

*Joshua R. Eckert, Esq.*  
*(330) 690-8329*  
*(330) 315-9165 (Fax)*

June 20, 2022

**VIA ELECTRONIC MAIL ONLY**

Carmen D. Diaz, Acting Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625 -0350  
Board.secretary@bpu.nj.gov

**Re: In the Matter of the Competitive Solar Incentive Program Pursuant to P.L. 2021, c. 169**

**BPU Docket No. QO21101186**

Dear Acting Secretary Diaz:

On April 26, 2022, the staff of the New Jersey Board of Public Utilities (“BPU” or “Board”) in collaboration with Daymark Energy Advisors (“Daymark”) issued the New Jersey Competitive Solar Incentive (“CSI”) Program Daymark/Staff Straw Proposal (“Straw Proposal”), which included a request for comments. Jersey Central Power & Light Company (“JCP&L” or the “Company”) appreciates the opportunity to comment on the Straw Proposal. As detailed below, JCP&L’s comments focus on bid fees, auction price results, auction solicitation processes, and the SREC-II payment structure. The Company hopes that the Board will find JCP&L’s comments and suggestions helpful as it begins its consideration of this important topic.

**I. Background**

On July 28, 2021, the NJBPU adopted the Successor Solar Incentive (“SuSI”) Program, to implement the Clean Energy Act of 2018<sup>1</sup> and the Solar Act of 2021<sup>2</sup>. The SuSI Program seeks to double the State’s solar capacity by 2026, consistent with New Jersey’s 2019 Energy Master Plan and Governor Murphy’s goal of achieving 100% clean energy by 2050. The SuSI Program is comprised of two components: (1) the Administratively Determined Incentive Program and (2) the CSI Program. On April 26, 2022, NJBPU Staff and Daymark Staff issued the Straw Proposal that considers the program design for the CSI component of the SuSI Program.

---

<sup>1</sup> P.L. 2018, c. 17.

<sup>2</sup> P.L. 2021 c. 169.

## II. Comments

JCP&L appreciates the Board's ongoing efforts to double solar capacity in New Jersey by 2026 via the SuSI Program. In striving to meet this goal, JCP&L encourages the Board to utilize an approach that ensures a robust and smooth solar integration, while ensuring Electric Distribution Companies ("EDCs") have the full recovery of costs to pay for SREC-IIs as well as cost incurred in the administration of the CSI component of the SREC-II program. The BPU should also endeavor to ensure that the cost caps in New Jersey are not exceeded, and that the final program is implemented in a cost-effective manner that benefits New Jersey ratepayers.

The Straw Proposal recommends that projects be asked to comply with pre-qualification requirements approximately one month before bid submission deadlines. As part of the pre-qualification process, the Straw Proposal recommends implementing a bid fee of \$1,000 per MW, not subject to a bid fee cap and not applicable to projects serving public entities.<sup>3</sup> JCP&L generally supports the bid fee recommendation; however, JCP&L offers that in order to minimize costs to ratepayers, the Straw Proposal should expressly state that these bid fees will be applied as an offset to program administrative fees.

In determining the appropriate Auction Price Result, the Straw Proposal weighs a pay-as-bid approach against a single clearing price approach. Following the analysis, the Straw Proposal recommends the pay-as-bid approach, wherein successful bids receive SREC-IIs valued at the amount of their bid, meaning that in no scenario could New Jersey ratepayers end up paying more for SREC-IIs than was bid by a project.<sup>4</sup>

The Company strongly supports the Straw Proposal's recommended pay-as-bid approach. The pay-as-bid approach ensures that ratepayers are not paying any project more than what the project actually bid. While it is possible that the pay-as-bid approach may result in slightly higher administrative costs due to there being a unique price for each project, particularly at the start-up phase, these costs should be less expensive for ratepayers over the long run when compared to overpaying for SREC-IIs based on a clearing price bid structure. Still, to prevent a scenario where ratepayers could be overpaying for SREC-IIs due to excessive project costs, JCP&L recommends the Board establish a ceiling price above which a project cannot be chosen to participate in the CSI program.

The Straw Proposal further provides that "[i]n preparing this Straw, Daymark conducted a preliminary exploration of the issue of administrative complexity through discussions with Incline, the contracted administrator for New Jersey's SREC-IIs. This initial conversation suggests that the administrative burden of a pay-as-bid approach would be minimal."<sup>5</sup> JCP&L supports utilizing a third-party to administer the payments for the CSI projects; however, the Company notes that the current agreement with Incline does not cover their participation as an administrator for the CSI component of the SREC-II program.

---

<sup>3</sup> CSI Straw Proposal at 32.

<sup>4</sup> Straw Proposal at 43.

<sup>5</sup> *Id.* at 43.

Significantly, the Straw Proposal is silent as to the administration of the auction process to solicit bid proposals. The Company asserts that the overall management of the bid solicitation process should be conducted under the direction of Board and via either NJBPU Staff or through the employment of an independent third party hired by the Board. The Board is in the best position to ensure consistency with its objectives, maintain a level playing field for interested parties, and ensure that costs are managed in the most cost-effective manner for ratepayers. In the alternative, if the EDCs are required to act as the administrator of the solicitation process, the EDCs should collectively procure a third-party administrator to act on behalf of all EDCs, much like was done with InClima as the SREC-II Administrator. If this is the path chosen for administration of the auctions, the BPU should expressly address and provide for the EDCs' full and timely cost recovery of all associated expenses through the recovery mechanisms being established by the EDCs' for the SuSI program.

The Straw Proposal also considers the appropriate payment structure for SREC-IIs. Specifically, the Straw Proposal considers the use of fixed price SREC-IIs versus indexed price SREC-IIs. As proposed, Fixed SREC-IIs would be awarded a fixed incentive for each MWh generated by the project. Under the Indexed SREC-II option, projects would receive a variable incentive payment that is a function of a bid strike price and indices linked to actual outcomes in the energy and capacity markets.<sup>6</sup> The Straw Proposal declines to make a recommendation on payment structure and seeks comments.<sup>7</sup>

JCP&L encourages the Board to adopt a fixed price contract structure for the SREC-IIs in the CSI program. This approach will result in reduced administrative burdens, stabilizing costs for ratepayers. While JCP&L recognizes that the indexed approach has some benefits of reducing risks to project owners, the Company believes that stabilizing the costs of the program will ultimately be of greater benefit to the ratepayers who end up funding the program's costs in the long run.

Finally, the Straw Proposal seeks comments on whether the payment structure for SREC-IIs should be via administrative awards, similar to other New Jersey renewable energy credit payments, or whether they should take the form of individual contracts.<sup>8</sup> Following its analysis, the Straw Proposal recommends that the SREC-IIs should be awarded administratively. The Straw Proposal finds that the administrative approach is well-established and will avoid complexity and effort associated with executing individual SREC-II contracts. JCP&L agrees that an administrative award process is preferred to individual contracts, as this will eliminate any administrative burden associated with developing, executing, and managing individual contracts.

\* \* \*

---

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 45.

<sup>8</sup> *Id.*

Acting Secretary Diaz  
JCP&L Comments  
BPU Docket No. QO21101186  
Page 4 of 4

JCP&L again thanks the Board for the opportunity to provide these comments. If you have any questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Joshua R. Eckert". The signature is fluid and cursive, with a large, stylized initial "J" and "E".

Date: June 20, 2022

Joshua R. Eckert  
FirstEnergy Service Company  
300 Madison Avenue  
Morristown, New Jersey 07962  
(330) 690-8329  
Counsel for Jersey Central Power & Light Comp