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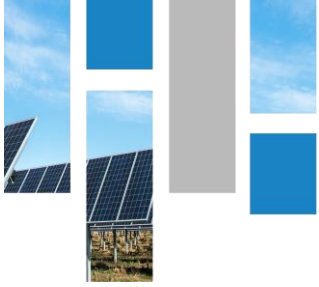

New Jersey Board of Public Utilities
44 South Clinton Ave., 1st Floor
PO Box 350
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May 15, 2023

Dimension Renewable Energy Comments on the Staff Straw Proposal for the Permanent Community Solar Energy Program

Docket No. QO22030153

Dimension Renewable Energy ("Dimension") thanks the New Jersey Board of Public Utilities ("BPU" or "the Board") and Staff for the opportunity to submit these comments regarding the proposed design of the permanent Community Solar Energy Program ("CSEP"). The CSEP proposal is thoughtful and workable, and Dimension believes it will lead to a strong program that will serve thousands of New Jersey residents with clean energy, benefit communities, and build a diverse workforce for the future.

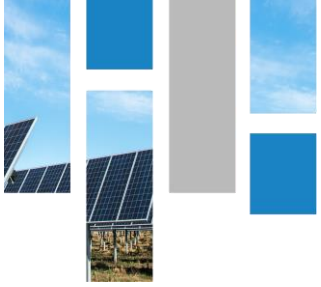
Dimension is constructing community solar projects we were awarded in the second year of the Community Solar Pilot Program ("Pilot Program"). We are fulfilling our community engagement promises, we are well-along in our subscription efforts, and our portfolio of eight projects will be on-line and fully subscribed this fall. In addition to our work in New Jersey, Dimension is participating in the development of several others state community solar programs, including Virginia, Maine, New Mexico, California, Wisconsin, Ohio, and Pennsylvania. Our comments are informed by our actual experience in New Jersey and other states. Dimension is an active member of the Coalition for Community Solar Access ("CCSA"). We support the long-term vision CCSA has developed through briefing papers on this topic and, in this instance, wish to expand on areas where we believe our experience can bring additional clarity.

Comments on the Proposal

Section II. Program Capacity
3) Overall Program Capacity

Dimension appreciates the challenges created by failed projects and believes the best way to minimize these challenges is to ensure projects achieve measurable development milestones and require meaningful financial commitments when applying to the CSEP. Nonetheless, there may be projects that fail to reach COD and relinquish their capacity ("scrubbed" capacity).

Respectfully, Dimension suggests it would be beneficial to add scrubbed capacity back into future year's allocations of capacity. These projects bring meaningful benefits to New Jersey households and those benefits should be realized through the efforts of a different project developer.



Section II. Application Process and Project Selection
6) Application Process and Project Selection

Dimension supports the application and project selection process outlined in the staff report. Strong project maturity requirements in combination with a first-come, first-served approach to project selection uses BPU staff time efficiently, reduces project fall-out, and provides program participants with a clear line of sight for investment decisions. This is a proven model. In Virginia, which hosts a 150 MW community solar program, similar project maturity requirements have led to a measured, months-long capacity reservation process.

The majority of projects in Virginia are ground mounts which require a more extensive, and expensive, permitting process than the typical New Jersey rooftop project. The requirements for completed interconnection agreements and non-ministerial permits in-hand represent large financial commitments, but the requirements have slowed the program application process and given community solar developers a clear line of site on whether or not to advance projects. Even better, Virginia regulators can have a high level of confidence that community solar projects applying to the program have been de-risked and will proceed to commercial operation.

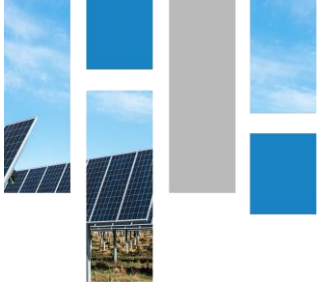
Respectfully, Dimension would like to suggest some specific refinements to the proposed project selection process based on our experience in New Jersey and elsewhere to ensure that program capacity is allocated fairly and to projects with the greatest likelihood of reaching commercial operation.

Dimension has observed in community solar markets across the country that low-cost options lead to speculation, oversubscription, and a high rate of project fallout. Discretionary permits (e.g., conditional use permits, and other non-ministerial permits) along with a commitment to pay for interconnection, are two of the strongest indicators of project viability. Providing “a plan” to obtain permits is far inferior. As Robert Burns famously noted, ‘the best laid plans of mice and men often go awry’. There is no substitute milestone for permits in-hand.

Likewise, applying for an interconnection study is an indication of the developer’s confidence in a project. But it is only after the study results are received and the developer has signed an interconnection agreement and committed to paying for grid upgrades that anyone else can have a high level of certainty the project will proceed and be completed.

Permits and signed interconnection agreements are excellent indicators for project readiness, but Illinois’ experience of a few years ago shows that even then there can be speculation and oversubscription. Famously, Illinois’ initial foray into community solar devolved into a lottery where hundreds of projects sought permits and interconnection agreements as tickets. The simple and necessary solution is to require projects to post meaningful security deposits on the order of $30 - $50/kW. Security deposits eliminate oversubscription and take speculative, poorly executed projects out of contention.

New Jersey’s current interconnection process is too informal to operate well as a screen for project viability. The EDCs issue conditional approvals after a study and provide interconnection cost estimates, but the process for a developer to accept and commit to paying for those improvements does not have formal timelines. Interconnection agreements are not required to be signed until the project receives permission to operate—some time past mechanical completion. The lack of timelines can lead to queue-squatting, where a hopeful



developer pauses development, without paying for interconnection costs, to see if program conditions improve or they can find another developer willing to buy their project.

Dimension suggested the following milestone requirements for projects >500kW:

1) Developers should obtain all required non-ministerial permits (i.e., everything other than building and electrical).

2) Developers should produce a conditional acceptance letter from the interconnecting electric distribution company ("EDC") as well as a receipt or other payment confirmation showing the developer has paid for their real-time metering and any other upgrade costs.

3) Developers should request, and execute an interconnection agreement with the EDC. Although it isn't commonly done, it is currently within the EDC's purview to provide interconnection agreements prior to permission to operate.

4) Developers should post a refundable security deposit with the BPU. The deposit should be on the order of $30 - $50/kW, and refundable to the project only when it reaches commercial operation and has fulfilled its program commitments. Failure to obtain financing, interconnection, or permits should not be grounds for refund.

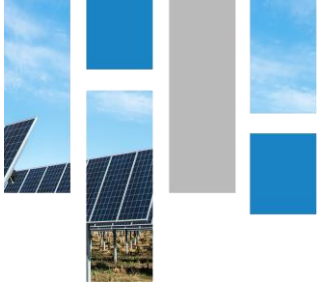
Dimension recommends that Projects <500kW simply have a signed interconnection agreement prior to acceptance into the community program.

New Jersey is in the process of revising the interconnection process and these recommendations will need to be examined and possibly modified based on the forthcoming rules.

III. LMI Access
11) LMI Income Verification Standards

Dimension supports the Staff's proposal on LMI income verification. The existing verification standards have proven to be a barrier to LMI participation in the community solar program because of the intrusive nature of the documentation. The Dimension team has observed a variety of reactions to income due diligence, ranging from acceptance to embarrassment, and even suspicious hostility when potential program participants are asked to share income information in addition to their utility bill information. Self-verification is respectful toward LMI households and Dimension strongly supports its use.

Respectfully, Dimension disagrees with the Staff's proposal for a third-party administrator to separately verify participant income status and suggests instead that period audits by an accredited accounting firm or similar organization be used to assess subscriber organization LMI recruiting methods and developer compliance. LMI households have no reason to mislead subscriber organizations about their income while developers do, so the enforcement should focus on the developers rather than overburdened households.



IV. Bill Credits
13) Bill Credit Banking / Excess Bill Credits

Dimension respectfully requests Staff consider a modification to the proposal. From Page 18 of the Notice:

> "For Subscribers, Staff recommends credits shall carry over monthly billing periods until the end of an annualized period, the closure of their utility account, or the end of their subscription, at which time excess net bill credits shall be compensated at the EDC's avoided cost of wholesale power."

The proposed framework would make sense in a typical net metering arrangement where the benefiting household owns the generating system—but this is not the case for a community solar subscriber. It's important to note that community solar subscribers pay only for the credits they can actually use to offset their utility bill. If they haven't used the bill credit, they likewise haven't paid for it. Solar production and subscriber energy usage both vary over time, so some seasonal mismatch in the credits is to be expected. However, if the subscriber account has accumulated credits beyond what can offset their bill, they do not receive them, nor do they pay for them. This provides a strong incentive for subscriber organizations to 'right size' subscriptions.

It would be more equitable, and a better reflection of how community solar works, if any excess credits were assigned back to the subscriber organization at their full value so they could be reallocated to—and paid for by—another subscriber. New York handles excess credits in this way.

V. Project Interconnection
17) Distribution System Support

Staff raise an important question on how energy storage should be incorporated into the program. Dimension and many other CCSA companies are involved in the design of a new community solar program in California that will feature solar matched with storage. Based on that experience, Dimension suggests the answer to Staff's question is "not yet".

California's grid reliability issues have made national headlines over the past several years and sparked coordinated efforts by the California Public Utilities Commission ("CPUC"), the California Energy Commission ("CEC"), the California Independent System Operator ("CAISO"), the utilities and a host of interest groups to find clean energy solutions to meet peak demands. California has a robust renewable energy industry, a burgeoning energy storage industry, and well-developed interconnection tariffs and protocols. Dimension is excited to help define a role for community solar plus storage to meet California's reliability needs.

New Jersey is making good progress in building functional interconnection tariffs for distributed generation and managing the interconnection of an unprecedented amount of offshore wind. Respectfully, Dimension suggests the Board wait a reasonable period of time until New Jersey's interconnection tariffs are resolved and it will be possible to observe lessons learned from California on how to combine community solar and energy storage. We look forward to working with Staff on that effort.

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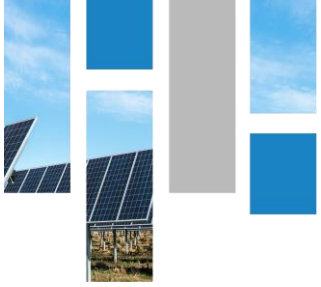

VII. Community Solar Subscribers
21) Geographic Distance Between Project and Subscribers

Dimension's experience has been that communities are expressed in a number of ways, from religious affiliations to secular on-line groups, and not simply by geography. Dimension concurs with Staff on the elimination of geographic distance requirements. Limiting the geographic reach of projects means that overburdened households in urban areas will not have access to community solar, simply because they aren't near the large rooftops that host the projects.

VIII. Other
24) Community Engagement

Dimension agrees with Staff's observation ". . . that engagement and outreach by community solar projects to both residents in the communities where projects are located and any potential subscribers across each EDC are important aspects of community solar." Dimension strongly supports Staff's recommendation that each project submit a community engagement plan with the criteria staff have provided.

Already, Pilot Year 1 and 2 projects have offered municipal support from their host communities, workforce development plans, and contractual financial commitments to support communities or community-based organizations. Based on two years of program performance, Staff is right to recommend "Developers should work with municipalities and neighbors to ensure local support for siting of projects before they are approved and constructed".

Municipal support from the community where a project is located is a reasonable and necessary prerequisite for any project calling itself community solar. There are other tangible demonstrations of community engagement and benefits that should be required of community solar projects. In Dimension's view, projects and developers who innovate and engage with communities are the key to making the CSEP the success New Jersey deserves, and Staff should use their discretion to require projects to demonstrate a reasonable level of effort. Based on what has already been observed in Pilot Years 1 & 2, there are many opportunities for innovation and alternative types of community engagement.

The Dimension team deeply appreciates the excellent work Staff has done to refine the CSEP Proposal and we look forward to working with Staff and the Board to make the CSEP program successful.

Sincerely,

/S/ Joe Henri

Joe Henri
SVP Policy
Dimension Renewable Energy