that the Board immediately eliminate the maximum-250-subscribers-per-MW rule as specified in 14:8-9.6(c). With any community solar program that seeks to maximize access to residents, especially low- and moderate-income residents, a maximum subscriber rule is detrimental because it forces project owners to sign up large-usage subscribers rather than low- and moderate-income subscribers who, on average, have lower electricity usage and therefore smaller subscription sizes than non-LMI subscribers. This is already proving to be a problem for some of CCSA's members' Year 1 projects which have found that simply by meeting their commitment to provide 51% of their allocated project capacity to LMI subscribers, the project is at risk of non-compliance with 14:8-9.6(c).

CCSA understands the need to minimize administrative burdens on utilities but the best way to effectively address these concerns is through a robust developer portal which allows developers to upload subscriber lists and make changes in a more efficient way. Many utilities have excellent portals (ComEd and Ameren, in Illinois, for example) and we have heard that New Jersey utilities are also working on creating portals. Developer portals are an integral part of an effective and efficient community solar market. CCSA recommends that utilities be given a date certain by which they must provide this service to its Community Solar customers in order to facilitate an efficient long-term process that minimizes errors. As with any major transition, CCSA recommends that the BPU facilitate at least a short-term working group with utilities and developers to discuss billing and crediting challenges and resolutions.

Streamlined process for provider information

CCSA members have noted several concerns with getting needed information about program

regulations and processes, including extension requests and waiver requests for the LMI verification regulation. Typically a program administrator will address many of these questions but, in the interim, CCSA recommends the Board create a regular forum for program challenges and questions or another method by which community solar providers can receive timely feedback and answers about program rules.

Incentive requirements and timelines

As noted above, CCSA supports, and requests that the Board clarify, the recommendation made in the Straw to align the timelines for community solar projects with the community solar program rules, not the timelines associated with the current TREC and potential Successor rules. The Board has recently modified these rules for the community solar program, allowing 18 months plus a possible 6 month extension, for awarded projects to reach commercial operation, as opposed to the 12 months envisioned under the TREC and Successor programs. This is an important clarification for both Year 1 and 2 community solar projects under the TREC, as well as all future projects under the Successor. Staff's recommendation would provide needed clarity by assigning one timeline requirement for these projects based on the community solar program rules, as opposed to the two separate and conflicting timelines of the program and the incentive. CCSA strongly supports this recommendation.

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.

Yes, aggregating rooftops to achieve higher net capacities should be allowed under the permanent program. Aggregated facilities can help reduce costs and open more total rooftops to participating in the program. Few limitations would be warranted; as long as a developer is located within the same EDC territory and is willing to pay the lease and interconnection upgrade costs, it should be allowed.

Also, aggregated rooftops may be of particular interest to schools, colleges, governmental entities, housing authorities or other community developments with multiple buildings.

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?

CCSA does not believe the Board should set guidelines related to the competing value of rooftop space. This is a decision for the building owner and local zoning and permitting authorities.

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.

Value-based REC or VREC

Next REC or NREC

SREC2 / SRECII

Please do not hesitate to contact us with any questions.

Leslie Ann Elder, Mid-Atlantic Director
Coalition for Community Solar Access