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RE: Docket No. QO22030153  
Community Solar Program

Dear Ms. Golden

Thank you for the opportunity to comment on the above referenced docketed matter. We appreciate all the time and effort that the BPU staff and other interested parties have put in to help shape and develop this staff straw proposal. The comments below are intended to assist in that ongoing process to help BPU establish a permanent community solar program.

However, there is a concern that BPU is leaning more heavily on comments and recommendations from a select few that may be directly lobbying the BPU like the Community Solar Association (CSA) and its members. This is especially significant in regard to a competitive process vs a first come first serve process. The first come first serve process benefits large interstate solar companies that are CSA members. A first come first served process work in the distributed net metered solar program and the energy efficiency programs because of the extensive competition among developers and installers. But with the limited capacity in the community solar program, a first come first served process benefits the limited few large interstate installers.

Given the recent enactment of the Infrastructure Reduction Act incentives there will be a significant increase in community solar built by and for economically and environmentally disadvantaged communities. The first come first serve process will push out local community solar projects developed by in-state neighborhood not for profit (NFP) organizations building community solar project by and for local economic and environmentally disadvantage communities. The BPU needs to set aside a specific capacity strictly for equity NFP organizations proposing to develop neighborhood community solar projects. This could be 20% or more of the annual capacity which if not utilized can be allocated to the full program. This equity set aside could be granted on a competitive basis. The BPU needs to remember that this is a community solar program to be built and owned by communities not just another grid supply solar posing as a community solar program that provides a small benefit to a handful of customers across the state with the majority of the benefits going to large out of state solar developers.

#### **N.J.A.C. 14:8-13.5 (j) municipal community solar automatic enrollment projects**

While this draft proposal to allow for municipal developed solar projects is a great step in advancing real community solar projects, one small minor non-substantive change can improve this overall process. The municipal opt-in all and then allow for an opt-out option because of the limited capacity of a community solar project can be fraught with problems unless strictly and appropriately managed. Municipalities could be bias in their allocation of benefits or subscriptions into a community solar project. However, by first requiring that all ratepayer Universal Service Fund (USF) or Lifeline (LL)

customers and potentially all Comfort Partner/Weatherized Assistance Program (WAP) customers be first subscribed into the local government community solar project the municipal program can minimize bias and advance local equity.

All NJBPU funded ratepayer Universal Service Fund (USF) or Lifeline (LL) customers within the municipality should be automatically enrolled in the municipal community solar automatic enrollment project first without the ability to opt out. These customers should be opted in first and then any remaining slots can be allocated in the manner set forth in N.J.A.C 14:8-13.5 (j) 6. The USF and LL customers are subsidized by New Jersey ratepayers and would receive the exact same benefit as funded under USF or LL but at a lower overall cost to ratepayers. The same amount of USF/LL subsidized electricity would be provided at no net cost from a zero-carbon source, which can help to advance sustainability and environmental equity in economically disadvantaged communities. The USF and LL customers could also receive the remaining unsubsidized electricity from the community solar project at a discounted rate, saving the USF/LL customer even more on their bill than just the USF/LL subsidized bill. This minor change to N.J.A.C. 14:8-13.5 (j) meets the first community solar principle, providing maximum benefit to ratepayers at the lowest cost. Including this requirement in the community solar program can also serve to lower the LMI income verification requirement and lower the overall cost of the community solar program.

The process of municipal community solar automatic enrollment projects set forth at N.J.A.C. 14:8-13.5 (j) 4 should be specific in the local procurement process to ensure that the contract is awarded on a competitive process and that it was developed by the municipality in a fair and transparent manner.

Is N.J.A.C. 14:8-13.5 (j) 4 consistent with local public financing law? Shouldn't the conditions of the contract be available as an open public record consistent with the Open Public Records Act?

### **III. 2. I 2) Project siting**

The BPU should allow for an aggregation of commercial rooftops that are on the same feeder in urban areas. There is a limited amount of space and open rooftops in urban areas. Allowing for an aggregation of rooftops in urban areas would open up the potential capacity of community solar in these areas and make the construction of community solar in urban setting more cost effective. The community solar developer in an aggregated rooftop project would have to show site control of the aggregated rooftops for a minimum number of years. The aggregated rooftop community solar developer could link the meters together with a smart grid communications and monitoring package to meet the requirement of one virtual meter.

### **III. 2.II.3) Project capacity**

Given the demand for community solar projects, the BPU should eliminate the capacity of grid supply projects approved under N.J.S.A. 48:117 and increase the capacity of community solar to 450 MW. The BPU should not issue any awards for projects that are solely grid supply.

The permanent community solar program should be established with two categories: One, large virtual net metered grid supply projects that operate like a community solar project for greater than 5 MW; and Two, full community solar projects equal to or less than 5 MW. Category one could be open to larger customers and could be allocated greater than 40% capacity in one project. This would not be inconsistent with N.J.S.A. 48:117 a.(1)(a) since all large solar project approved under this community solar category would be virtual net metered grid supply - community solar subscription projects and the BPU can set a specific size at 5 MW. This would also be consistent with the limitation set in N.J.S.A.

48:3-87.11 f. Although the BPU should work with the Governor's Office and Legislature to increase the capacity set forth at N.J.S.A. 48:3-87.11 f.

The current grid supply projects awarded under the Administratively Determined Incentive (ADI) program do not directly benefit any New Jersey ratepayers. These projects do not specifically provide their solar electricity directly to customers in New Jersey. A substantial amount of New Jersey ratepayer funds is provided to fund and finance these larger grid supply solar projects with little benefit rolling back to ratepayers.

These larger grid supply projects put a larger stress and strain on the local distribution system resulting in significant distribution expansion and upgrade needs and costs which are allocated directly back to ratepayers without direct benefits. Given, that per EIA and Lazard,<sup>1</sup> utility-scale solar (aka grid supply) projects are cost effective even without subsidies, New Jersey grid supply projects, should receive no State subsidies or incentives. Grid supply projects should be developed based on energy competitive market economic drivers and the federal incentive without any New Jersey SREC II incentives.

### **III. 2. II. 5) Qualification for Project Ownership**

The BPU should not allow any electric distribution company (EDC) to own a community solar project because of their inherent bias and conflict maintained by their holding company. New Jersey needs to be reducing the reach of monopolies and advancing the open energy competitive markets. This inherent bias and conflict is no more evident than in their opposition to the municipal automatic enrollment process proposed by BPU and other states.

The language at N.J.S.A. 48:3-87.11 f specifically states the "The board shall adopt rules and regulations for the permanent program that set forth standards for projects owned by electric public utilities, special purpose entities, and nonprofit entities." Setting a rule that restricts the EDC from community solar ownership is setting forth the standard. If the EDC wants to participate let the EDC or more appropriately the holding company establish an affiliate that operates in the competitive market for community solar.

### **III. 2. II. 6) Application process and Project Selection**

The BPU should retain the competitive process. The first come first serve will limit the BPU's ability to implement policies like equity into the process or to have projects developed by and supported by NFP organizations in environmentally and economically disadvantaged communities. If the BPU moves to a first come first served process, the minimum acceptance criteria should be based on the percentage of LMI customers to be served and the minimum credit savings.

### **III 2.III 10) LMI participation**

All community solar participants, other than LMI customers, in a community solar program should document that their property or business does not have access to on-site solar. This criterion can be linked, in part, to the Sunroof Project – Google see <https://sunroof.withgoogle.com/> . Community solar was specifically developed and designed for New Jersey customers that cannot access on-site solar. Filling up slots in a community solar project with customers that can install on-site solar, simply for the bill saving they may enjoy, diminishes the goal and purpose of community solar and may prevent those

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<sup>1</sup> [https://www.eia.gov/outlooks/aeo/pdf/electricity\\_generation.pdf](https://www.eia.gov/outlooks/aeo/pdf/electricity_generation.pdf) and <https://www.lazard.com/media/typdgxmm/lazards-lcoeplus-april-2023.pdf>

New Jersey customers that cannot install on-site solar from enjoying the benefits of solar that they all are paying for.

The BPU should maintain and expand the 51% minimum LMI subscriber requirement. The BPU should consider increasing this percentage to 100% LMI participation, broadening the income levels for moderate income customers. In addition, all NJBPU USF/LL customers should be automatically opt-into the community solar program as part of the LMI requirement. This should be accomplished by BPU assigning them to specific community solar projects in the same amount of their approved annual USF/LL subsidy. This can help to lower the USF/LL and community solar cost to ratepayers while providing maximum benefits consistent with the 1<sup>st</sup> Community Solar Transition Principle.

Requiring the opt-in of all NJBPU USF/LL customers as community solar customers as part of the LMI requirement can significantly lower the LMI subscription cost to community solar developers and make the income verification standards easier to implement.

To maximum the benefits of 100% clean energy by 2050, the BPU should set a goal to provide 100% solar electricity availability for low income BPU Universal Service Fund (USF) or Lifeline (LL) customers. Only about 400 MW of solar capacity could provide enough electricity to meet the annual subsidized electricity requirements of the full electric USF/LL population. This set aside capacity can easily be accomplished over a few years. The BPU, over time, could opt in all the customers in the USF and LL programs as subscription customers into the community solar program. The BPU would make this allocation annually to account for the changing status of USF/LL customers over time.

### **III. 2. V 16) Interconnection process**

The BPU needs to require grid interactive efficient buildings (GEB) as an integral part of its Grid Modernization program. Without including GEB in the Grid Modernization program the electric distribution utilities will employ all distribution resources in upgrading the grid to address the added capacity from community solar projects thereby increasing the overall cost to ratepayers. Implementing GEB technologies as part of the Grid Modernization programs can help to lower the cost to upgrade and modernize the electric distribution system to all ratepayers in a more cost effective manner. The community solar program should require that all non-LMI customers that participant in community solar project install GEB smart grid technology as a requirement for subscription, because a portion of the grid upgrade required because of solar and community solar should be borne, in part, by solar and community solar customers.

Large grid supply projects that do not provide any direct benefits to ratepayers should bear the full cost of any distribution system upgrade that is required because of the percentage of the line capacity their grid supply projects consume. The cost for large virtual net metered grid supply - community solar subscription projects should be socialized across the full utility rate base. The larger the community solar project's percentage of LMI customers the greater the percentage of upgrade cost socialization across the full rate base. If a community solar project is made up of 100% USF/LL customers, the full cost of the distribution system upgrade costs should be socialized across the full utility rate base.

### **III. 2. VI. 18) ADI Program registration**

There should be no grid supply projects approvals awarded under the ADI program. The BPU should only approve community solar and large virtual net metered grid supply projects that operate like a community solar project as part of the ADI program. The BPU should only allow community solar subscription projects as part of the ADI program and the NJBPU should opt in all the customers in the

USF/LL programs as subscription customers into the community solar program. This year's total capacity large system capacity of 450 MW is more than sufficient to serve all New Jersey USF/LL customers. But the BPU could phase in 100% USF/LL customers into the community solar program over several years. The BPU would make the allocation of USF/LL customers into the community solar program annually to account for the changing status of USF/LL customers over time.

The current grid supply projects under the Administratively Determined Incentive (ADI) program do not specifically or directly benefit New Jersey ratepayers. These projects do not provide their solar electricity directly to customers in New Jersey. A substantial amount of New Jersey ratepayer funds is provided to fund and finance these larger solar projects with little benefit rolling back to ratepayers. In fact, the stress and strain these large solar projects put on the local distribution system results in significant distribution expansion and upgrade needs and costs which in some cases are allocated back to ratepayers.

### **III. 2. VI. 19) SREC II values**

Given the increase in federal incentives for renewable energy, EV and EE under the infrastructure investment and jobs act (IIJA) inflation reduction act (IRA), the BPU should re-evaluate the SREC II value. While the solar industry and others may oppose a reasonable reduction in the SREC II value, the quicker the BPU and other state agencies can reduce incentives for renewable energy, EV and EE technologies, equipment and appliances, the faster New Jersey and the states will get to 100% clean energy transition.

In addition, while not a question the BPU requested for feedback, the BPU with the electric utilities, community solar companies and interested parties, needs to start a process to replace the net metering incentive process since net metering cannot continue as is for much longer. In addition, the BPU needs to review and revise the allowable nonbypassable charges that must be included in a community solar customers electric utility bill. As solar costs decrease, the allowable nonbypassable charges should increase so that the community solar customer carries more of these reasonable costs. This includes carrying more of the costs provided by net metering. The revisions to net metering need to pay the community solar customer for the fair value for the solar electricity, which is more than just the avoided cost of electricity at the wholesale price and should include the value of all the benefits provided by solar electricity. The BPU should start that proceeding now and not wait for implementation of FERC's Order 2222 by PJM. It appears the PJM FERC Order 2222 is not on any reasonable timeline, given the recent FERC rejection of PJM's Order 2222 Implementation plan as having failed to meet the FERC Orders 2222 requirements.

### **III. 2. VII. 20) Subscribers**

The BPU should require that a certain percentage of a community solar project should be available for direct ownership. Currently this is an option that the BPU is suggesting they eliminate in the permanent program. If BPU eliminates this option then the community solar program is not the same as the current distributed net metered solar program where a customer can opt to buy and install panels on their property or lease a system. The reason for eliminating this option is that no community solar project offered this option. Of course not, because it is not in the best economic interest of the community solar companies to do so, which is why the BPU regulates this activity. The BPU should require that each community solar project have a certain percent of the system that is offered for sale and ownership by a community solar customer.

### **III. 2. VII. 21) Geographic distance between projects and subscribers**

It is not correct to fully eliminate the geographic distance between the location of a community solar project. This program is a “**community**” solar program and not a just grid supply program. There needs to be a link to the community in the community solar program. While customers should be able to access the nearest available community solar project anywhere in the EDC territory, if a community solar project is not available in their specific community, the BPU should endorse and encourage a specific geographic link to a project and that link is best defined at a local government level.

Further, community solar is the initial step towards deregulating the electric and natural gas industries that was started by States in the 1990’s by deregulating the supply side of the electric and natural gas industries. That next step in deregulation is to minimize and eliminate the need for monopoly utilities. Electrifying the transportation and building sectors will reduce and eliminate our need for natural gas utilities in the future through 2050 and the expansion of community solar programs with specific geographic links that includes storage requirements will likewise reduce and may eliminate our needs for electric utilities in the future through 2050.

### **III. 2. VIII Others**

The BPU should extend and expand the community energy planning grant program. Within this grant program the BPU should set as a minimum requirement for receiving the grant that the municipality develop and implement a community solar outreach program. The specific guidelines and details of the municipal community solar outreach can be developed by and with Sustainable Jersey within their Community Solar Guidance and Workbooks as managed by BPU.

Thank you for the opportunity to comment on the community solar energy permanent program. We appreciate all the time and effort that the BPU put into developing this proposal and draft rule and submit the above comments to assist in advancing the States advances towards 100% clean energy goals by 2050. Please feel free to contact me on any further follow-up.

Very Truly yours

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