



Friday, December 9, 2022

via email: board.secretary@bpu.nj.gov

Carmen D. Diaz

Acting Secretary of the Board
44 South Clinton Ave., 1st Floor
PO Box 350
Trenton, NJ 08625-0350

Re: BPU Docket Number QO20020184

Dear Acting Secretary of the Board –

NJR Clean Energy Ventures Corporation (“NJRCEV”) appreciates the opportunity to submit the following comments on BPU Docket Number QO20020184, pertaining to the ADI Program Year 1 Incentive Review.

NJRCEV is among the leaders in the New Jersey solar market. Since 2010, we have invested more than \$1 billion in over 400 MW of solar projects across all market segments and counties in New Jersey, comprising about 10 percent of solar installed in the State. This investment has supported more than 1,000 local jobs constructed with union labor, helped our customers save on energy costs, and reduced 330,000 tons of greenhouse gas emissions.

As is pertains to this matter, the State needs a successful ADI program to reach its solar goals, which is responsible for incentivizing 450MW per year of net metered projects – the same projects that help support New Jersey’s 6,000+ solar jobs. This ADI Incentive review will be key in maintaining the success of the residential solar program, while correcting the incentive for commercial net metered projects, in order to revitalize that market.

Residential Solar

- Residential solar has been performing well, so well in fact, that on December 7, 2022 – the BPU Commissioners voted to expand their 2023 capacity allocation by 100MW, to ensure that this market did not have to shutdown until June 1, 2022. NJRCEV applauds the BPU for that decision.
- We agree with Cadmus modeling assumptions and the resulting \$95/MWH residential incentive need. To ensure continued success in this market segment, NJRCEV urges the Board to maintain the Year 1 incentive level.
- We are concerned over Staff statements made at the December 2, 2022, stakeholder meeting that the residential incentive will be reduced in an attempt to artificially throttle the development of this market to comply exactly with the 150MW annual target.
- The three, six, and twelve-month run rates on installations is stable at ~13MW per month. The run rate on new pipeline additions is running at a slightly higher level of 16-19MW per month; we

believe the lower end of the range is a better planning assumption given the temporary effect of the accelerated pace of approvals this past summer initiated to catch up with approval backlog. With normal scrub rates of 15-25%, the installation pace should remain on the 150MW pace.

| Residential | Oct-22 | Moving Averages | | |
|---------------|--------|-----------------|---------|----------|
| | | 3-Month | 6-Month | 12-Month |
| Installs | 13.3 | 14.1 | 14.3 | 12.6 |
| New Approvals | 15.8 | 18.9 | 21.1 | 16.7 |

- To further reduce the incentive beyond current levels would have a detrimental impact to the only market which has been able to succeed thus far under ADI.

Commercial Net Metered Solar

- As acknowledged by Staff, commercial net metered solar has been the largest market segment negatively impacted by the SREC-II incentives set in Year 1 of the ADI program. Landfill project incentives of \$100/MWh were also well below the levels needed to encourage project development.
- According to the stakeholder meeting held on Friday, December 2 – Cadmus acknowledges their initial recommendation for third-party owned commercial projects was \$140/MWh. When Staff set the incentive; however, they went against that recommendation and set incentives in the \$90-100/MWh, 30-35% lower than Cadmus recommended.
- The result of this action was a market that for the last 12-18 months has only installed 1MW of commercial net metered projects and with a pipeline of only ~100 projects totaling 46MW.
- In the December 2 meeting, Cadmus announced that their recommendation increased from \$140/MWh to \$165/MWh for third-party owned commercial projects. NJRCEV recommends that Staff follow the Cadmus analysis and set ADI for commercial net metered, and the other market segments, to match the incentives to the Cadmus outputs for third-party owned projects.

We appreciate the opportunity to comment on this proceeding. We look forward to working with Staff and stakeholders to ensure a successful program that will facilitate critical energy solar goals in the State's Energy Master Plan.

Sincerely,

Steve Oborne Jr.
Sr. Corporate Strategy Analyst

Cc: Larry Barth, Managing Director Corporate Strategy
Robert Pohlman, Vice President – Clean Energy Ventures and Corporate Strategy
Garrett Lerner, Director Development and Finance
Henry Labalme, Manager Development Emerging Technologies
Jordan Kaputkin, Manager Marketing and Business Development
Kelsey Pistilli, Manager Sunlight Advantage
Valerie Marotta, Assistant Manager Sunlight Advantage