

December 14, 2021

Aida Camacho-Welch
Secretary of the Board
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350

Re: NJBPU Docket No. QO21101186, IN THE MATTER OF COMPETITIVE SOLAR INCENTIVE ("CSI") PROGRAM PURSUANT TO P.L. 2021, C.169

Dear Secretary Camacho-Welch:

Community Energy Solar, LLC ("CE") appreciates the opportunity to provide comments to the New Jersey Board of Public Utilities ("NJBPU") in response to the Notice dated November 1, 2021 on the design of the Competitive Solar Incentive ("CSI") Program, pursuant to P.L. 2018, c.17 of the Clean Energy Act ("Clean Energy Act of 2018"), and P.L. 2021, c.169 ("Solar Act of 2021" or "Act").

Community Energy ("CE") is a renewable energy pioneer with a 20+ year track record of industry leadership. Since its inception in 1999, CE has led the development, financing and/or construction of more than 2,700 MW of renewable energy facilities, including the 7.5 MW Jersey-Atlantic Wind Farm, and 44 MW of Utility-Scale Solar in New Jersey.

Community Energy is supportive of the development of the CSI program and submits the comments below for the NJBPU's consideration.

➤ ***NJBPU Question:***

The Solar Act of 2021 stipulates that "[t]he development of grid supply solar should be directed toward marginal land and the built environment and away from open space, floodzones, and other areas especially vulnerable to climate change." Staff proposes to implement this requirement mainly through some form of incentive or segmented procurement targeting development on the built environment as well as on contaminated land or landfills. Staff is looking for input on the following questions:

- a. Do projects on contaminated land and/or landfills need special consideration when it comes to project maturity and Commercial Operation Date ("COD")? If so, why?
- b. What additional costs, if any, are associated with development on contaminated land and/or landfills?
- c. To the extent that the purpose is to avoid, as much as possible, the development of open space that might otherwise be available for other purposes, are there other siting options, besides the built environment, contaminated land and landfills, that should be given preference?

CE Comment: We discourage creating segmented procurement buckets because 1) this approach can restrict competition, and 2) there could be a scenario where the State does not get enough capacity to

fill the buckets and in that scenario there is unused capacity. Instead, we suggest creating incentives or adders to meet siting requirements.

➤ ***NJBPU Question:***

The Solar Act of 2021 stipulates that larger net metered non-residential projects (over 5 MW) be eligible to participate in the CSI Program:

Does net metered status provide a benefit that is likely to be reflected in lower-cost bids in response to a competitive SREC solicitation?

CE Comment: Yes, net metered projects are likely to be reflected in lower-cost bids.

What kind of project maturity requirements would be appropriate for net metered projects?

CE Comment: The appropriate maturity requirement for larger net metered projects would be a signed letter of intent with exclusivity from the host or customer. The fully-binding definitive agreements should be obtained within a specified period of time, such as three months, after the project wins an award to maintain the award status otherwise they should be disqualified.

➤ ***NJBPU Question:***

Staff aims to propose a solicitation design that results not only in awards, but in successful project development. To facilitate this, some combination of project pre-qualification requirements, COD requirements, participations fees, and/or escrow requirements are being considered:

Should Staff consider recommending a requirement that projects have completed a Facilities Study?

CE Comment: A completed facilities study should not be a requirement for an award.

What about having a requirement for a completed or draft System Impact Study?

CE Comment: A project should have a completed or draft System Impact Study to receive an award.

Are there other PJM queue position requirements that should be considered?

CE Comment: No other PJM queue position requirements should be considered.

At what point in the process would an SREC-II award provide the most value in terms of preventing projects dropping out of the queue?

CE Comment: A project would receive the most value if they receive an SREC-II award early in the queue process around the System Impact Study phase. This provides the most certainty for a developer to keep investing in the project development.

What would the impact of other project maturity evidence requirements be (e.g. site control, evidence of ROW control, evidence of community engagement)?

CE Comment: The PJM Queue application requires site control, but there should not be additional project maturity requirements such as community engagement or ROW control. Creating additional maturity requirements interferes with developers' process and individual project nuances. To balance

the need for project maturity with investor risk we recommend a deposit requirement at the time of application to ensure that the projects selected are the projects that will be built. This will discourage participation from immature projects.

NYSERDA requires bid participation fees ranging from \$5,000 to \$100,000 depending on the size of the project. What is the right level for a 5 MW project versus a 20 MW project?

CE Comment: The deposit amount should be high enough to discourage bids from projects that are unable to materialize. However, we believe that the deposit should be capped at \$40,000 for any project irrespective of size in accordance with the current statutory limitation.

➤ ***NJBPU Question:***

New Jersey's current practice is to provide subsidies such as SREC-IIs through administrative rules developed pursuant to statute, not through contracts. Staff requests input from developers about whether there are any implications on project cost, risk premium or other aspects of project financing purposes to providing incentives through administrative rules versus developing a standard contract.

CE Comment: A contract is essential to project developers and is required for project finance. There is no way to legally lock in project revenues through statute.

➤ ***NJBPU Question:***

Staff invites stakeholder comments on how the qualifying life for receiving SREC-IIs impacts project financeability, total cost, and ratepayer risk.

CE Comment: A longer qualifying life for SREC-IIs supported by a contract increases the financeability of a project and lowers the total cost and ratepayer risk. We propose a 20-year contract in the form of an Indexed REC which is the approach implemented in New York's Solicitation for Large-Scale Renewables. Under this concept, a developer does remain merchant for energy, but the state commits to indexing the REC against the inevitable changes of wholesale market prices. If energy prices go up, the REC value goes down, and vice versa. The indexed REC approach ensures developers are providing benefits to ratepayers by selling their services into the wholesale market but are given the certainty by the state needed to finance and develop in confidence. Under this mechanism, a developer would bid in their all-in or "strike price." The strike price reflects the dollar amount that the project needs to be economic. The BPU, like NYSERDA, could use the information provided by the developer to model what the embedded prices are likely to be based on forecasted wholesale market prices and select the most competitive projects.

Sincerely,



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