

December 12, 2022

TO: New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314, CN 350
Trenton, New Jersey 08625

RE: Notice on the Energy Storage Incentive Program Straw Proposal
Docket No. QO22080540

The New Jersey League of Conservation Voters, also known as New Jersey LCV, thanks you for the opportunity to comment on the Energy Storage Incentive Program (NJ SIP) Straw Proposal, and thanks the staff of the New Jersey Board of Public Utilities (the Board) for their work on this proposal. New Jersey LCV is the statewide political voice for the environment advocating for clean air, clean water, and access to open spaces for all New Jerseyans through strong and just environmental policy.

We agree that energy storage is an essential component to our transition to a 100% clean energy future. We support the Board's decision to pursue a one-year review process and adjustment as needed, allowing the Board to make necessary adaptations. Energy storage technology is evolving rapidly and adjustment and the ability to be flexible will be key. **As the plan readjusts declining blocks to set new incentives, I we suggest the Board revisit the prices as well as the amounts. For example, the straw proposal referred to the National Renewable Energy Lab 2020 data for 4-hour battery capacity cost, but as the market and economic outlook change, we suggest revisiting these numbers to ensure they remain appropriate.**

NJ SIP must sufficiently incentivize energy storage for low- and moderate-income customers, as energy storage reduces barriers to building decarbonization and electrification. We are encouraged that the straw proposes to ensure that an equitable share of distributed energy storage resources is implemented in overburdened communities, especially since overburdened communities almost exclusively house polluting peaker power plants that supply energy demand during peak hours which could otherwise be supplied through storage battery power.

The Board examined energy storage structures in other states for incentives, as when describing the Connecticut Energy Storage Solutions program declining incentive structure differentiates between low- and moderate-income customers in residential and commercial/industrial. New Jersey LCV would be interested to see which other incentive structures have worked well to meet the state's program goals, especially those that have been effective in accelerating the clean energy transition while decreasing reliance on fossil fuels and providing direct benefits to overburdened communities. The combination of upfront, fixed, and performance-based incentive programs of other states indicates that New Jersey's incentive programs do not have to be mutually exclusive. In fact, performance-based incentives could be excellent drivers for commercial and industrial members to establish parcels with renewable energy/battery storage capacity and reduce a region's reliance on peaker plants in times of high energy demand. While performance-based incentives can help incentivize battery storage use during peak energy demand, fixed incentives will continue to provide low-risk benefit for developers and investors with quick program implementation.

With that, New Jersey LCV encourages guardrails be placed in the incentive structure to ensure overburdened communities receive direct benefit from this program. We further caution the siting of undesirable infrastructure in overburdened communities that will not directly receive those benefits, and to engage the community through public meetings, informational sessions and other media to receive meaningful community feedback before any siting decisions are made. The Board should also explore a separate, limited capacity block and an additional up-front incentive in overburdened communities:

- 1. Establishing an “adder” of to be determined value per kWh of energy storage capacity to the fixed portion of the incentive for projects located in overburdened communities;*
- 2. Establishing a separate Capacity Block limited only to customers in overburdened communities;*
- 3. Adding an additional up-front incentive for projects located in overburdened communities to help defray the initial cost of installation.*

We support exploring adjusted storage incentives for long-duration batteries, especially as new and better technology develops. It is appropriate to incentivize longer-duration storage, balancing other factors such as efficiency and price per kWh, to create opportunities and competition between other battery types, such as an iron-air battery. However, the incentives should be reciprocally much lower if the efficiency and therefore carbon abatements are significantly lower.

Public utilities can and should have a role in energy storage beyond building the infrastructure. Public utilities have noted that, in addition to administering the incentive program, they are willing and able to help stand up energy storage programs as the state integrates renewables into the grid and electrifies buildings, transportation and other infrastructure. Their participation can be a valuable resource, so New Jersey LCV would encourage the Board to see how additional participation for utilities can inform the storage incentive program.

Thank you and we look forward to continuing to work with the Board and its staff during this process. Should you have any questions, please feel free to contact Allison McLeod, Public Policy Director, at allison.mcleod@njlcv.org.