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December 14, 2021

VIA ELECTRONIC MAIL ONLY

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

**I/M/O Competitive Solar Incentive (“CSI”) Program Pursuant to P.L. 2021, C.169
Docket No. QO21101186**

Dear Secretary Camacho-Welch:

Attached, please find the comments of Public Service Enterprise Group Incorporated in the above referenced matter.

Please advise if you have any questions regarding the foregoing.

Very truly yours,

A handwritten signature in blue ink that reads "Matthew Weissman".

Matthew M. Weissman

Attachment

**I/M/O Competitive Solar Incentive (“CSI”) Program Pursuant to P.L. 2021, C.169
Docket No. QO21101186**

PSEG Comments

Public Service Enterprise Group, Inc. (“PSEG” or the “Company”), on behalf of affiliates Public Service Electric and Gas Company and PSEG Power LLC, appreciates the opportunity to provide input in Board Staff’s stakeholder process regarding the design of the Competitive Solar Incentive (“CSI”) portion of the Successor Solar Incentive (“SuSI”) Program.

PSEG strongly supports the policy objectives of the State of New Jersey and Governor Murphy – to significantly reduce greenhouse gas emissions with the goal of 50% renewable energy by 2030 and 100% clean energy by 2050. These policy objectives are necessary to address climate change, perhaps the most significant long-term threat to the State of New Jersey. We commend the Board for soliciting stakeholder input and putting the solar market on a path to a Successor Program that cost effectively achieves the State’s clean energy goals.

PSEG believes SuSI Program contains many good elements, particularly the hiring of a third party to run the annual competitive solicitation, and the long-term nature (15 years) of the incentives, all of which should help push down the overall costs of the program. As has been noted by Rate Counsel and other participants in the stakeholder process, no stone should be left unturned to identify cost savings to ensure that the Clean Energy Act’s cost caps are honored. While it is important that multiple sectors of the solar industry be supported in the Successor Program, the Board should focus its primary efforts on incentivizing those solar projects that are most cost-effective, i.e., larger scale, grid connected projects.

With respect to the design of the State’s Solar Successor program, the clean energy goals in the Energy Master Plan are significant and challenging. The participation of the New Jersey electric distribution companies is essential if the State is going to have a realistic opportunity to meet the goal of installing 5.2 GW of solar by 2025, 12.2 GW by 2030, and 17.2 GW by 2035. To achieve these objectives, the State would need to install approximately 950 MW/year, almost triple what the market has delivered annually over the past five years. Given the substantial increase in solar targets, it is critical that the Board develop a cost-effective approach to incent solar development, particularly given the high cost of solar and the solar cost caps in the Clean Energy Act.

The most realistic way for New Jersey to achieve its clean energy goals is to maximize all proven approaches to solar development, including bringing the State’s electric distribution companies into the market to grow the grid connected solar sector. Currently, the SuSI program design does not acknowledge that there is an opportunity for the EDCs to participate in the Successor Program. We believe that tapping into the EDCs’ unique capabilities (experience, technical expertise, transparency) will significantly improve the probability of achieving the goals of the Clean Energy Act. Only about 20% of the State’s solar capacity is grid connected, which is among the lowest

percentage among the leading solar states in the country, where 50-80% of solar generating capacity is grid connected. The shift away from more economic, larger scale, grid connected solar has contributed to the higher overall cost of solar in NJ, which all customers are bearing. The State can easily increase its grid connected capacity by encouraging its electric utilities to develop, own and operate larger, grid connected solar facilities. PSE&G's existing and successful Solar 4 All® Program is precisely the model to support the State's ambitious solar energy goals. It bears repeating that the Solar 4 All ® Program also provides numerous good paying jobs that support a highly skilled, middle class workforce. This is critically important, as New Jersey has reported a dramatic loss in solar jobs over the past six (6) years. In 2015, New Jersey was ranked 5th in solar jobs nationally and has since fallen to 12th in the rankings in 2020. This decline in jobs has not been due solely to the Covid-19 pandemic. Rather, the decline has been steady -- since 2017, New Jersey has been losing solar jobs and the employment level in 2020 (5,384 jobs) is the lowest seen in the past decade.

PSE&G's Solar 4 All® Program targets landfill and brownfield sites for development, sites that are generally difficult to develop for the private market due to the complexity and challenges of meeting New Jersey Department of Environmental Protection requirements, local permitting and a long development cycle (approximately 2-3 years). Through the Solar 4 All® program, PSE&G has become a national leader in developing these difficult sites, with approximately 40% of all landfill/brownfield solar capacity in the State. This model can and should be expanded to allow utilities to build and own solar on additional unproductive landfill and brownfield properties, which would be an underserved market segment without PSE&G's involvement. As noted in its January 2021 Capstone Report, the Cadmus Group noted that utility-owned solar projects may provide a "valuable segment" in the Successor Program because such projects could be located near utility infrastructure and paired with storage.¹

Utilities stand ready to implement programs that will benefit low and moderate income residents, particularly those residents disproportionately impacted by environmental justice concerns, by supporting expansion of solar and achievement of the State's ambitious clean energy goals. For these reasons, the Board can and should establish a target for utility ownership and operation, which target would not impact the capacity available for the rest of the solar development community.

Finally, PSEG offers the following response to Question 4 in the November 1, 2021 Notice in this proceeding, regarding Staff's consideration of "some combination of project pre-qualification requirements, COD requirements, participations fees, and/or escrow requirements," in order to develop a "solicitation design that results not only in awards, but in successful project development." PSE&G notes that in April of 2021 PJM began its Interconnection Process Reform Task Force, to address issues identified in a series of prior PJM Interconnection Process Workshops. The task force continues to work through the PJM stakeholder process with reforms

¹ See Final Capstone Report at page 12.

not anticipated until mid to late 2022. The sub-questions under Question 4 appear to be based on the existing PJM process. PSE&G proposes that it could be value for the Board and Board Staff to follow the progress of this PJM task force, where relevant changes under consideration include, but are not limited to, a requirement that state interconnection processes and interconnection agreements be completed prior to a project entering the PJM queue, and a transition period that may inhibit PJM from processing new applications for a period of time.

Thank you again for this opportunity to provide comments on the CSI and the New Jersey solar market. We look forward to working with the Board, Rate Counsel and interested stakeholders to develop a Successor Solar Incentive Program that achieves the important goals set forth in the Clean Energy Act of 2018.