CEP RENEWABLES

Harnessing the sun to empower communities

May 10, 2023

**VIA ELECTRONIC MAIL**

Sherri Golden, Secretary
New Jersey BPU of Public Utilities
44 South Clinton Avenue, 9th Floor
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Trenton, NJ 08625-0350
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**Re: New Jersey Grid Modernization Rules**
**DOCKET NO. QO21010085**

Dear Secretary of the Board:

Please accept these comments on behalf of CEP Renewables, LLC ("CEP") regarding the Board's proposed Interconnection and Grid Modernization Rules, Processes, and Metrics in the above-referenced docket number. CEP appreciates the opportunity to submit these comments. If you have any questions with respect to any of the following, please do not hesitate to contact the undersigned.

CEP writes regarding an important and critical issue that we do not believe has yet been addressed in the many comments submitted in this docket: the ongoing disparate and discriminatory treatment that solar and other distributed generation providers face when requesting physical interconnections to the electric grid from New Jersey's electric distribution companies ("EDCs"). We believe that the interconnection process needs to be standardized so that renewable energy *generators* are not punished, or treated worse, than energy *customers*. The Board has the perfect opportunity to address this issue in the grid modernization process.

We have been repeatedly faced with situations over the past several years where EDCs, particularly JCPL, refuse to extend service to renewable energy generators. The position that the EDC takes is that the generator is required to bring the electric interconnection line to the utility. Worse, the EDC does not allow the generator to use existing EDC infrastructure, even where technically feasible and at the sole cost of the generator, to make the interconnection.

This is not true for EDC customers. When a potential EDC customer requests service, the EDC will study the proposed interconnection and tell the customer how much the connection will cost. The EDC will then build to the customer a new interconnection line to provide service. The EDC

treats refers to this new line as "our line." In the case of generators, however, the line that the EDC requires to be built to the point of interconnection is "your line."

At N.J.A.C. 14:3-8.1, et. seq., the Board has, many years ago, adopted the Main Extension Rules. Those rules provide for a process by which customers that require electric and other utility extensions can apply to the appropriate utility for service. With limited exception, the rules require that utilities provide for service, at the applicant's cost, by extending utility facilities to the applicant's property. The applicant pays the utility a deposit and a portion of that deposit is refundable and a portion is non-refundable, based on the framework laid out in the rules. The biggest point here is that the Main Extension Rules provide for a scenario where a developer or other owner of property can apply to a utility for an extension of utility service – for example, electric service – and then the utility will *bring that service to the customer* at the customer's cost and expense. That is a fair and appropriate solution to the need of customers to obtain utility service and we think the Main Extension Rules should serve as a model for what should be addressed in the Board's grid modernization process with respect to distributed generation.

CEP is a company that, for the most part, develops utility-scale, grid-supply solar projects, typically on landfills, brownfields, or other contaminated properties. From an interconnection perspective, the issue we face is that when we, as a *generator*, not a *customer*, request an electric grid connection to the utility, we are forced to build *our* line to the utility. That becomes very problematic when developing solar arrays of a substantial enough size that they require 34.5 kV or higher distribution system connections. The reason for that is that the properties are not always located proximate to existing 34.5 kV lines. Often, we, as the developer, are required to *build to the utility* to connect renewable energy projects. If we were developing a warehouse on the same property, under the Main Extension Rules, the utility would build to us.

There are some specific instances where this has created a real hardship from an interconnection perspective. We are faced with one example where we have requested that an EDC interconnect a solar farm located on a brownfield at a point of interconnection located within an existing EDC right-of-way. The only practical way to do this is to "overbuild" existing utility infrastructure located along a county right-of-way. We have secured for the utility the necessary tree-trimming rights to allow for the overbuild of existing distribution lines with a small span of 34.5 kV line to facilitate the interconnection. All of the work would be done at the developer's cost. The project will not only bring additional renewable energy to the state and allow for the remediation of a contaminated brownfield property, it will have the added benefit of upgrading utility infrastructure at the developer's sole cost and not at the ratepayers' expense.

Again, if we were developing a warehouse on our property, and not solar, we would make an application for an electric service extension to the EDC pursuant to the Main Extension Rules. The utility would study the property and tell us how much it would cost to bring electric service *to us*. Our understanding from discussing with the utility is that the utility would perform this type of work if the overbuild was the EDC's own line (e.g., as would be the case if we were a customer), but that the utility will not do this work to allow a generator to build back to the utility. Again,

this comes down to an arbitrary and discriminatory distinction between generators and customers. There should not be two sets of rules for utility interconnections.

This is simply not a fair result and not consistent with the state's policy of encouraging renewable energy generation and trying to attain 100% renewable energy by 2035. The appropriate solution would be for the EDC to be required to utilize existing infrastructure, and rights-of-way, to the extent feasible, and bring a new service line to renewable projects at the solar developer's cost. It would even be reasonable to assess the solar developer some portion of network upgrades or other infrastructure improvements that are necessitated as a result of the development. But it discourages renewable generation entirely to not put the facilities on the same footing as customers. This could be rectified very simply by prohibiting any distinction between customer and generator in the new grid reform.

Any interconnection line from a renewable energy generator should be treated as an EDC line, not a generator line. This would remove the distinct of "our line" versus "their line." All lines would be owned by the EDC, but, in the context of renewable generation, they would be paid for by the developer of the facility.

In the example discussed above, it is exacerbated by the fact that we are requesting that the EDC overbuild only a small distance on its existing infrastructure. This is not a technical issue and, in fact, earlier in the project, we were told by the EDC that it could be done. Now, at the eleventh hour, when we are about to begin construction of the facility, we are told that the EDCs policy is to only build "one span" from "your line" to "our line." The practical result of this is that no utility-scale solar farm in the state is going to be able to move forward unless it is located a few hundred feet or less away from an existing 34.5 kV line. The fact that the EDCs are not willing to participate in the state's renewable energy program is going to have a serious impact on the ability of the state to achieve its renewable energy goals. The Board must step in to fix this issue with interconnection reform.

Worse still, it is our understanding that not all EDCs in New Jersey do make this distinction. We have discussed the matter with the major EDCs in New Jersey and we understand that at least the two largest EDCs approach the issue very differently. JCP&L, for example, draws a sharp distinction between whether the request for service is from a customer or generator. If you are a customer, you play by the Main Extension Rules. If you are a generator, you are on your own.

PSE&G, to the contrary, treats both requests the same, effectively treating generators as if they were a customer under the Main Extension Rules. It is not good policy to have the different EDCs treating this matter differently. It is arbitrary and puts projects developed in different areas of the state on different footing. This is a practice that should be standardized.

Our proposal is simple:

- As part of the Grid Modernization Rules, the Board should adopt rules modeled along the Main Extension Rules for renewable energy generators;

- Applications for interconnection to EDCs should be treated equally as among all EDCs;

- Upon receipt of an application for interconnection, the EDC should go through a similar process as laid out in the existing Main Extension Rules, i.e., the EDC should study the application, determine the costs of interconnection, determine the best and most feasible interconnection route and any alternatives, and advise the applicant of the cost;

- If the applicant elects to move forward, it should make a deposit equal to the cost of the interconnection and the EDC should use that money to design and build the necessary facilities;

- Unlike the Main Extension Rules, we would not propose that there be any future refunds to the developer by the utilities, since there is no new or future revenue being received by the utilities, as with the provision of extensions to new residential, commercial or industrial developments;

- The utilities should be required to use existing infrastructure, including rights-of-way, poles, and the like to the extent feasible, and, if it is not feasible to utilize existing infrastructure, the EDCs should collaborate with the developer to determine the best and most cost-effective interconnection route; and

- To the extent new easements are required, the developer would be responsible to obtain them, but, the utilities should be required to utilize existing easements to facilitate renewable energy interconnection so long as the connection is technically feasible without causing a detriment to other existing facilities.

Adopting these recommendations would have a positive effect for many projects in New Jersey. There is no reason to treat *customer* and *generator* lines differently when it comes to renewable energy. This will facilitate the state achieving its renewable energy goals and overall have a positive effect on the State. Moreover, it is in the ratepayers' best interest. We are proposing to make the interconnection process more streamlined, cost-effective and practical, which will have the effect of driving down the cost of renewable energy development overall. This is a win-win proposal and it should be incorporated into the grid modernization rules.

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Thank you for your attention to this important matter.

Sincerely,

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