Comments of the New Jersey Solar Energy Coalition
Community Solar Energy Program
Docket No. QO22030153
May 9, 2023.

The New Jersey Solar Energy Coalition appreciates the opportunity to provide written comments in response to the request associated with Staff Straw proposal for the permananet Community Solar Energy Program, pursuant to P.L. 2018, c.17 of the Clean Energy Act.

The New Jersey Solar Energy Coalition continues to be an active participant in the development of these and associated solar energy policies, including participation in all of the stakeholder working groups hosted by the Board of Public Utilities staff.

New Jersey Solar Energy Coalition is a broad coalition comprised of New Jersey solar developers active in all market segments, solar financing functions, engineering, accounting, legal, and renewable energy credit trading firms employing thousands throughout New Jersey.

We appriciate the hard work by the board staff in the development of the proposed permanent Commuinty Solar straw and think that overall the platform created by this proposal with some modest modifications can become a national model for Comminity Solar.

Inasmuch as the questions posed by staff in this matter provide an ample opportunity to reflect our comments and concerns, we submit the following as the New Jersey Solar Energy Coalition's comments.

NJSEC Community Solar Comments to Staff Questions:

1) Project size and co-location of projects

Issue: Should the Board permit co-location of a community solar project with another solar installation?

Brownfields, landfills, resource extraction sites, non-recreational water bodies, and municipally owned properties are challenging. Supporting these projects is key to achieving our goals of achieving the highest and best use of these more complicated compromised sites. To that end, the board should consider the cost burdens of developing these properties against the costs of

developing rooftop system, and other permitted systems and consider co-location in order that these projects with some scale can compete fairly on a head-to-head basis. Additionally, consideration should be given to permitting roof top installations to exceed 5 MWs as conditions may warrant in specific circumstances where modest additions exceeding the current 5MW cap would otherwise abandon easily added and cost-effective capacity.

2) Project siting

Issue: What land use restrictions and limitations, if any, should apply to the siting of community solar projects? While Section 6 of the Solar Act of 2021 does not establish siting standards for Community Solar projects, should the Board adopt standards comparable to those in the Board's proposed solar siting rules13 for community solar facilities? What should those standards look like?

While we understand the desire to locate community solar projects on "preferred" sites, we would recommend that staff consider opening the process further to allow ground mounted projects on industrial, heavy commercially zoned properties and resource extraction sites consistent with the pilot program. We would also suggest that the New Jersey Department of Environmental Protection's preferred siting survey tool be used as the appropriate metric for including these properties. These maps cover the entire state and are available online. This could be particularly helpful in developing smaller projects in densely populated areas with higher concentrations of potential LMI subscribers.

3) Overall program capacity

Issue: What should be the annual Permanent Program capacity? Should the annual Permanent Program capacity limit account for potential project "scrub" (i.e., planned projects that do not reach commercial operation)?

We would observe that the delay in launching the permanent program should warrant a larger allocation in the first three years of the program to make up the difference, we would ask the board therefore to consider increasing the community solar allocation to 300 MWs over the next two years to make up the difference. These projects are at the heart of the administration's solar program and the potential to achieve these goals are being unnecessarily restricted.

4. Program Capacity Segmentation

Issue: Should the CSEP capacity be divided into separate blocks, and if yes, how? (e.g., by EDC service territory? By project type or size)?

While we support the fair allocation of community solar hosting capacity across all of New Jersey's EDCs, the numbers presented in the straw create concern that allocation of capacity purely on percentage of retail sales unrealistically restricts community solar development in geographic areas that may hold the greatest potential for development of scale. We would recommend that this allocation be revisited to include number of LMI eligible customers and other factors to better reflect these concerns and create a more flexible balance for development across the entire state.

5) Qualifications for Project Ownership

Issue: Should the Board set restrictions on the ownership of community solar projects?

No, ownership should be open to any non-regulated entity including EDC non-regulated subsidiaries.

6) Application Process and Project Selection

Issue: How should projects be selected for participation in the Permanent Program? Should the Board considers creating a waitlist for non-selected projects?

While we recognize that the requirements for project maturity will likely result in a lesser number of project scrubs, we would recommend that a short "waiting list" of projects be included as these projects are accepted into the year 1 program. Projects remaining on the waiting list would automatically then be accepted into the year 2 or successor program.

7) Minimum project maturity requirements

Issue: What minimum project maturity requirements should projects be required to meet before applying to participate in the Permanent Program?

The language in the straw on page 14, has created confusion as the project maturity requirements first require only that the developer possess an executed interconnection study for projects greater than 1 MW. However, the next paragraph seems to indicate that both an executed interconnection study and an executed interconnection agreement both be required. If both are required, we would observe that, an executed interconnection study should provide ample evidence of project viability as it includes a full estimate of interconnection costs. Requiring a fully executed interconnection agreement will only serve to further delay moving the project forward and provide little in further demonstrating project viability.

With the huge backlog of projects that applied unsuccessfully for the PY2 program, and the fact that our EDCs would not accept any "unapproved" Board community solar projects for interconnection study, it is anticipated that hundreds of applications for interconnection studies will land in the laps of our state's EDCs as soon as the board issues this order.

Just how the EDCs work through this surge will largely determine who wins and who losses as the board will conditionally accept applications on a rolling basis upon EDCs completing this work with developers then filing completed applications.

We believe it is important, therefore, that the industry and the board fully understand and approve of how EDCs expect to work through this significant surge in workload. After all, their internal queuing process, workflow priorities and protocols in completing the interconnection studies, will, in fact, determine EY2024's capacity allocation.

In ensuing years EY2025 and beyond we would agree that the number of projects having completed interconnection studies would likely be sufficient to a first come first serve process.

8) Other project eligibility criteria

Issue: What other project eligibility criteria should the Board consider for projects seeking to participate in the CSEP?

None.

9) Definition of LMI subscriber
Issue: What types of subscribers are considered low- and moderate-income?

We are pleased that the straw reflects our recommendation for LMI certification including both the additional eligibility programs and self-attestation. These programs adequately reflect the definition of LMI subscribers.

10) LMI participation

Issue: How should a high level of LMI participation in the community solar program be maintained?

The proposed tie breaker raises a number of dysfunctional consequences that also need to be considered. Opening the process to significant differences in LMI discounting through discount competition will likely cause significant churn with LMI customers moving to higher discounts as there are no restrictions placed upon their moving. Clearly, it will be far less expensive for a subscriber organization to simply go to the publicly available information in the website portal and solicit existing subscribers from other projects than breaking new ground to attract new LMI subscribers. This issue did not exist under the previous pilot programs as scoring kept the range of approved discounts relatively close. The tie breaker as currently envisioned has the potential to undermine the financial viability of many existing projects, who would have no recourse as their financing is based upon a set lower discount. While the tie breaker has good intentions it is simply a bad idea that could undermine the whole market potentially bankrupting many projects.

11) LMI Income verification standards
Issue: How should incomes be verified for qualification of low- to moderate-income subscribers?

We are pleased that the straw reflects our recommendation for LMI certification including both the additional eligibility programs and self-attestation.

However, the New Jersey Universal Fund currently bases its eligibility requirements on applicants spending more than 3% of their income on electric utility service. As we have heard directly from potential subscribers, the community solar discount offered can result in their loss of eligibility of the USF. We recommend that the rules reflect an exemption to allow LMI subscribers to maintain USF eligibility.

12) Participation by affordable housing providers

Issue: Should the Board consider modification to how affordable housing providers may subscribe to community solar projects?

In our prior work with these properties, we have found that the HUD funding that is provided to both Section 8 and municipal housing authorities is based upon providing "gap" funding based upon an audit of their respective expenses. Therefore, on a dollar-for-dollar basis these properties would see a reduction in HUD funding that would absorb all the program savings offered in this proposal. While we have heard that HUD may address this situation, the straw proposal as currently drafted offers no financial incentive to attract these potential subscribers.

13) Value of the bill credit

Issue: What modifications, if any, should the Board consider making to the value of the community solar bill credits.

None.

14) Bill credit banking/excess bill credits

Issue: Should the Board modify the standards for banking of excess bill credits or unallocated generation?

Beyond the first two years we believe that projects should be able to bank credits on an annual basis, like net metering, for the full term of the community solar project. This way if customers cancel their subscriptions in any given month during the term, subscriber organizations have time within that annualized period to find new customers. The administration of an LMI waiting list as has been proposed is simply unworkable.
The current Board order reflects that unallocated generation may be banked for up to 12 months from the start of project operation and that those banked credits may be held for an additional 12 months to be allocated to new subscribers, any generation banked after this period will be banked at the EDC's avoided cost of wholesale power.

This recommendation does not address the churn that owner/operators will experience due to subscribers moving or cancelling their agreement. It also does not take into consideration any lag in reporting from the EDCs which may make the timeline for reconciling churn longer and thus cause the loss of bill credits. By allowing credits to be banked at their full value, the full benefit of the program can be reaped by subscribers. Maintaining a waitlist is an upfront cost to developers that still does not guarantee churn can be filled in time to minimize lost revenue as waitlisted subscribers are not locked into a project. Additionally, due to differential credit values, subscribing a large anchor subscriber that can be flexed up may not be financially viable either. Even if one were to maintain a waitlist or flex up an anchor allocation, there is no guarantee that the EDC will apply the updated allocation in time for the next billing period. Additionally, any lag in reporting puts owners at a disadvantage from a timing perspective. EDCs are already managing banking and bank disbursement for the first two years after COD, this process already exists within the

program and the administrative burden to continue to process host banked disbursements should be minimal.

15) Consolidated billing

Issue: Should the Board adopt consolidated billing for community solar? Who should handle consolidated billing and how should it be conducted?

We support the EDC consolidated billing proposal but have concerns that the proposed date of completion in June of 2024 is not reflective of the volume of work that needs to be accomplished and that the date is somewhat unrealistic. Additionally, we recommend that the Board delay a decision on whether to require all projects to use consolidated billing until that program is up and running. Developers should be able to continue to utilize their own billing systems in advance of the launch of the consolidated billing program and to have the option of switching to consolidated billing or not when it becomes available.

16) Interconnection process

Issue: The CEA states that the CSEP rules and regulations shall "establish standards, fees, and uniform procedures for solar energy projects to be connected to the distribution system of an electric public utility" (N.J.S.A. 48:3-87.11(f)(11)). What changes, if any, should be made to the existing community solar interconnection standards and processes?

Follow the process and procedures recommended and outlined in Board Interconnection straw proposal. Adopt the interconnection fixed fee proposal outlined in Senate Bill S-431.

17) Distribution system support

Issue: What measures should the Board implement to minimize negative impacts to the distribution system and maximize grid benefits?

Fund EDC rate-based grid modernization to assist in accommodating the capacity additions sought by this and other new Jersey solar programs.

18) ADI Program registration

Issue: Should the Board consider any changes to the coordination between community solar project awards and the process for registering for the ADI Program?

No.

19) SREC-II values

Issue: The Solar Act of 2021 allows the Board to consider "the economic and demographic characteristics of the area served by the facility, including whether it is located in an overburdened

community" in the assignment of an SREC-II value. How should the Board address this criterion? What should the value of the ADI Program incentive be?

Identified overburdened communities should receive the same 20% adder as public and government facilities.

20) Number of subscribers

Issue: Should the Board consider changes to the minimum and maximum number of subscribers to a project?

Yes, the board should abandon any minimum or maximum numbers of subscribers, it is an unnecessary restriction and requirement.

21) Geographic distance between project and subscribers

Issue: Should subscribers be required to live in the same or adjacent municipality or county as their projects?

No, this is an unnecessary restriction.

22) Consumer protection

Issue: Should the Board consider changes to the consumer protection measures implemented under the Pilot?

No, this is unnecessary current consumer protection measures are adequate.

23) Automatic enrollment

Issue: Should the Board consider allowing automatic enrollment of subscribers to community solar projects?

Yes, and in addition:

The straw envisions that LMI customer should be reverified every 5 years or if they move. We are not aware of any community solar program that requires reverification of LMI status and are concerned that this would unfairly and unnecessarily penalize LMI customers, who data shows move more frequently on average. For LMI customers who happen to be fortunate enough to have improved their income such that they no longer qualify, losing their community solar subscription is an unnecessary penalty.

The straw also envisions a subscriber audit process that could result in the loss of the current level of incentive. Clearly if a subscriber organization working independently under contract with a developer commits fraud, the case should be referred to the Attorney General's office for appropriate prosecution, the board should not insert itself into the penalty phase of this process.

24) Community engagement
Issue: What requirements for community engagement should the Board set?

Unfortunately, under the process of "first come, first serve" community engagement criteria need to be very specifically designed for "check the box" only review. Otherwise, TRC and the Board will be in the position of making subjective judgments, and assessments that will create havoc in the application process.

25) Other Rules
Issue: What other rules of the Pilot should the Board include in the Permanent Program?

None.

26) Pilot Program
Issue: What rules of the Pilot should the Board modify?

None.

27) Energy accounting
Issue: How should community solar energy generation be accounted for?

N/A.

Respectfully submitted,

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