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May 6, 2022

Aida Camacho  
Secretary of the Board  
44 South Clinton Ave., 1st Floor  
PO Box 350  
Trenton, NJ 08625-0350

**RE: Docket No. QO22030153 – In the Matter of the Community Solar Energy Program**

Dear Ms. Camacho,

Thank you for the opportunity to provide comments on the design of the Permanent Program for community solar in New Jersey. As a leading installer and operator of solar resources in New Jersey, PowerFlex fully supports the proliferation of this industry in the state and offers these comments with the goal of helping New Jersey meet its clean energy goals. PowerFlex participated in both years of the Pilot Program and offers the following comments and suggestions for the Permanent Program based on this experience.

- I. Program Design and Eligibility
  1. No comment
  2. PowerFlex recommends that Board divide the annual Permanent Program capacity (150 MW) into two semiannual blocks with rolling applications in each block. This will create opportunities for community solar projects throughout the year while ensuring that the annual capacity is not fully subscribed only at the beginning of each year.
  3. No comment
  4. No comment
  5. Due to the current delays in receiving interconnection approval from all New Jersey utilities, PowerFlex recommends that the Board only require evidence of having submitted to the relevant EDC a Part 1 interconnection agreement. An executed interconnection agreement should not be required to apply into the Permanent Program. If interconnection approval becomes required for

application, penalties need to be levied against utilities that consistently delay approval. Utility delays should not prevent installers from the opportunity to submit a potential community solar project to the program.

6. The best way for the Board to minimize negative impacts to the distribution system and maximize grid benefits is to encourage the development of Battery Energy Storage Systems. Storage will enable generating customers to shift excess solar production in the middle of the day to be used later during peak demand times, thus reducing the impacts of the duck curve. Other states with high solar proliferation, such as California, are currently incentivizing storage development for enhanced grid stability through incentives such as the Self-Generation Incentive Program (SGIP). PowerFlex strongly encourages the Board to permanently adopt a storage incentive program for both the Community Solar and behind the meter Solar Successor Program.

## II. Project Selection

7. PowerFlex appreciates the Board's commitment to prioritizing the benefits of community solar to low and moderate income (LMI) customers with the Pilot Program's detailed Application Form. However, PowerFlex found the evaluation of the application's criteria subjective and non-transparent, especially the evaluation of the Community Engagement section. It is unclear how or why certain events that engage with the community, such as meeting with local officials or town boards, were prioritized over other forms of engagement. Since breakouts of the total scores were not publicly published, there was a lack of transparency into which aspects of applications were valued by the Board. Without this transparency, PowerFlex found it difficult to determine how to improve applications. This subjectivity is highly important as both years of the Pilot Program received more applications than capacity, and several losing projects had final scores within a point of a winning project without a clear reason for the difference.

PowerFlex encourages the Board to develop measurable and quantitative criteria for community solar selection. Clear guidelines need to be developed for what the Board considers community support, such as a list of government and non-profit organizations whose partnership the Board prefers over other forms of engagement. PowerFlex also supports adding questions related to prior experience developing community solar to the criteria. This should help prioritize the selection of developers who have a proven ability to install projects of similar size and scale while reducing the chance that projects do not reach commercial operation. Furthermore, PowerFlex recommends that the Board publicly release the full breakdown of scores when conditional approvals are announced for transparency into the selection process.

PowerFlex also supports a structural change of the community solar selection process from an annual solicitation to a rolling application process. The annual solicitation is very risky for developers as there is no certainty of conditional approval and projects that meet the required criteria after the solicitation must wait until the next year to apply, exposing them to market risk. PowerFlex encourages New Jersey to develop a selection process similar to the NY-Sun program which phases out incentives through declining capacity blocks but approves community solar projects on a rolling basis with real-time information on remaining capacity. PowerFlex has found this process easy to understand and successful at deploying community solar.

8. PowerFlex recommends implementing a waitlist for each capacity block for potential project scrub. However, a new waitlist should begin with each capacity block opening. Waitlists should not carry over to subsequent capacity blocks so that capacity is not spoken for ahead of solicitations.
9. The Permanent Program should have different maturity requirements than the Administratively Determined Incentive (ADI) because community solar projects are not guaranteed an incentive when they apply. Certain maturity requirements, such as interconnection agreements, electrical and building permits, and contracts require significant upfront time and money that interested project owners and investors will not be willing to make without certainty of receiving an incentive. Therefore, PowerFlex argues that only non-ministerial permits, instead of all electrical and building permits, should be required for the Permanent Program application. Similarly, instead of a required contract between the customer and primary installer, commitment requirements should be demonstrated in other ways, such as through a Letter of Intent (LOI), a disclosure statement, or proof of site control.

Similar to the ADI program, PowerFlex does support an application fee that is paid upon a project's conditional approval. For example, projects could have a specified number of days from conditional approval to pay the application fee or forfeit their approved status. If the fee is not paid, the next highest scoring project would take its place. This will prevent program capacity from being filled with projects that are not committed to or prepared for development.

10. No Comment

### III. Low- and Moderate-Income Access

11. No Comment

12. No Comment



13. No Comment

#### IV. Community Solar Subscribers

14. PowerFlex supports no geographic limitations for community solar projects and subscribers. PowerFlex believes all residents in a community solar project's EDC territory should be able to subscribe.

15. No Comment

16. No Comment

17. No Comment

#### V. Community Solar Bill Credits

18. No Comment

19. No Comment

20. PowerFlex agrees with the EDC's recommendations for implementing consolidated billing. The absence of consolidated billing is a deterrent for community solar subscribers and causes higher levels of subscriber turnover from undue bill complexity and the inability to verify utility bill savings. This in turn increases the administrative costs for community solar project owners.

#### VI. Other

21. One issue not specifically addressed by the Board's questions is the current low SREC-II value for community solar projects in the ADI Program. As it currently stands, LMI community solar will receive the same incentive value (\$90/MWh) as large net-metered non-residential rooftop, carport, canopy and floating solar, despite the fact that community solar projects require significantly higher expenses for the administration of subscribers. LMI community solar projects should receive a SREC-II value that sufficiently compensates system owners for the relative administrative costs. Otherwise it will be more cost-effective for interested clients to pursue large net-metered options instead of projects that create positive externalities for their communities.

Overall, PowerFlex applauds the Board's efforts with the Pilot Program to develop cost-effective and equitable solar systems throughout the state. PowerFlex believes there can be even more opportunity in New Jersey for community solar that benefits both subscribers and installers by adopting PowerFlex's proposed changes.



Thank you again for your continued efforts to align New Jersey's community solar incentive with the market needs and conditions. PowerFlex supports the Board's continued efforts and looks forward to continuing to help work towards a clean energy future for New Jersey. Please do not hesitate to reach out for further assistance.

Respectfully Submitted,

/s/ Jon Hart

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