



Docket No. Q020020184 ADI Refresh

New Jersey Solar Energy Coalition Comments

December 9, 2022

The New Jersey Solar Energy Coalition (NJSEC) is pleased to submit the following comments on the Administratively Determined Incentive “refresh.” We appreciate the hard work and leadership from the BPU Staff in developing this Cadmus review and we look forward to continuing an open dialogue with Board staff in the creation of an incentive structure that will keep our State on a path toward achieving its goal of 100% clean energy by 2050, balancing ratepayer impacts, and supporting a thriving and stable solar industry in New Jersey.

It is abundantly clear that the current anemic “Non-Residential” commercial ADI incentive levels need to be significantly raised if we are to achieve the desired build rate of 150 MWs in each energy year and we are confident that staff is armed with enough data to hopefully reflect the Cadmus results into the new “refreshed” incentive. We are, however, very concerned with several statements made during the webinar on December 2, 2022, that lead us to believe that the residential block will be the subject to a new administratively set “market throttling” factor that will be applied to reduce the current residential incentive.

Back in 2020 the industry worked very hard to model each market segment and at the end of the day believed that the Cadmus modeling output was a fair representation of the cost data and incentive levels needed. However, when the Board order was finally published it was evident that very significant downward modifications had been made to the final incentive levels. At that time there was no transparency, we received no information as to why the incentive levels had been so substantially altered. Clearly, after working for so many hours refining the Cadmus modeling it was very disconcerting that those efforts were largely ignored. Of particular note: the solar carport market, which up to that point had been a “preferred market,” was economically completely swept away, without explanation.

Comments across the board submitted by the industry at the time on the SuSi Board order all reflected the concern that the commercial or “Non-Residential” sector incentive was set too low to support commercial projects.

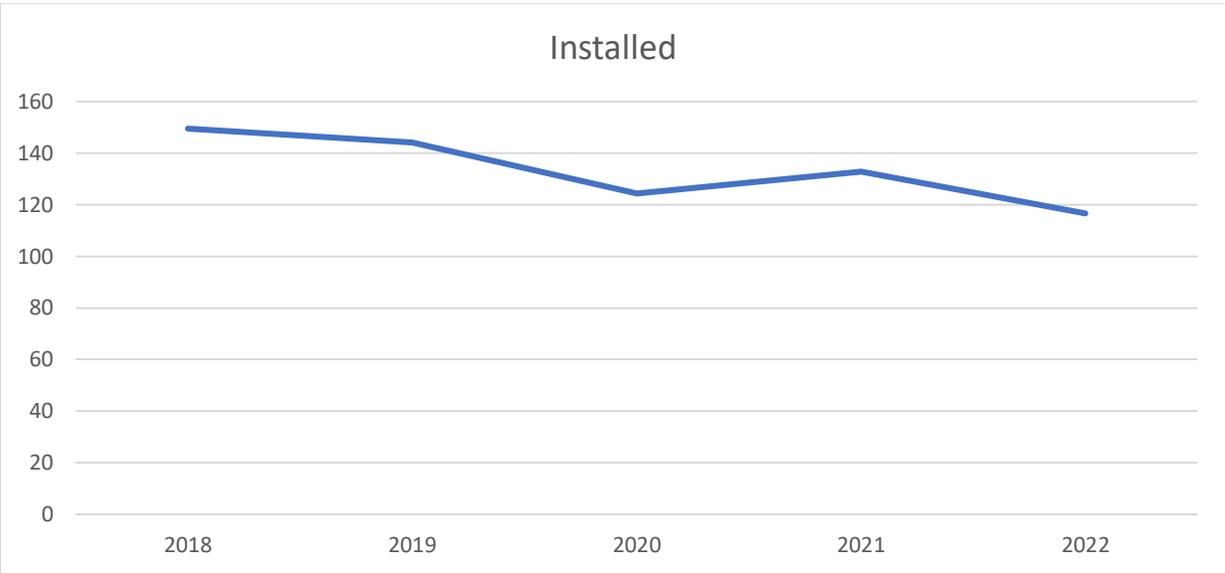
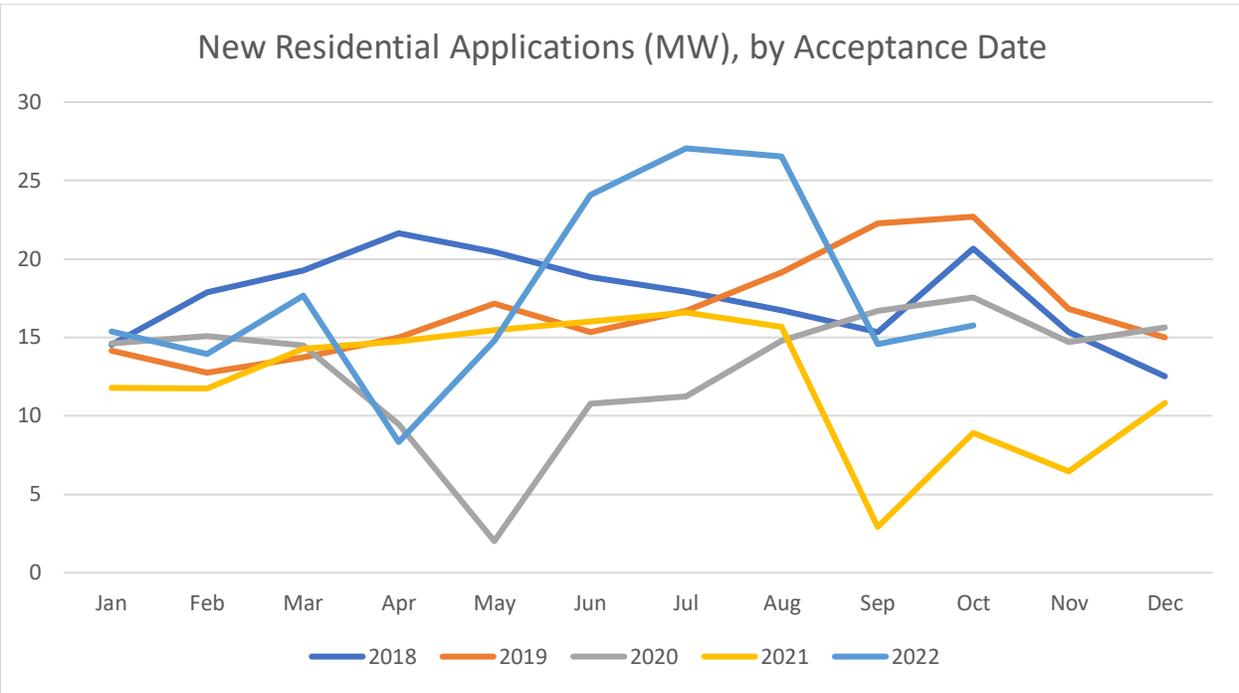
Staff Market Segment	Cadmus Market Segment	Staff Straw	TREC Program	Cadmus Sensitivity	Straw Variance		Cadmus vs. TREC
					TREC	Cadmus	
Administratively Set							
Net Metered <1MW							
Roof	C&I Roof Med.	\$85	\$152	\$130 [a]	-44%	-35%	-14%
Carport	Carport	\$85	\$152	\$170 [a]	-44%	-50%	12%
Ground	C&I Ground Med.	\$85	\$91	\$135 [a]	-7%	-37%	48%
Net Metered >1MW							
Roof	C&I Roof Lrg.	\$70 [b]	\$152	\$100 [c]	-54%	-30%	-34%
Carport	Carport	\$85	\$152	\$170 [a]	-44%	-50%	12%
Net Metered Ground (1-5MW)	C&I Ground Lrg. [b]	\$75 [b]	\$91	\$95 [c]	-18%	-21%	4%

Staff Market Segment	Cadmus Market Segment	Staff Straw	TREC Program	Cadmus Sensitivity	Straw Variance		Cadmus vs. TREC
					TREC	Cadmus	
Competitive Solicitation							
Grid							
Roof	Grid Roof	\$80	\$152	\$135 [a]	-47%	-41%	-11%
Ground	Grid Ground	\$40	\$91	\$120 [a]	-56%	-67%	32%
Landfill	Landfill/Brownfield	\$80	\$152	\$135 [a]	-47%	-41%	-11%
Net Metered >5MW							
Roof	C&I Roof Lrg. [b]	\$70 [b]	\$152	\$100 [c]	-54%	-30%	-34%
Ground	C&I Ground Lrg. [b]	\$75 [b]	\$91	\$95 [c]	-18%	-21%	4%

Naturally, it is impossible to separate the results of “market throttling” from the loss of clean energy jobs. If the Board staff believes, as stated during the webinar, that the residential sector is running at 250 MWS (5 MWs per week as stated), we would be looking at a market throttling factor that could significantly impact the current residential workforce. This could translate into many hundreds, if not a thousand, current New Jersey clean energy jobs.

Of course, using the data associated with “Approved Application (MWs) monthly rather than using the Board’s own installation report, is like a restaurant that uses reservations data to predict income when actual meals served data is available.

Let’s consider the three months of data associated with the number of approved applications for the months of June (24.07 MWs), July (27.05 MWs), and August (26.55 MWs). Clearly, this data in and of itself would support Mr. Hunters statement during the webinar that the residential market would be running in the area of 250 MWs annually fully 40% above the desired build rate. However, let’s look at the actual build out that occurred as a result of those applications. Consider that the residential business cycle is generally 60 days from application approval to commercialization, so if we want to determine the “scrub” rate or difference between approved applications and actual build for any month, we would want to compare June 2022 applications with the August 2022 installation report. In June as noted above 24.07 MWs of new applications were approved, however, in August only 15.07 MWs were installed. In July 27.05 MWs of applications resulted in a September installation of only 10.66 MWs, and finally in August with 26.55 MWs of applications approved the October installation report recorded only 5.74 MWs of installation.



Clearly, these are stark differences, however, when you consider that the surge of application approvals last summer was largely the result of TRC’s hiring additional staff to clear up the enormous backlog of applications that were dropped as the TREC program was closing. It becomes clear, therefore, that the significant delay in obtaining application approvals and other TREC market closure issues has resulted in a huge number of project abandonments. There is just

no reason to believe that with only 31.46 MWs installed of the 77.67 MWs approved in the summer that we are headed anywhere near the projected build out of 250 MWs.

Therefore, we take serious issue with the projection that the residential market will be end up anywhere near the 250 MWs projected by Board Staff. In fact, we see nothing that would suggest that the final installation report for EY23 will look very much different previous years, all averaging at or below 150 MWs. There is no data justification whatsoever to overlay a “market throttling” factor to drive the existing incentive levels lower. While we would be happy, if provided the opportunity, to review this data with Board staff in greater detail to achieve some reasonable consensus on the actual data, we are concerned that there will be no opportunity based upon history.

While the more recent impacts of inflation, cost of capital and other factors have weighed heavily on residential project economics, the residential market segment, although now closer to their economic edge, continues to support the market activity aligned with the sought result. We would recommend, therefore, that the existing ***incentive levels be maintained*** in the ADI refresh. The Cadmus data shows that residential TPO has gone up 10% while the residential DO has increased 38%. Forgoing an upward adjustment of this magnitude is ample to reflect a continued “right sized” residential market. Any intervention to lower the current incentive level could have significant impacts particularly since installation costs are fully 10% higher.

The New Jersey Solar program’s residential market segment has created, by far, the greatest number of clean energy jobs, it continues to provide the grid benefits of distributed generation and has been embraced by about 157,000 households throughout the state. This success should not be taken for granted; we are now 10% closer to the economic edge than we were last year at this time. It is also important to recognize that the residential business cycle is 60 days, so job impacts will be almost immediate, leaving everyone in this market segment searching for the data and calculations that Board staff used to support their “market throttling” conclusions. After all, we believe that if jobs will be lost there should be some reasonable substantiation available to prove with actual build data the necessity of that Board action.

New Jersey’s residential market segment has for the past 6 years never exceeded the targeted build out of 150 MWs. The market segment is mature, stable, and successful.

We would again observe that these incentive factors, if they are to create the desired result, need to be reviewed frequently to reflect national economic circumstances. Finally, we recommend that any contemplated incentive reductions, when warranted by actual build result data, be phased in under a “ratchet” or other creative mechanism to mitigate the job impacts by allowing the market to try to absorb these changes incrementally and avoid the shock of finding the “bottom” potentially shutting down the entire market as we have already witnessed in the non-residential commercial sector.

We appreciate the opportunity to provide comments and thank the Board staff for their hard work in moving the ADI refresh process forward.

A handwritten signature in black ink that reads "Fred DeSanti". The letters are cursive and fluid, with the first letter of each word being capitalized and larger than the others.

Fred DeSanti
Executive Director
New Jersey Solar Energy Coalition (NJSEC)
fred.desanti@mc2publicaffairs.com