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The logo for PSEG Services Corporation features a stylized sun icon to the left of the text "PSEG" in a bold, sans-serif font, with "Services Corporation" in a smaller, italicized font below it.

June 20, 2022

**In the Matter of Competitive Solar Incentive (“CSI”) Program
Pursuant to P.L. 2021, C.169
BPU Docket No. QO21101186**

Via Electronic Mail

Acting Secretary of the Board
Board of Public Utilities
44 South Clinton Ave., 1st Floor
PO Box 350
Trenton, NJ 08625-0350
board.secretary@bpu.gov

Dear Acting Secretary Diaz:

Consistent with the Board’s April 26, 2022 Notice in the above-captioned docket, Public Service Electric and Gas Company respectfully submits the attached comments on the Staff Straw Proposal for the design of the Competitive Solar Incentive Program pursuant to the Solar Act of 2021.

Very truly yours,

A handwritten signature in black ink that reads "Aaron I. Karp".

Aaron I. Karp

Attachment

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

**Public Service Electric and Gas Company Comments on Board Staff’s April 26, 2022
Straw Proposal for the Design of the Competitive Solar Incentive (“CSI”) Program**

Public Service Electric and Gas Company (“PSE&G”) appreciates the opportunity to provide input on Board Staff’s April 26, 2022 Straw Proposal for the design of the Competitive Solar Incentive (“CSI”) Program portion of the Successor Solar Incentive (“SuSI”) Program (the “Straw Proposal”). PSE&G focuses its comments on two topics:

1. The important goal of supporting solar development and PSE&G’s potential to contribute to that goal; and
2. Recommendations for how certain CSI-eligible projects could be pre-qualified in the most efficient manner.

Each topic will be addressed in turn below.

1. The Importance of Solar and PSE&G’s Potential Contribution

PSE&G 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. PSE&G commends 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.

PSE&G believes the SuSI Program contains many good elements, particularly the hiring of a third party to run the competitive solicitation, and the long-term nature of the incentives, including the Straw Proposal’s recommendation for maintaining the SREC-II term for the CSI Program. Overall, these factors should help push down the overall costs of the Program. 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 goals 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 (“EDCs”) 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 New Jersey, which all customers are bearing. The State can 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 fifth in solar jobs nationally and has since fallen to 20th in the rankings in 2021. 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 as of 2020 (5,384 jobs) was the lowest seen in the past decade.

PSE&G’s history and expertise is especially relevant to the CSI Program, as the Straw Proposal recommends a separate procurement tranche for “Grid Supply on Contaminated Sites and Landfills.” PSE&G’s Solar 4 All® Program targets landfill and contaminated sites (such as brownfields) 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/contaminated site 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 contaminated sites, 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.

¹ See Final Capstone Report at page 12.

2. Recommendations for Prequalification Criteria for Certain CSI-Eligible Projects

To promote the speed and efficiency of the project prequalification process and to contribute to the CSI Program’s success, PSE&G offers the following comments on question 15, requesting input on “the proposed pre-qualification requirements other than interconnection queue position.” The Straw Proposal contains the following recommendation:

For projects not interconnecting via the PJM interconnection process (including grid supply projects interconnecting at distribution voltage or PURPA-eligible projects that qualify to sell energy directly to the utility under a pre-established rate), projects must provide evidence of having filed an interconnection application with the applicable distribution utility and having received **conditional approval** for their request.²

(Emphasis added). PSE&G here proposes a definition for the “conditional approval” mentioned above. PSE&G recommends that such conditional approval not be a full interconnection engineering study performed by the EDC, but rather a submission by the developer indicating that the developer has completed a study on the proposed location of the facility and can establish that the circuit serving that location has sufficient capacity for the proposed project. Should the EDC conclude that the developer made such a showing, the EDC could provide the developer with the “conditional approval” mentioned above, allowing the developer to apply to the CSI Program.

PSE&G makes this recommendation because a full interconnection engineering study is a lengthy, time-intensive assessment, and the CSI Program is structured to invite more developers to bid than likely will be approved. PSE&G’s proposed definition would allow the EDCs to prequalify projects more quickly, and reduce the potential of the EDCs becoming a bottleneck in a project’s ability to apply to the CSI Program.

Finally, PSE&G supports the establishment of an appropriate bid fee to encourage applications from only those projects that have a reasonable likelihood of successful and timely completion. This too would enhance the speed at which projects could complete the prequalification process.

* * *

Thank you again for this opportunity to provide comments on the CSI program 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.

² Straw Proposal at 32.