



Tatleaux Solar Group
Comments Regarding
Docket No. QO20020184, Solar Successor Program

Tatleaux Overview Comments

As an integrated solar firm that focuses exclusively on community solar, we believe New Jersey overall has the best solar program in the country today and we have allocated the vast majority of our resources to New Jersey. However, we fear that unless current program rules and processes are not refined appropriately, New Jersey's primary goals of aggressive solar capacity installation, equity in the form of low to median income participation, and reasonable ratepayer impact will not be met. We point to the period pre-2012 when few solar projects were actually installed and to the Pilot Program's Year 1 when 45 projects were provided conditional approval yet only 4 have been installed in 18 months.

Our comments reflect our belief in how to align better the Solar Successor Program's rules and incentives with New Jersey's primary goals.

Straw Proposal Section VIII. - Questions for Stakeholder Feedback

1. Tatleaux supports very strongly the proposed program design with the small amendment of increasing the maximum size of non-residential net metered projects offered administratively set incentives to 4 MW
2. We suggest eliminating the non-LMI community solar category because every project application will promise >50% LMI anyway. Thus, we suggest applicants commit to a percent of the project as LMI, whether 0% up to 100%. We suggest the NJBPU allow for applicants to substantiate their LMI composition as part of its application and that the NJBPU enforce strictly the applicant's LMI commitment by withdrawing projects' conditional approvals in 12 months if it does not achieve the applicant's committed LMI composition.
3. As has been discussed in each workshop, the straw proposal's incentives for all administratively set programs are all quite low and are a deterrent, not incentive, to developing and constructing solar projects for the primary reason that smaller projects, especially smaller than 2 MW are more costly to develop and build. Interconnection costs alone can be unpredictably high on a per watt basis. In addition, NJ land costs and ballasted systems for ground mounts are high; engineering, equipment and installation costs for rooftops are higher than for ground mounts; and equipment and installation costs for parking canopies are even higher still than rooftops. In addition to these costs, our firm, Tatleaux, spends a great deal of money and manpower (more than other solar firms) on engaging and delivering for community partner organizations and their household members who are our potential subscribers. Currently, from a very healthy projects pipeline mostly provided to us by our non-profit community partners, we are seeing 90% of our proposed parking canopy projects as too cost prohibitive *with the current Pilot Program incentive amounts at \$152 and \$129/MWh*. With incentives at \$100/MWh, we estimate 80% of our current rooftop projects and 30% of our ground mounts (those requiring ballasted systems) will be too costly to build. These figures are all based on Tatleaux lender and investor requirements to finance the direct costs of solar projects (they exclude Tatleaux's overhead and profits).
4. We would only suggest much smaller incentives beyond 15 years to avoid re-purposing of the solar projects.
5. We agree with 4 quarterly capacity allocations. We suggest a separate market segment be created for landfills, brownfields and other contaminated sites.
 - a. A first-come first served capacity reservation system will not work. Timing of projects development varies significantly. We suggest priority given to projects based on:
 1. Size – smaller projects (1 MW and less) given higher priority (smaller projects can be developed and constructed in a matter of months)

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2. Type – (verified) LMI community solar and net metered projects given higher priority (net metered projects can be constructed in a few months because they are mostly small and do not require a long interconnection process)
3. Score – higher scores in the evaluation criteria given higher priority (Note: we recommend strongly that the Evaluation Criteria from the Pilot Program be amended to align better with the NJBPU and state’s solar program goals of aggressive capacity installation, LMI equity and ratepayer cost moderation).
 - b. We suggest oversubscription of a quarter’s capacity result in projects rolled over to the next quarter based on the suggested prioritization above, such prioritization also used for new applicants for this next quarter.
 - c. We believe very strongly that if the Evaluation Criteria were amended sufficiently and appropriately to align better with New Jersey’s solar capacity, LMI and ratepayer cost goals, incentives capacity would be allocated to the most deserving projects, thus diminishing the “gaming” that has occurred with all solar programs in the U.S.
6. We believe “queue sitting” is largely the result of 1) solar developers’ preference for larger (greater than 2 MW) projects and 2) long interconnection process and queues (experienced throughout the U.S.). Thus, strict project maturity requirements will not resolve this issue. Drastically shortening the interconnection process for small and net metered projects would go a long way to solving this problem.
7. We agree awarded projects pay small (\$.01 to \$.04/watt) administrative fees based on size categories. We suggest these fees are payable upon start of construction as part of construction costs.
8. We recommend extensions should be provided strictly and based on the specific reason a project has been delayed. We suggest that the only reasons provided extensions are due to unforeseen circumstances and conditions beyond the developer’s control; e.g. interconnection process. *Shortfalls in LMI subscribers should not be given extensions under any circumstances because this constrains capacity installations the same way as in the pre-2012 period in New Jersey!*
9. We believe fine-tuning the Evaluation and other Criteria, creating a new landfill/brownfield/contaminated site sub-market and annual adjustments to the overall program will serve to diminish “gaming” during the application process, minimize sub-market under- or over-performance and avoid misalignment between overall NJ solar program goals and results.
10. It is our experience in NJ that some low income areas are in non-EDC territories – we have non-profit, church and school community partners in these areas -- so these constituents do not benefit at all from NJ’s solar programs. The additional costs (from incentive values) to allow non-EDC territory projects to register in the program are quite minimal as they are few in number and most of these projects are small.

Questions 11 to 16: Our firm develops and constructs exclusively community solar and small net-metered projects. We will not be providing any answers to questions 11 to 16.

Question 17: Our firm sites projects on farmland in other states besides New Jersey because farmland owners have exhibited a desire to lease part of their farmland for solar use in order to generate additional income for land they are not inclined to farm for economic reasons such as low crop prices. Our firm’s farmland project sites only serve our basic purpose of providing solar capacity to as many LMIs as possible that we engage from our community partnerships. Our farm sites are mostly 2.0 MW or smaller LMI community solar projects because they are supplementary capacity for our LMI subscribers. We therefore recommend strongly allowing dual-use projects in the Administratively-Set category with projects larger than 2.0 MW receiving lower incentive values in order to limit the use of farmland overall.

Questions 22 to 26: To reach New Jersey’s aggressive goals for clean solar energy, especially given the relatively limited capacity installations to date, we believe the NJBPU should be more flexible with solar development in all areas, including those currently not permitted on page 21. We suggest this flexibility be

provided to project sites demonstrating a clear achievable project plan for LMI community solar. We also believe that there will be a high degree of self-regulation for these potential project sites currently not permitted – these sites will cost much more in terms of time and money to develop and construct solar.

27. We support different cost caps for net metered residential versus net metered commercial to maintain each type's incentive qualities
28. We support the NJBPU accepting more or fewer projects for each tranche based on the strength of applications.
29. We recommend very strongly that Basic Grid Supply capacity targets should be reduced drastically to less than 40 MW and Desired Land Use Grid Supply be reduced to less than 75 MW. Instead, increase LMI Community Solar by the amount of such reductions. Our reasons:
 - a. Grid Supply projects and developers benefited greatly, and continue to benefit, from the original SREC programs which incentive values never fell below \$200/MWh
 - b. Grid Supply projects and developers, thus far, have received the vast majority of EDC/ratepayer cost contributions to build clean solar energy systems particularly because their projects are large (>5 MW)
 - c. There is no growth left in potential Grid Supply project sites whereas smaller ground mounts, rooftops and parking lots provide tremendous growth potential as solar sites.
 - d. Grid Supply projects take much longer to develop and construct
 - e. Thus, we believe firmly that the Grid Supply segment will not help achieve New Jersey's three primary goals and, therefore, targets:
 1. Installed solar capacity
 2. Equity in the form of LMI participation
 3. Ratepayer impact/cost moderation

Questions 30-33: We believe that discounts provided to solar off-takers and subscribers be factored into either numerator or denominator in cost cap calculations and to go hand in hand with this, we recommend the Successor Program provide/allocate higher incentives (adders?) to projects that provide higher discounts, especially to LMIs.

34. We agree with the Implementation Plan with the proviso that incentive levels for residential, community solar and smaller net metered projects be increased from proposed levels of \$85 to \$90/MWh to around \$110 to \$125 as these proposed incentive levels serve as an economic deterrent from aggressive solar installation and equity. As we suggested earlier, capacity targets should be reduced from other project types and segments to balance the impact on ratepayers.

35. We support wholeheartedly differentiating incentives by project attributes in both programs:
 - a. Different projects provide different quantitative and qualitative benefits that contribute to the NJ Clean Energy's goals; e.g. Higher LMI composition, Higher discounts to LMIs, quicker development and installation schedule, real partnership with a community organization, additional environmental benefits, additional economic and other benefits to the community (jobs, training...) and members, etc.
 - b. As with all public and private programs, the NJ Pilot Program has been subject to "gaming" as evidenced by:
 1. In year 1, 2019, all 45 projects approved declared they were LMI projects, yet only 4 projects have been installed 18 months later and subscriber organizations have expressed difficulty in subscribing LMIs
 2. Year 2 submissions for community solar all (400) but one declared they were LMI projects in order to receive conditional approvals

36. Adders would not make the program too complex as long as they are accompanied by higher scores in the Evaluation Criteria for the specific project attribute to be encouraged.

37. We agree with adders for projects that benefit environmental justice communities



38. Non-profit community organizations are traditionally under-represented in solar programs all over the U.S. We recommend that at least a portion of a non-profit organization's subscription to a community solar project be deemed as an LMI subscription. Also, we suggest adders be provided to projects on non-profit organization properties (the cost cap impact will be small as most non-profits provide small properties).

Questions 39-40: As an exclusively U.S. community solar firm, we support strict qualifications for community solar projects, and furthermore, higher preference/scores for such factors as

- a. LMI composition (we suggest eliminating non-LMI projects from consideration);
- b. True community organization partnerships;
- c. Discount levels to LMIs, community organizations and non-LMI residential subscribers;
- d. Other services and benefits to communities and LMI such as job training, jobs, support for community and non-profit community organization programs, etc.

We believe strongly that community solar is the best vehicle to achieving NJ's overarching clean energy goals of maximizing capacity installations and broadening participation to LMIs and low-income communities (with a balanced ratepayer impact). Therefore, we recommend that project maturity requirements take a backseat; indeed, we believe and have recommended the NJBPU assist the industry with interconnection and permitting obstacles in order to drive quicker, reasonable cost installations of LMI community solar capacity.

- 41. We agree that community solar projects should not be permitted to include aggregated rooftops.
- 42. "UREC" is fine; what does the "U" stand for?