



Docket No. QO22030153, IN THE MATTER OF THE COMMUNITY SOLAR ENERGY PROGRAM

Joint Comments of the Solar Energy Industries Association and the New Jersey Solar Energy Coalition

May 6, 2022

The Solar Energy Industries Association (SEIA) and New Jersey Solar Energy Coalition (NJSEC) appreciate the opportunity to offer input to the New Jersey Board of Public Utilities (BPU or Board) regarding the design of the permanent Community Solar Energy Program.

Our answers to the questions posed by the Board are below in [blue](#).

I. Program Design and Eligibility

1. The Solar Act of 2021 states that the new Successor Solar Incentive Program should aim to provide incentives for at least 150 MW of community solar facilities per year. How should the annual Permanent Program capacity limit account for potential project “scrub” (i.e., planned projects that do not reach commercial operation)?

[Developing a roll over mechanism for project capacity that is scrubbed at any time will ensure that no megawatts will be lost and the goals for community solar are actualized.](#)

[SEIA and NJSEC strongly recommend that all unused budget associated with megawatts be allocated and subscribed in the pilot program by retroactively applying this same requirement to the pilot.](#)

2. Should the Permanent Program capacity be divided into separate blocks, and if yes, how? (i.e., By EDC service territory? By project type or size)? Additionally, the Solar Act of 2021 requires the Board to consider “the economic and demographic characteristics of the area served by the facility, including whether it is located in an overburdened community[.]”¹ How should any blocks address this requirement?

[SEIA and NJSEC would support allocation of the available program MWs on an EDC basis \(percent of total state load\) to ensure that all areas of New Jersey with overburden communities would remain eligible to participate on a more equal basis.](#)

3. Staff intends to recommend similar qualifications and ownership restrictions for solar developers participating in the Permanent Program as were implemented in the Pilot Program. Please comment.

SEIA and NJSEC found none of the qualification and ownership requirements of the pilot program objectionable. We also recommend maintaining the prohibition on utility ownership.

4. What land use restrictions and limitations, if any, should apply to the siting of community solar projects?

While Section 6 of the Solar Act of 2021 does not establish siting standards for Community Solar projects, should the Board adopt comparable standards be extended to also apply to community solar facilities? What should those standards look like?

SEIA and NJSEC do not believe Section 6 of the Solar Act should be extended to apply to community solar facilities. This will only create unnecessary complications and delays jeopardizing the success of the program and drive project costs higher at the expense of realizing the primary goals of substantial low-and-moderate income customer discounting.

If the BPU prefers to move towards a first-come, first-served model, we support the concept laid out in the original New Jersey Solar Successor Program Straw Proposal as Option 2, which suggested a first-come, first-served model contingent on the program only being open to projects predominantly (i.e., at least 51%) serving LMI customer located on preferred siting, such as rooftops, contaminated lands/brownfields, and parking canopies.

Alternatively, if the Board keeps the Pilot Program structure, these preferred siting metrics would be realized in the scoring process.

5. The CEA states that the Permanent Program rules and regulations shall “establish standards fees, and uniform procedures for solar energy projects to be connected to the distribution system of an electric public utility” (Section 5(f)(11)). What changes, if any, should be made to the existing community solar interconnection standards and processes?

The Board should consider developing a “pre-application” process for EDCs to pre-screen potential community solar (and other 500 KW or above projects) to quickly evaluate at a high level the likely interconnection cost and viability of a potential community solar project. The pre-application report would provide broad qualitative information without binding the EDC to any of the information provided as more than an early estimate of cost and viability.

Pre-Application reports generated by the EDC for a modest flat fee paid by the community solar developer would provide a prospective interconnection applicant with a high-level estimate of potential interconnection charges on a qualitative basis before submitting a formal interconnection application or applying to participate in an open tariff permanent program.

A “pre-application” process could also significantly reduce current EDC delays in interconnection studies, reduce cost and speed the entire process significantly. SEIA and NJSEC support the development of standardized interconnection fees, on a project’s kilowatt capacity basis and uniform procedures that can streamline administrative requirements.

Furthermore, EDCs should be directed to study potential community solar projects in advance of an award. While this might not be feasible in the first year(s) of the permanent program, the

Board could propose an interim measure, such as a the pre-application, to fill that void, which otherwise can occur in subsequent years.

Finally, it's critical that EDCs adhere to study timelines, including requirements currently in place, or any forthcoming study timelines that materialize through the BPU Grid Modernization docket or change in law. Put simply, reliable, unbiased enforcement of utilities' deadlines is critical because they are the key gatekeepers of the electricity grid and meeting specified deadlines for completing studies and processing applications is critical to the health of the permanent community solar program. However, until this process can be realized, developers may have to register without full interconnection knowledge, placing them at risk for their escrow.

6. What measures should the Board implement to minimize negative impacts to the distribution system and maximize grid benefits?

SEIA and NJSEC support the establishment of an Interconnection Working Group between the EDCs and stakeholders with oversight and participation from board staff. The working group would review, edit, create, or eliminate any policies, processes, tariffs, rules, or standards associated with the interconnection of community solar facilities, with the goal of transparency, accuracy and efficiency, to support the achievement of the overall objectives of the program. We also recommend the BPU, and the recommended working group, evaluate findings of the [Building a Technically Reliable Interconnection Evolution for Storage \(BATRIES\) project](#), which provides recommended solutions and resources to enable safer, more cost-effective, and efficient grid integration of storage, which can be co-located with community solar projects.

II. Project Selection

7. How should projects be selected for participation in the Permanent Program? Please provide a detailed description and discussion of the advantages and disadvantages of your proposed method of selection, with an emphasis on establishing criteria that are transparent and easily verifiable.

SEIA recommends moving to a first come-first serve, open tariff permanent program with strong project maturity requirements designed to ensure project viability and achievement of the key priorities for the NJ Community Solar Program. SEIA agrees with CCSA's recommendations on how a first come-first serve program would work, and that the top priorities in such a structure would include serving overburdened and low-to-moderate income communities, development on preferred sites (rooftops, landfills, brownfields, dual-use projects, and parking canopies), and creating a cost-effective market for NJ ratepayers.

The majority of NJSEC's members prefer to continue with an amended version of the Pilot Program scoring structure already in place, but recommend streamlining the existing criteria metrics to the extent possible to avoid undue delays in reviewing the applications and

minimizing subjective criteria to the extent possible. If the BPU prefers this route, NJSEC recommends including a project completion escrow of \$40,000 per MW.

8. Should the Board consider creating a waitlist for non-selected projects? If yes, why would a waitlist support the continued development of community solar projects without increasing program oversubscription? How should this waiting list be implemented to avoid a situation where all capacity is spoken for months or years ahead of a solicitation?

We do not recommend the inclusion of a waitlist and prefer a rollover mechanism as noted in answer #1. However, if a waitlist mechanism is preferred, SEIA and NJSEC recommend that the waitlist be maintained for each program year only. As projects potentially scrub, the waitlist would be used at the earliest opportunity to fill the capacity void created.

We also recommend that all unused budget associated with megawatts allocated and subscribed in the pilot program retroactively apply this same requirement to the pilot.

9. What minimum maturity requirements should projects be required to meet before applying to participate in the Permanent Program? To what extent should the Community Solar Energy Program maturity requirements be different from, or similar to, the requirements for projects to apply to the Administratively Determined Incentive (“ADI”) Program?

SEIA supports CCSA’s recommendation of requiring strong project maturity measurements in the application process to keep costs low, drive policy goals in the EMP, and ensure the best projects are brought forward. If the BPU moves to a first come, first serve, open tariff permanent program model, we recommend the following requirements be added to the application process in lieu of the BPU’s [Community Solar Scorecard](#). These requirements are suggested specifically within the context of an open tariff program only, and we do not believe many of these requirements would be applicable or viable within a competitive solicitation process, as used in the pilot Program.

Economic and Technical Project Maturity Requirements:

- Site control
- Non-ministerial permits for local jurisdictions (e.g., conditional use permits), except for projects sited on contaminated lands
- A project construction plan
- Development security deposit of \$40 to \$80/kW-dc.
 - The deposit shall be made once capacity is awarded and then returned when the project achieves Commercial Operation. The deposit should be forfeited if the project does not come online by the construction deadline, which may be extended by Board Order.
- A financing commitment letter from a party with adequate, demonstrated financial resources to finance the project. Demonstration of financial strength can be shown via audited financial statements, or by other means acceptable to the Board.

- Interconnection is one of the most significant development risks in New Jersey’s permanent community solar program. Project proposals should include fully costed interconnection studies in order that developers and the board both know that they can be economically interconnected prior to applying for program capacity. Currently, New Jersey’s EDCs will not undertake interconnection studies prior to the project’s being selected into the program. While a pre-application process can help reduce the backlog of EDC work by preventing clearly non-viable projects from getting into the queue, these studies and cost estimates are integral to project maturity evaluation. The Board, therefore, should require the EDCs to perform and the developer to have a completed interconnection cost study in order to apply to the program. However, we recognize that this may not be possible in the first year of the permanent program. If EDCs cannot be directed to study potential community solar projects in advance of an award in the first year, the Board could propose an interim measure, such as a detailed pre-application, to fill that void, but otherwise require a completed interconnection cost study in subsequent years.

Non-Economic Project Maturity Requirements

- Documentation of Community Solar Support, as currently required in the New Jersey [Community Solar Scorecard](#)
- Subscription Plan and Subscriber Coordinator Experience
- Subscriber Contract Template
 - The [New York Community Solar Program](#) has this requirement
- Low-And-Moderate Income Plan
 - [This is a requirement in Virginia](#), where there is a 30% low-income requirement for each project

If the BPU prefers to continue the Pilot Program structure of a solicitation, NJSEC recommends that the Pilot Program structure be amended to streamline the scoring process and remove subjective criteria where possible. NJSEC also recommends that in the absence of a future program where EDCs can provide full interconnection agreements to all proposed projects in advance of approval, that the risk of interconnection upgrade requirements be borne by the project developer either through reliance on the pre-application process or based upon their own judgement and appetite for risk.

10. Should the Board consider any changes to the coordination between community solar project awards and the process for registering for the ADI Program?

SEIA and NJSEC do not have any suggested changes at this time.

III. Low-and-Moderate-Income Access

11. What policies and measures should the Board consider to ensure that the Permanent Program maintains a high level of low- to moderate-income (“LMI”) participation? How can the Board support community outreach and education?

If the state is going to achieve its community solar goals on an annual basis it is going to have to find an acceptable program that will permit self-attestation to verify LMI Status.

Enrolling low-and-moderate-income residents is a key policy goal for New Jersey and barriers of entry should be manageable and inclusive to ensure all residents who qualify can participate. The current verification rules limit the eligibility of LMI customers to only those who participate in certain programs or live in certain geographic areas. Self-attestation is respectful of consumer privacy and should be an acceptable method to verify LMI status, allowing all NJ residents who meet the required income levels to participate.

The BPU should consider lowering the qualified census tracts for LMI verification to 50% of the households in the census tract that earn less than 55% of the median income.

Finally, there is a need to reconcile the requirements for eligibility of the community solar low-income program with the current requirements for the Universal Service Fund since Universal Service Fund participants currently can be dropped if the community solar discounts reduce their electric expense below 2% of their income.

12. Should the Board modify the Pilot Program's income verification standards (see the Pilot Program rules at N.J.A.C. 14:8-9.8)? If so, how?

Yes, see above.

13. How should the Board consider "the economic and demographic characteristics of the area served by the facility, including whether it is located in an overburdened community, as that term is defined in section 2 of P.L.2020, c.92"?2

SEIA and NJSEC have no comment at this time.

IV. Community Solar Subscribers

14. What should the geographic limitations for community solar projects and subscribers be (i.e., How far from the project can subscribers to the project reside)?

For context, the Pilot Program allowed projects to self-select the geographic limits of the project. Projects could choose between three options: municipality and adjacent municipalities, county and adjacent counties, and no limit (EDC-wide).

SEIA and NJSEC recommend that there be no limitations if all subscribers are within the EDC's franchise territory.

15. The Pilot Program mandated that each community solar project must have a minimum of 10 subscribers, and a maximum of 250 subscribers per MW of installed capacity. Should either of these mandates be changed under the Permanent Program?

SEIA and NJSEC recommend that the Board remove the requirement that each community solar project must have a minimum of 10 subscribers, and a maximum of 250 subscribers per MW of installed capacity in the permanent program rules. Our members have found this requirement challenging, and counterproductive to the program's goal of ensuring the participation of residential and low-income customers, whose usage and thus subscription sizes, are lowest.

16. Should the Board make any modifications to the consumer protection measures implemented under the Pilot Program?

SEIA and NJSEC do not have any recommended modifications to consumer protection measures.

17. In November 2020, the Board proposed a rule amendment to the Community Solar Energy Pilot Program rules, which would have allowed certain projects owned and operated by public entities to automatically enroll subscribers without first seeking subscribers' affirmative consent to join the project. Subscribers would then have the option to "opt-out" of the project should they not wish to participate. How can the Board best support subscriber education and acquisition? Should the Board revisit its automatic enrollment proposal, and if yes, how can automatic enrollment be implemented consistent with customer data privacy rights?

This idea may have substantial merit, however, further study and discussion is needed so that everyone can understand the full ramifications of the proposal, particularly in view of the contractual obligations between the project and the public entity. SEIA and NJSEC recommend that this issue be vetted more fully as a potential amendment to the permanent program after year one.

V. Community Solar Bill Credits

18. If applicable, please discuss your experience with subscriber management and the allocation of community solar bill credits. What changes, if any, should be made to communications between community solar subscriber organizations and the EDCs, or to the allocation of bill credits by the EDCs?

SEIA and NJSEC recommend that the Board implement a Billing and Crediting working group, made up of representatives from the EDCs, Subscriber Organizations, and Commission staff, to tackle implementation issues around the billing process on an ongoing basis. This group should also take a leadership role in the development of EDC consolidated billing.

19. What modifications, if any, should the Board consider making to the value of the community solar bill credits?

SEIA and NJSEC recommend that the board revisit the master metered bill credit to include demand and non-by passable charges to the bill credit calculator to make community solar a

more attractive proposition for these types of customers. We also recommend modifying the banking of unsubscribed credits from “annualized on COD” to when “credits are generated” so that unsubscribed credits expire one year from when it’s generated instead of disadvantaging credits in a particular month.

20. In May 2021, following an opportunity for public comment, the EDCs submitted a report to the Board with options and recommendations regarding the implementation of consolidated billing for community solar. In summary, the EDCs recommend that, if the Board adopts consolidated billing for community solar projects, this billing process be handled by the EDCs. The EDCs further recommended that the method of reflecting subscription fees on a subscriber’s EDC bill be determined by each EDC based on the format that best corresponds to their existing billing practices. The EDCs did not recommend that the Board allow non-EDC billing options. Do you agree with the EDCs’ recommendations? If not, why? How do you recommend the Board address payment default by customers?

SEIA and NJSEC are supportive of implementing consolidated billing as an option for Community Solar Subscriber Organizations. Optional participation should be structured to allow Community Solar Subscriber Organizations to opt-in, but it would not be mandatory. Specifically, SEIA NJSEC are strongly supportive of implementing the option for net crediting for community solar to enhance participation and decrease market risks. If implemented properly with a reasonable fee structure and with a transparent, easy-to-understand customer interface; net crediting can provide direct benefits to New Jersey community solar customers—including low-to-moderate (“LMI”) subscribers---and help New Jersey achieve its clean energy and equity goals by enabling greater access to community solar development at lower cost.

VI. Other

21. Please provide comments on any issues not specifically addressed in the questions above.

SEIA and NJSEC recommend that the permanent program be structured in a way that enables dual-use projects to be considered a preferred siting category and recognize that this program will have its own siting and programmatic requirements developed within a forthcoming dual-use pilot program stakeholder process. We look forward to engaging in the development of the dual-use program and ensuring its compatibility with the community solar program.