

December 12, 2022

New Jersey Board of Public Utilities
44 South Clinton Ave.
Trenton, NJ 08625

Submitted electronically to NJBPU Public Document Search Tool

RE: Docket No. QO22080540 – New Jersey Energy Storage Incentive Program

Dear NJBPU Staff,

Thank you for providing the opportunity to comment on the Straw Proposal for the New Jersey Energy Storage Incentive Program (“Straw”). TigerGenCo, LLC (“TigerGenCo”) is an independent power producer with development and operational power generation project interests in NJ and adjacent states. TGC is the owner/operator of the Red Oak Power (“ROP”). Red Oak is a 776 MW combined cycle power generation facility in Sayreville, NJ that has been an important market asset in JCP&L territory for nearly twenty years.

As an existing operator in PJM we are happy to see the NJBPU taking aggressive steps to help accelerate the adoption of energy storage technology in New Jersey. We agree with the NJBPU that balancing ratepayer impacts with project financing needs is very important when considering how this program will be structured. We also appreciate the organized approach staff took to identifying key issues in construction of the Straw. Based on our experience with New Jersey development projects and operating assets we submit the following comments on the Straw.

Declining Block Program

As proposed the only hurdle that appears to be present for program participation is progress on utility interconnection. Today there are over 4 GW’s of projects in NJ’s PJM interconnection queues that would be eligible in the early years of the proposed “Grid Supply” program proposed by the BPU. Based on the levels of interest in the Stakeholder process we would expect NJ’s network of behind-the-meter storage developers to quickly identify a similarly large number of potential projects for the “Distributed” component of the program. While the market is not mature in terms of installed projects, the level of development activity is a strong indication that the NJBPU may be able to drive down program costs through market competition.

TigerGenCo is also concerned that Staff did not raise for discussion the mechanisms for how the declining block program will be administered during the stakeholder process. With such tremendous interest, will receiving an incentive under the program really come down to how fast developers can click through a website and reserve an incentive spot before a block closes? ***In the event a declining block program is pursued, we would recommend that Staff convene a stakeholder process to collect feedback from project stakeholders on this issue and implement lessons learned in other similar state incentive programs.***

Project Maturity Requirements

TigerGenCo would point the NJBPU to lessons learned in NY’s programs. Similar to the Straw, interconnection progress in NY’s program was essentially the only requirement for projects to reserve a block position. NY’s Bulk Storage Incentive has been completely subscribed for several years, yet only 55 MW’s of the 875 MW’s of awarded projects have been completed. While we have not found project attrition information for NY’s program, it appears that only setting interconnection progress as a viability

threshold has not delivered installed MW's of energy storage. ***TigerGenCo recommends that the NJBPU require projects to demonstrate local permitting engagement and past experience with similarly situated projects in order to reserve capacity in a declining block.***

Additionally, PJM has a process that may facilitate the addition of energy storage under this program called Supplemental Interconnection Service. This process allows a project to take advantage of available but unused interconnection capacity at an existing PJM generator location and be studied to use that unused capacity with a new generator. A dc-coupled battery at an existing solar project site could be advanced under this approach. This process does not follow the Phase process proposed as part of PJM queue reform or the existing new service interconnection queue process. ***TigerGenCo recommends that the NJBPU affirmatively expand the interconnection project maturity requirements to include proposed projects that have had utilities return their study related to PJM Supplemental Interconnection Service.***

Performance-Based Incentives for Grid Supply Resources

We support the NJBPU's efforts to target GHG reductions as part of this program and we support Staff's suggestion to rely on EFORD to assess payment under the fixed incentive. It is not clear in our reading of the Straw what level of incentive is intended for the emissions performance aspect of the program. We would appreciate any effort Staff can make to publish information that would clarify how this component of the program compares in \$/kWh to the fixed incentive (assuming performance exceeding above CO2 penalty described in the straw).

As a long-term asset owner we are concerned that setting performance criteria today on a changing grid could have unforeseen implications as the grid evolves to include more clean resources. For example, as the grid cleans up it may be nearly impossible to operate an energy storage resource in the future and abate 5 kg's of CO2 per kWh annually. ***TigerGenCo recommends that Staff develop a benchmark for a project's proposed initial reservation such that in later project years achievement of the performance based incentive is tied to what is possible at that resource's node, and not an arbitrary figure.***

We also recommend that Staff adopt exemptions for all hours leading up to and involving PJM Capacity Performance events.

Bid Participation Fees

TigerGenCo supports the approach Staff has suggested with setting participation fees for a bidding process at similar levels to similar programs in other states. However, Staff is not proposing a bidding process where participation deposits are refunded to unsuccessful projects but a declining block program. Bidding competitively is a much different activity than reserving capacity in a block for a period of 2-3 years. Nonrefundable fees should be charged for projects holding a reservation in a capacity block at a level that reduces participation of nonviable projects. A more appropriate comparison is NY's LSR contract process where security of \$10/MWh are required at contract signing. This represents approximately 1/5 of the value of an indexed-REC award under that program and acts as a significant motivator to bring projects to COD. ***TigerGenCo recommends that the NJBPU adopt a block reservation fee of one-fifth of the capacity block award value reserved by the project and that distributed projects targeting LMI customers be exempted from this requirement.***

Conclusion

We appreciate having the opportunity to provide comments on the Straw. Through our development work we have seen firsthand the challenges energy storage projects face in reaching commercial

viability and appreciate the work Staff has undertaken to put forward this program that is aimed at closing that gap.

Sincerely,



Matt Tripoli, PE
VP of Development