Docket No. QO22080540, IN THE MATTER OF THE NEW JERSEY STORAGE INCENTIVE PROGRAM (NJ SIP) PURSUANT TO P.L. 2021 C. 169
December 12, 2022

REV Renewables supports New Jersey's clean energy goals and appreciates the opportunity to submit comments to the NJ SIP. The goals of the NJ SIP have been stated clearly: increase the resilience of New Jersey's electric grid, reduce carbon emissions, and enable New Jersey's transition to 100% clean energy. To achieve these goals at the lowest possible cost to the ratepayer, it is critical that the program is designed to fully utilize all forms of storage. Therefore, we believe existing storage should play an important role in New Jersey's approach to its storage targets.

As energy storage owners, operators, and developers, we appreciate the opportunity to provide more specific comments regarding this program design.

Introduction to REV Renewables

REV Renewables ("REV") is a leading developer, owner, and operator of renewable and storage facilities in the United States. REV was launched by leading energy infrastructure developer and investor LS Power in 2021. REV's mission is to accelerate decarbonization of electricity supply by deploying and operating reliable and affordable renewable generation and storage solutions.

As one of the largest independent power producers in the United States, REV's portfolio includes the Yards Creek Pumped Storage Hydro facility (420 MW) and Mars Solar (2 MW), both located in Warren County. In addition, REV is actively developing solar and storage projects across the state and maintains a physical presence from its Princeton office.

We appreciate the release of the NJ SIP Straw Proposal and commend the Board for bringing forward this proposal. We are pleased to submit comments in support of the proposal and provide summarized recommendations urging the following modifications to:

1) Optimize battery storage incentives to maximize GHG emissions reductions, and
2) Ensure incentives cost-effectively achieve the overall policy goal of 80% GHG emission abatement

New Jersey Policy Makers Recognize Storage Is Necessary and Effective for Renewable Energy Deployment

Renewable energy generation resources are critical for reducing emissions from the electric power sector. However, due to the intermittency of renewable generation, storage is needed to support renewables deployment and displace high emissions fossil resources.

As the BPU has pointed out, locational marginal pricing (LMP) signals do not fully correlate with marginal GHG emissions signals. Therefore, energy storage is not optimally incentivized to displace emissions if operating on LMP alone. Storage policies, therefore, require an incentive scheme to maximize emissions reduction benefits from storage resources.

The performance incentives as proposed in the NJ SIP are intended to compensate storage owners for the incremental opportunity cost of dispatching based on marginal GHG emissions instead of LMP.

New Jersey's Existing Storage Resources Should be Optimized to Support the State's Clean Energy Goals

The Yards Creek Pumped Storage Hydro facility ("Yards Creek") is a long-duration energy storage resource that provides the same energy storage services to the grid as new battery storage. It pumps water to a higher reservoir to store energy, and flows water to a lower reservoir to generate energy. However, as an existing storage resource, Yards Creek is not included in the NJ SIP and will not be incentivized to maximize emissions reductions. While the New Jersey SIP Straw Proposal has taken an important step forward, staff has proposed to apply the incentives only to projects placed into service after the effective date of the program establishing the incentive.

Due to much lower capital and operating costs than new battery storage facilities of similar duration[1], Yards Creek could adjust its dispatch to maximize GHG emission reductions at significantly lower cost to the ratepayer than new battery storage facilities. A program design that leaves existing storage projects without an incentive to dispatch on GHG emissions is both inconsistent with New Jersey's stated policy goals and not optimal for New Jersey ratepayers. The Board should ensure incentives align with and are designed to cost-effectively achieve the overall policy goal of 80% GHG emissions.

Performance incentives should support both scaled up deployment of storage, as well as optimization of existing storage in order to meet New Jersey's clean energy goals.

We respectfully request that BPU staff reconsider inclusion of existing storage resources and utilize a balanced optimization of all methods to appropriately incent energy storage facilities to expedite GHG emissions reductions and reduce costs for ratepayers.

Thank you for your time and consideration of these comments and recommendations. Please do not hesitate to call for additional information at (646) 477-6514.

Sincerely,

Stephanie R. Williams
Vice President Government Affairs

[1] US Department of Energy, Grid Energy Storage Technology Cost and Performance Assessment, 2020