



PowerFlex  
75 Broad St, 24th Floor  
New York, New York 10004  
[www.powerflex.com](http://www.powerflex.com)

May 15, 2023

Sherri L. Golden  
Secretary of the Board  
44 South Clinton Ave., 1st Floor  
PO Box 350  
Trenton, NJ 08625-0350

**RE: Docket No. QO22030153 – In the Matter of the Community Solar Energy Program**

Dear Ms. Golden,

Thank you for the opportunity to provide comments on the design of the permanent Community Solar Energy Program (CSEP) in New Jersey. PowerFlex is a leading national provider of intelligent onsite energy solutions that support carbon free electrification. The company delivers integrated solar, storage, EV charging, and microgrid systems to businesses and organizations to achieve clean energy and sustainability goals. As a leading installer and operator of solar resources in New Jersey with over 110 MW developed in the state, PowerFlex fully supports the growth of the solar industry in New Jersey and offers these comments with the goal of helping the state meet its clean energy goals.

First, PowerFlex would like to thank the New Jersey Board of Public Utilities (BPU) for listening to stakeholder feedback about the Pilot Program as evidenced by the changes proposed for the permanent program in this straw proposal. PowerFlex participated in both years of the Pilot Program and found its application structure to be overly subjective, and non-transparent. PowerFlex was extremely pleased to see that the BPU is replacing this complex, annual competitive solicitation process with a more programmatic, standard, and accessible first-come first-served program. PowerFlex believes that the current program proposal will yield benefits for solar developers and New Jersey communities, especially low- and moderate-income (LMI) households. PowerFlex offers these comments as suggestions to improve the proposed program even more.

Regarding Staff's questions to stakeholders PowerFlex has the following comments:

*6: Please comment on the proposed process for project registration. Do you believe using bill discount offering is an appropriate method to select projects, should there be more applicants than capacity available?*



PowerFlex fully supports BPU's proposal to replace the competitive solicitation process for project registration with a first-come first-served registration process that requires high project quality and maturity. PowerFlex agrees that this process for project registration will be more sustainable and impose less risk on developers. PowerFlex also agrees with BPU's proposal of a tiebreaker process based on the minimum guaranteed bill credit savings rate offered to subscribers if capacity blocks are filled within the first ten business days of the registration period. This could help prevent a rush to oversubscribe the program upon opening of the portal.

*7: Do you believe the proposed project maturity requirements are sufficient to ensure that accepted projects are highly likely to begin operation within the 18 months allowed in the ADI Program?*

Despite the high project maturity requirements to apply into the CSEP, PowerFlex does not believe accepted projects will be able to begin operation within 18 months due to the current long lead times for equipment in the solar industry and the likely size of community solar projects. Lead times for AC equipment and utility upgrades for 5 MW DC systems are currently upwards of 18 months alone. Therefore, PowerFlex requests that community solar projects are allowed 24 months to begin operation after conditional approval.

*17: What, if any, additional stipulations would need to be included in the Program in order to create the greatest benefits to the grid, including storage and compatibility with the proposed Storage Incentive Program?*

The best way for the BPU to maximize grid benefits under the program is to encourage the development of Battery Energy Storage Systems (BESS). BESS will enable generating customers to shift excess solar production in the middle of the day to be used later during peak demand times, thus improving the daily load shape of the grid and mitigating the likelihood of an outage. PowerFlex is excited to see New Jersey encouraging the development of energy storage with the Storage Incentive Program (SIP). PowerFlex encourages preferences for BESS in the community solar program, including an assurance that solar plus storage projects can receive both CSEP and SIP benefits.

*19: The IRS has released an initial guidance document<sup>18</sup> for the ITC adder in the Inflation Reduction Act ("IRA") for projects that benefit low-income communities. Do you believe the permanent program will appropriately align with federal solar incentives? Should the incentive available for community solar projects in the ADI Program be modified to reflect the fact that*



*projects may or may not qualify for the ITC adders for siting in energy communities designated in the IRA or for being low-income benefit projects?*

PowerFlex opposes any modification to the community solar incentive due to the possible qualification for ITC adders. Although community solar projects may qualify for ITC adders, the IRS guidance indicates that these adders may become very competitive as there is the potential for the capacity for energy communities and low-income ITC adders to run out. Furthermore, the ITC adder application process is brand new and un-tested. Some estimate project owners may not know their final ITC adder award until after commercial operation. Given this uncertainty surrounding the new ITC adder program, the possibility of any incentive modification will introduce significant developer risk and may discourage development of community solar projects. If anything, this should be something that is revisited by program administrators once the ITC adder program has been fully implemented and tested.

For the remainder of Staff's questions PowerFlex has no comment.

In addition to Staff's questions, PowerFlex has comments regarding the SREC-II value and the program's annual capacity for the next three years.

Currently, Staff is proposing that community solar projects maintain the ADI Program incentive of \$90/MWh as originally proposed in 2021. However, on March 13, 2023, all other market segments in the ADI Program received a \$5-10/MWh increase in SREC-II value to offset the rising costs in the solar industry caused by the pandemic and supply chain issues. As proposed, community solar projects will receive the same incentive value as small net metered non-residential ground mounts, even though ground mounts are not allowed in the program unless sited on a contaminated site or landfill. Net-metered non-residential rooftops, carports, and floating solar all receive at least \$100/MWh, and the costs for these project types are even higher for community solar due to the costs of acquiring and maintaining subscribers. Subscriber administration costs are especially high for LMI subscribers, and while PowerFlex supports the Board's requirement that 51% of community subscribers must be LMI, the costs of this requirement must be considered. Therefore, PowerFlex requests BPU increase the incentive for community solar projects to \$120/MWh.

Finally, the straw proposal allocates at least 225 MW of program capacity in energy years 2024 and 2025 and at least 150 MW in energy year 2026. However, this proposed cumulative capacity of 600 MW falls short of the statutory requirement set by the Solar Act of 2021 for 750 MW of cumulative community solar capacity within the first five years of the ADI Program. PowerFlex requests that BPU please clarify how the program will account for the capacity shortfall.

Overall, PowerFlex applauds the Board's efforts with this straw proposal for the permanent Community Solar Energy Program to develop cost-effective and equitable solar systems



throughout the state. PowerFlex believes the program will create more opportunity in New Jersey for community solar that maximizes participation and value to all stakeholders.

Thank you again for your continued efforts to align New Jersey's community solar incentive with market needs and conditions. PowerFlex supports BPU's efforts and looks forward to continuing to help work towards a clean energy future for New Jersey. Please do not hesitate to reach out for further assistance.

Respectfully Submitted,

Raghav Murali  
Director of Policy & Government Affairs  
[raghav.murali@powerflex.com](mailto:raghav.murali@powerflex.com)  
312-404-9069