

Docket No. QO20020184

In the Matter of the One Year Review of the Administratively Determined Incentive Program

Comments of Dimension Renewable Energy

December 9, 2022

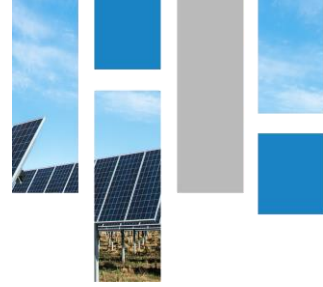
Dimension Renewable Energy (“Dimension”) appreciates the opportunity to respond to the Staff of the New Jersey Board of Public Utilities (“NJBP” or “Board”) regarding the Administratively Determined Incentive (“ADI”) Program and the procedure for conducting the One-Year Checkup Proceeding. Dimension would like to corroborate the findings presented by Cadmus and suggest how to proceed with the Community Solar Permanent Program (“Permanent Program”) which is expected to be released shortly for Board approval.

Dimension is a community solar developer and proud to be in construction on several projects awarded in the second year of the Community Solar Energy Pilot Program. We are actively recruiting low- and moderate-income (“LMI”) subscribers, not only in New Jersey but also in other markets where we have projects. We develop and operate community solar projects across the country. For the communities in which we invest, our fleet of solar projects delivers clean energy, local jobs, tax revenue, and savings, alongside other benefits including workforce development and educational opportunities. We are a turnkey provider of these solutions: from site acquisition and development to construction and operation, we are a steady and reliable presence in our communities. Dimension is a proud member of the Coalition for Community Solar Access.

Serving LMI Households and Program Capacity

Community solar projects serve households who do not own their own roof or cannot meet the credit requirements for getting their own system. One of New Jersey’s goals with the community solar program has been to ensure a more equitable deployment of solar by giving LMI households the opportunity to participate in solar savings. The strong success of New Jersey’s existing residential market is one hand clapping—it needs the balance of a strong community solar program to realize New Jersey’s solar efforts for all its citizens.

Dimension joins CCSA and other companies in our desire to see Community Solar realize its full potential in New Jersey. Community Solar, and the benefits it brings to LMI households, lags far behind already robust residential and commercial behind-the-meter solar deployments. New Jersey’s experiment with two rounds of Community Solar Pilot capacity shows the industry is capable and ready to deploy at a large scale. Dimension is ready, and like many developers, has been ready for some time, to see the Board’s permanent program go into effect. The first year of the Permanent Program would be ideal for a substantial, one-time increase in the annual program capacity to help community solar catch up without any significant impact on electric customer rates.



Project Costs

Although the Cadmus analysis did not explicitly cover community solar, Cadmus' findings that inflation and the rising cost of debt are very consistent with Dimension's experience in the market. Supply chain issues have delayed some of our projects and increased our costs. Dimension's experience, similar to other companies working in the LMI space, is that LMI subscriber acquisition is much more challenging than recruiting non-income-qualified households.

One of the unique benefits of New Jersey's community solar program, beyond the access to savings for LMI or credit-challenged households, is the focus on community benefits. Projects chosen to participate in the community solar program make significant commitments to workforce development and other community investment. These additional benefits are costly to implement and, going forward, will also be affected by inflation.

Federal Investment Tax Credit

Solar markets are already reacting to the Inflation Reduction Act ("IRA"). Some aspects of the legislation, such as the prevailing wage requirement, will have little net impact on New Jersey community solar projects. However, the availability of adders for projects sited in energy communities or serving LMI households could have significant, positive impacts on the savings we are able to pass through to our subscribers. The entire New Jersey solar supply chain, including the commercial real estate industry, is keeping a keen eye on these developments because it will affect the prices they can charge.

Dimension respectfully requests that the Board proceed cautiously before making any incentive adjustments. With regard to tax credit adders, it is not clear whether every project will be able to access the limited tax credit capacity, or if it will be feasible to comply with the implementation and compliance rules. It is possible the Treasury could adopt income verification requirements or minimum savings targets that aren't economically viable for New Jersey community solar projects. And because site leases, for example, are negotiated many months in advance of submitting to the community solar program, any changes in incentive levels should be prospective with long lead times to allow the industry to rebalance project economics, as necessary.

Conclusion

Dimension thanks the Board, Staff, and Cadmus for their work leading up to the workshop and the opportunity to respond to Cadmus' preliminary findings. Dimension urges the Board to quickly release the plan for the permanent program and respectfully requests that the Board leave the ADI for community solar unchanged until enough time has passed to learn whether New Jersey community solar projects are able to participate in the tax credit adders. Significantly increasing the amount of community solar capacity acquired in the first year of the program will move the needle toward equity and allow households of every income level in New Jersey to applaud this effort together.