

December 12, 2022

**Secretary of the Board**

New Jersey Board of Public Utilities  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Trenton, NJ 08625

Via email to:

[board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

**Re: Docket No. QO22080540  
IN THE MATTER OF THE NEW JERSEY ENERGY STORAGE INCENTIVE PROGRAM**

Dear Acting Secretary Diaz:

Ad Energy appreciates the opportunity to provide comments on the matter referenced above.

Ad Energy is a residential and small commercial solar and storage installation company based in New Jersey. A majority of our business activity is in New Jersey. We have been in continuous operation since 2015.

We focus our comments primarily on the distributed or BTM portion of the proposal.

**Overall reaction.** The proposal provides a reasonable path to start storage deployment in New Jersey. We encourage a rapid “check-in” on the program, like the one-year check-in with the ADI program. We also encourage a high degree of flexibility to make changes to the program at that one-year check-in.

**Distributed vs. grid supply volumes.** Some homeowners have installed storage systems already, purely for personal backup power use. We note this to highlight the fact that resilience is valuable to citizens. We urge the board to maintain an open mind about the appropriate allocation of incentive between BTM and grid supply. It may take some time before it becomes clear which type of installation has lower net cost, where “net” means “net of resilience value”.

On a related note, we believe that the proposed 48-hour cessation period from requirement to respond to a grid signal is adequate to ensure storage hosts receive resilience benefits. However, we encourage the board to undertake an analysis of the degree to which this policy will scale, particularly in a future of fully electrified transportation. It will create a “run” on the grid; the question is whether that run is manageable.

**Incentives assignable to an aggregator.** This is crucial. We appreciate the board’s concern with crafting as-simple-as-possible incentive structures. That said, the incentive structures being contemplated will be approximately impossible to convey to the average homeowner. The ability to assign payment of these incentives to an aggregator will allow for the aggregator to

craft simple products to homeowners while assuming the responsibility of storage system performance. Furthermore, aggregators will be positioned to take advantage of even more complex market mechanisms as they develop. Homeowners will not.

**Performance incentive at 70%.** The proposal states on page 4 that “At least 30% of the NJ SIP incentive will be structured as a fixed annual incentive...” and on page 15 that “the fixed portion of the NJ SIP incentive...is intended to cover approximately 30% of the total fully installed cost of the project.” We *think* that these statements imply that the performance incentive provided by EDCs would be designed to provide 7/3 times the fixed incentive (e.g. if the fixed incentive is \$40 per kWh per year, the performance incentive would be designed to provide approximately \$93 per kWh per year). We believe that if this is the intention, that this should be clarified prior to engaging on performance incentive design.

**Incentive period.** Most home storage systems currently available carry a 10-year warranty. This implies that an incentive period of 10 years is appropriate (or said differently, that anything longer is inappropriate). We note that, using an 8% discount rate, \$40 per kWh for 15 years is roughly equivalent to \$51 for 10 years.

**Interconnection rules.** (Once the duck curve comes to dominate load curves everywhere on the grid this will become a non-issue.) Most storage installations will occur where solar is already or is being installed. We must ensure that utility interconnection rules (and call periods) don't make interconnection difficult (e.g. by adding solar and storage inverter outputs when evaluating interconnectability).

**Blocks, segments.** We believe creating separate small and large project segments will greatly facilitate ongoing management of block incentives and capacity targets.

I thank you for your consideration of these comments.



Andy Wall  
CEO Ad Energy  
Board Member, MSSIA