



Mid-Atlantic Solar & Storage Industries Association

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May 6, 2022

Secretary of the Board

New Jersey Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, NJ 08625

Via email to:

board.secretary@bgu.nj.gov

**Re: Docket No. QO22030153
IN THE MATTER OF THE COMMUNITY SOLAR ENERGY PROGRAM**

Dear Acting Secretary Diaz:

The Mid-Atlantic Solar & Storage Industries Association (MSSIA) is pleased to present these comments in regard to the above-referenced request for comments.

MSSIA is a trade organization that has represented solar energy companies in New Jersey, Pennsylvania, and Delaware since 1997. During that 25-year period, the organization has spearheaded efforts in the Mid-Atlantic region to make solar energy a major contributor to the region's energy future. Its fundamental policy goals, in brief, are to: (1) grow solar energy and storage in our states as quickly as practicable; (2) do so at the lowest possible cost to ratepayers, while delivering the greatest possible benefit as a public good; and (3) preserve diversity in the market, including opportunity for Jersey companies to grow and create local jobs (<https://mssia.org/fundamental-policy-objectives/>).

Many MSSIA members have been actively involved in the development, design, and construction of community solar projects in Program Year 1 and Program Year 2. Many members want to participate in the Permanent Community Solar Program. They look forward to investing in growth in the community solar segment and to creating hundreds more high-quality jobs in the state.

A summary of MSSIA's main recommendations regarding the permanent Community Solar Energy Program is given below. Following that are answers to staff questions as presented in the request for comments, with the questions repeated, followed by MSSIA responses in blue font.

SUMMARY OF MSSIA'S MAIN RECOMMENDATIONS

1. Streamline and accelerate the flow of project development – rolling applications similar to other SuSI ADI segments

Replace the annual, competitive, point scoring-based program with a program of rolling applications, similar to other SuSI ADI programs, based on explicit, measurable eligibility requirements. Application would be through the SuSI ADI portal.

Considering the over-subscription that occurred in the Community Solar Pilot Program Year 1 and Year 2, the total program volume (150 MW) should be made available in two tranches (75 MW each) for the first half and second half of each year, so that long gaps in the project development process do not occur. If there is any unused capacity at the end of a half-year period, the unused portion should be added to the next half-year tranche.

As explained further in the answers to staff questions, these changes will enable development of projects to move forward in a continuous fashion, accelerating success of the program, while avoiding the waste of development capital on projects that never happen because they don't get approved by the program.

2. Establish eligibility using quantitative metrics and explicit, categorical requirements. Avoid requirements that are qualitative or require "judgement calls"

MSSIA believes that the permanent Community Solar Program should accept rolling applications, submitted through the SuSI Program portal. Like other SuSI program segments, the eligibility requirements should be clear-cut and measurable.

The eligibility requirements should include:

- a. An LMI subscriber minimum percentage
- b. An LMI subscriber minimum percent savings
- c. Limits on the territory from which subscribers are acquired
- d. A minimum state of development of the project
- e. Restrictions on the location/type the project
- f. Explicit minimum requirements for municipal and community support and engagement
- g. Explicit minimum requirements for workforce development

3. Increase focus on the primary objectives of the program, and "raise the bar" for the key eligibility requirements (relative to the Community Solar Pilot Program PY1 and PY2 minimums).

As we understand the primary objectives of the program, MSSIA believes that they are:

- I. Provide access to the benefits of solar energy to low- and moderate-income households, and in particular, providing those households relief from the cost of electric bills.
- II. Enable the deployment of cost-efficient solar projects in locations that accomplish policy objectives such as use of underutilized types of properties, providing benefits to overburdened communities, and advancing resiliency.

In particular, MSSIA recommends:

- a. LMI subscriber minimum percentage:
75% (increase from 51%)
- b. LMI subscriber minimum percent savings:
20%, possibly increasing to 25% by permanent program year 2 or 3 (with review of the incentive levels necessary to do so)
- c. Limits on the territory from which subscribers are acquired:
Host town plus adjacent towns
- d. A minimum state of development of the project:
The same requirements as the other segments in the SuSI program, plus:
 - Interconnect application submitted
 - Non-ministerial permits submitted (e.g., town planning board application)
 - If no non-ministerial permits required, ministerial permits submitted (e.g., construction permit applications)

- e. Restrictions on the location/type of the project:
 - Underutilized property types, including rooftops, landfills/brownfields/areas of historic fill, and bodies of water
 - Within boundaries of an overburdened community
 - Solar plus storage project providing resilient power for a critical facility or function
 - Dual-use agricultural PV projects
- f. Consider a modest adder to the CS ADI incentive for projects physically located within the boundaries of an overburdened community, such as a \$20 adder, similar to the Public Entity Adder in other ADI segments.
- g. Explicit minimum requirements for municipal and community support and engagement:
 - Letter of support from the municipality
 - Letter of support from one or more community organizations
- h. Explicit minimum requirements for workforce development
 - Approved apprenticeship program
 - Approved private workforce development program

4. Facilitate the increase in LMI requirements in Recommendation No. 3 by enabling municipally-led subscriber acquisition with opt-out (see detail in MSSIA answers to Question 17, below).

5. Adopt standards to limit undue concentration of Community Solar Project approvals among few developers, as originally stated in Program Year 1, and as has been done in the past in oversubscribed programs of limited size. Attention to this matter is needed if the state wants to create a thriving, diverse community of growing, in-state businesses.

ANSWERS TO STAFF QUESTIONS

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)?

In the Summary of MSSIA’s Main Recommendations above, sections 1 and 2, MSSIA recommends moving to rolling applications in two half-year, 75 MW tranches each year, based on explicit, elevated eligibility requirements. MSSIA also recommends that any unused capacity in any half-year period will be carried over and added to the capacity for the next period. This should reduce the short-term potential for negative effects of project scrub.

After building up some data over time regarding the incidence of scrubbed project as a percentage of program approvals, the Board could account for the anticipated scrub by increasing the total amount of approvals during each period by a percentage of that anticipated scrub.

See also the related MSSIA comments in its answers to Question No. 8.

- 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?

MSSIA does not believe that separate blocks by EDC are necessary, particularly with the rolling application program design recommended by MSSIA. Further, separate blocks by EDC will begin to slow development and could increase costs and decrease program effectiveness if interconnection limitations slow or stop development in wide swaths of territory, as is already happening. The result may be that development in some EDC territory may be oversubscribed and halted. Development in EDC territories that are still open may be forced into sub-optimal projects, while better projects in closed EDC territories can't be developed because their block allocations are full.

This problem also extends to siting projects in overburdened communities. An EDC territory that still has allocated capacity left may not have project opportunities in overburdened communities, while another EDC without any capacity left may then have project opportunities in overburdened communities that remain undeveloped.

For these reasons, it is better for the total available capacity in the program be applied statewide, as is the case with the other SuSI ADI segments.

- 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.

MSSIA has no comments at this time regarding this issue.

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

See Summary of MSSIA's Main Recommendations above on this topic, in section 3.e.

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?

See Summary of MSSIA's Main Recommendations above on this topic, in section 3.e.

- 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 interconnection standards for the Community Solar Pilot Program Year 1 and Year 2 generally were appropriate and worked well. MSSIA believes that only minor tweaks are needed. The point in time at which interconnection applications can be accepted should be clarified. If the Board accepts MSSIA's recommendation to adopt rolling applications like the other SuSI segments, then interconnect applications would also be accepted at any time (also like the other SuSI segments). Timelines for approval should also be set.

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

As with other solar development, there is a pressing need for new standards, new methods, and upgrades to enable the re-opening of restricted circuits, as well as the continued accessibility of the unrestricted ones.

The “low-hanging fruit” – the use of low-cost and no-cost assets, methods, and changes to standards should be implemented as quickly as possible, since the amount of circuit restriction and closing is already at an alarming level, and is increasing at an accelerating pace. Such “low-hanging fruit” includes, for example:

- Allow reverse flow of solar power through substations. This is a low-cost change in standards, and is a necessity if high penetration of solar is to occur.
- Enable the use of inverter Volt-VAR control to regulate voltage on circuits with high PV penetration.
- Enable battery capabilities to be used for voltage control, smoothing, etc.
- Enable direct inverter up-ramp control, and down-ramp control based on precision weather-based prediction of performance (PWB-POP) to assist in voltage regulation.
- Coordination between PJM and the EDC’s regarding frequency control (PJM; regional) vs. distribution system voltage control (EDC’s; local).

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.

See Summary of MSSIA Main Recommendations, Sections 1 and 2.

MSSIA recommends moving to rolling applications in two half-year, 75 MW tranches each year, based on explicit, elevated eligibility requirements. This will:

- Accelerate development and allow for continuous, orderly development.
- Get quicker results and more successes sooner in the Permanent Program.
- Promote the growth of multiple local solar businesses in the state.
- Greatly reduce the wasted capital expenditures that have occurred during the pilot period on projects that expend great effort and resources, but do not get approved. In PY1 and PY2, this happened to the great majority of projects under development. Over time, this increases costs in the program, since these losses and the elevated level of risk must result in upward adjustments to the selling price of projects.
- Reduce the short-term potential for negative effects of project scrub and project wait-listing.

The extended development cycle of these projects (which will be extended even further with new EJ approval requirements) is such that having projects able to start, on average, 6 months earlier and retain the ability to be constructed successfully under prescribed time constraints would help facilitate the success of the program.

- 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?

MSSIA's recommendations above for rolling applications, with any unused capacity held over to the next period, should reduce the need for waitlists or limit it to a short-term wait, unless the program is chronically over-subscribed over a long period of time. If that should happen, the Board could then consider expanding the program, or tightening project eligibility requirements, or reducing incentives.

- 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?

See the Summary of MSSIA's Main Recommendations, section 3.d.

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

Yes. As stated in the Summary of MSSIA's Main Recommendations sections 1 and 2, MSSIA's recommendations would largely harmonize the Permanent Community Solar Program with the SuSI ADI program, and function through the same portal.

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?

See the Summary of MSSIA's Main Recommendations, sections 1 through 4.

- 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?

In order to streamline and facilitate LMI subscriber acquisition, the best way is through the recommendations of MSSIA and others regarding municipally-led subscriber acquisition and opt-out, in which case the municipality could utilize its records and follow its standards for identifying LMI households. Logically, municipalities participating in this way can most easily identify households by special housing type, such as Section 8 housing. The Board could also offer guidance to municipalities regarding how they should verify LMI status.

In the case of private subscriber acquisition, MSSIA believes that the Board should consider policies to simplify LMI qualification, such as qualifying households by zip code (zip codes with a high percentage of LMI households), or allowing self-verification by subscribers in conjunction with statistical measures.

- 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"?

See Summary of MSSIA's Main Recommendations, sections e. and f. for recommendations on how

to encourage development in overburdened communities. MSSIA has no comments at this time regarding how to define overburdened communities or determine which communities qualify as such.

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).

See Summary of MSSIA's Main Recommendations above, section 3.c.

- 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?

No.

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

MSSIA has no suggestions regarding this question at this time, other than the suggestions for question 17, below.

- 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?

MSSIA believes that the Board should press forward with this proposed rule amendment to allow opt-out in municipally-led subscriber acquisition, and in fact encourage and assist municipalities in adopting and implementing it if they so choose.

Municipally-led, opt-out subscriber acquisition should focus mainly or exclusively on LMI subscribers. MSSIA members have been consistently reporting that there have been great difficulties encountered in getting and maintaining LMI subscribership. On the other hand, MSSIA believes that the BPU should work toward the aspirational goal of achieving 100% LMI subscribership in Community Solar Projects. MSSIA believes that municipally-led, opt-out subscriber acquisition could be the most powerful tool in not only resolving the current difficulties, but also in making this aspirational goal a reality.

Since the usage size and number of subscribers must be matched to the generation of each project, municipalities will in most cases need to choose which specific households to match with which

project. This suggests a possible process in which the municipality, or the developer, or both in concert, would individually contact each potential subscriber, describe the benefits of enrollment and the process of doing so, and provide the ability to opt out.

MSSIA believes that the Board should be an active participant in this process, aiding in the production of standard educational and explanator materials, and helping train municipalities in how to implement such programs.

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?

MSSIA has no comments on this topic at this time.

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

MSSIA believes that the Board should include the societal benefit charges and similar charges in the bill credit in order to maximize the potential savings to LMI subscribers.

- 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?

MSSIA has not decided on a position regarding this issue at this time.

VI. Other

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

- In Community Solar Pilot Program Year 1, projects on landfills, brownfields, and areas of historic fills took much longer periods of time to complete than the program rules provided. Although to a great extent this was due to extraordinary pandemic-related delays, including global supply-chain issues, there are also time delays inherent in the process of developing solar on contaminated sites that have proven to be longer than anticipated. Furthermore, global supply-chain issues continue and are, in fact, getting worse over time instead of resolving as at first thought. Therefore, MSSIA recommends allowing three years for approved projects on contaminated sites to complete.

MSSIA thanks staff for the opportunity to provide input on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Lyle K. Rawlings". The signature is written in a cursive style with a large, prominent initial "L".

Lyle K. Rawlings, P.E.
President