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Sherri Golden
New Jersey Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, NJ 08625-0350

Via email to:
board.secretary@bpu.nj.gov

Re: Docket No. QO22030153
IN THE MATTER OF THE COMMUNITY SOLAR ENERGY PROGRAM STAFF STRAW PROPOSAL

Dear Secretary Golden:

The Mid-Atlantic Solar & Storage Industries Association (MSSIA) is pleased to present these comments in regard to the above-referenced request for comments.

MSSIA is a trade organization that has represented solar energy companies in New Jersey, Pennsylvania, and Delaware since 1997. During this 26-year period, the organization has spearheaded efforts in the Mid-Atlantic region to make solar energy a major contributor to the region's energy future. Its fundamental policy goals, in brief, have been to: (1) grow solar energy and storage in our states as quickly as practicable; (2) do so at the lowest possible cost to ratepayers, while delivering the greatest possible benefit as a public good; and (3) preserve diversity in the market, including opportunity for New Jersey companies to grow and create local jobs. MSSIA recently added a fourth goal to ensure equitable access to the benefits of solar and storage for overburdened communities, and for low and moderate income households (https://mssia.org/fundamental-policy-objectives/).

Many MSSIA members have been actively involved in the development, design, and construction of community solar projects in Program Year 1 and Program Year 2 of the Community Solar Pilot Program. Many members wish to participate in the permanent Community Solar Energy Program. They look forward to investing in growth in the community solar renewable energy sector and to creating hundreds more high-quality jobs in the state.

A summary of MSSIA's main recommendations regarding the permanent Community Solar Energy Program in response to the Staff Straw Proposal is provided below.

SUMMARY OF MSSIA'S MAIN COMMENTS AND RECOMMENDATIONS

I. Program Eligibility - Efficient use of the most favored and the most cost-effective space is vital if state is to continue solar development in line with the Lest Cost Scenario of the Energy Master Plan, while maintaining good land use practice. Not allowing co-location will mean that the most cost-efficient sites either will not be used in the program (and a substantial likelihood that they will then not be utilized at all); or that only a portion of such sites will be used, resulting in inefficient use of space.

1) Project size and co-location of projects - Efficient use of the most favored and the most cost-effective space is vital if state is to continue solar development in line with the Least Cost Scenario of the Energy Master Plan, while maintaining good land use practice. Not allowing co-location will mean that the most cost-efficient sites either will not be used in the program (and a substantial likelihood that they will then not be utilized at all); or that only a portion of such sites will be used, resulting in inefficient use of space.

Staff echoes this in the Straw proposal, stating that "Allowing co-location of two or more community solar projects would allow projects to benefit from economies of scale and make use of available space.

If staff still believes that co-location should not be allowed except by petition, then the CSEP should include criteria for petitions that allow for petitions to be considered based on special policy merit beyond the basic requirements of the program.

2) Project Siting – MSSIA recommends adding to the definition of favored floating solar sites the following: “or sites adjacent to contaminated or likely contaminated bodies of water, such as those adjoining contaminated sites”

II. Program Capacity

3) Overall Program Capacity - MSSIA supports Staff’s recommendation to set a minimum annual capacity for the CESP program. However, given the extraordinary level of participation in the Pilot Program Year 1 and 2 and the aggressive state goals for renewable energy, we would like Staff to consider setting the minimum annual capacity above the currently proposed 150 MW DC and setting the cumulative capacity for energy years 2022 – 2026 74 MW above the 750 MW DC accordingly. We believe that greater capacity will allow for additional participation that can better meet the state’s goals, accommodate the anticipated backlog of projects that have been waiting for the CESP to open, prevent a “rush” to get projects into the program upon opening of the program, and will allow for a broader diversity of developers to be represented in the CS award pool.

It is recommended that the minimum should be set to 225MW per year in 2026 and then reviewed yearly thereafter to address the changing and growing need of the state for renewable energy and to ensure that the state remains on course for the 2030 and 2035 goals.

4) Program Capacity Segmentation- Solar project development may not perfectly align with predetermined sizes assigned to each utility company. This misalignment most certainly will create situations where underdevelopment occurs. Ultimately, the aim is to maximize the utilization of solar energy resources and promote efficient project development across the board. By adopting a flexible approach to capacity allocation, it becomes possible to avoid under-development and ensure that solar energy projects can be implemented effectively, meeting the energy needs of the region while embracing the benefits of renewable energy.

5) Qualifications for Project Ownership

MSSIA has always adopted a balanced policy toward utility ownership of solar and battery projects that consider both the importance of a robust private industry and the benefits of business growth in the state, while allowing room for modest contributions by utility companies, especially where their resources and responsibilities are of particular value. Therefore, MSSIA believes that consideration of such projects should be made on the merits of the project or program proposed.

II. Application Process and Project Selection

6) Application Process and Project Selection - Rolling Application Process. MSSIA is in favor of Staff's "first-come, first-served" recommendation for the application process and selection. This method of selection which allows for a rolling application process in which projects that meet quality and maturity requirements and meet all requirements of the application process are allowed to submit an application package for review through the SuSi ADI portal allows for a fair system in which a diversity of projects will be able to participate.

Application Process and Project Selection – Tiebreaker Process. The tiebreaker procedure that Staff recommends in the event of capacity blocks being filled too quickly provides for a ranking of project applications received within the first 10 business days of the registration period based on the offered savings rate. While MSSIA agrees with this approach, we suggest this ranking criteria be more targeted and language should specify that ranking will be based on the offered savings rate specifically provided to LMI subscribers. In addition, MSSIA recommends the use of dual-criteria ranking based not only on offered savings rate but also on percentage of LMI subscribers. Staff's recommendation that municipally-led subscriber acquisition with opt out programs be allowed in the CESP should enhance the ability of developers to dramatically increase their LMI subscribers for projects. MSSIA strongly supports any policy that results in an increase in LMI subscribers beyond the required 51% participation as laid out in the Straw Proposal. Further, MSSIA supports the BPU establishing aspirational goals for projects regarding the percentage of LMI subscribers to be served by the Program.

7) Minimum project maturity requirements - In order for the Board of Public Utilities to be successful in achieving its goal of Meeting the Governor's goal of 50% Class I Renewable Energy Certificates ("RECs") by 2030 and 100% clean energy by 2035, further encouragement of development of Community Solar Energy Projects on otherwise undevelopable land, such as parking lots, contaminated sites and landfills is necessary. The current CSEP Straw Proposal puts such projects at a clear disadvantage compared to rooftop projects due to the vastly longer development cycle and much higher investment required for these types of projects.

MSSIA would ask Staff to consider revising their recommendations for the CSEP in order to be consistent with their recommendations for the Competitive Solicitation Incentive Program and create separate tranches for each type of project (one for rooftops, one for canopies, and one for contaminated sites and landfills). Each tranche would have different maturity requirements and timelines for completion in order to reflect the actual needs of development for each type of project and allow developers to obtain financing for such development activities for projects where a large upfront investment is required.

MSSIA suggests that the requirement that all non-ministerial permits be obtained prior to application be removed for ground mount and canopy project and instead the following maturity requirements be applied to these project types:

For projects located on contaminated sites and landfills:

1. A completed DEP permit readiness checklist.
2. Evidence that that a meeting was held with the NJDEP OPPN and that the developer understands the full suite of permits and approvals required for completion of the project.

3. Letter or other determination from the New Jersey Highlands Council, the New Jersey Pinelands Commission, or other AHJ as relevant, stating that the proposed project is consistent with land use priorities in the area.
4. Letter of support from the AHJ planning board/zoning board stating that the proposed project is consistent with the AHJ's Master Plan.

For parking canopy projects:

1. Letter of support from the AHJ planning board/zoning board stating that the proposed project is consistent with the AHJ's Master Plan.
   Additionally, MSSIA suggests that parking canopies and ground mounted projects on contaminated sites and landfills be given a period of two years to achieve commercial operation from the registration date and the ability to request (2) six-month extensions to their registration expiration date.

MSSIA would recommend that the submission of permits be sufficient for minimum project maturity instead of receipts as the work and effort put into the creation of permit sets shows dedication and significant effort into completing the project. The emphasis is on demonstrating progress by submitting the required documentation, indicating that the project is actively moving forward in the permitting and interconnection process. This approach acknowledges that the actual receipt of permits or interconnection approvals may be subject to external factors, administrative processes, or unforeseen circumstances that could impact the timeline.

8) Other project eligibility criteria - MSSIA has no comment on this topic at this time.

III. LMI Access

9) Definition of LMI subscriber - MSSIA has no comment on this topic at this time.

10) LMI participation – MSSIA believes that the minimum percentage of LMI subscriber participation should increase over time. MSSIA recommends that annual review should consider performance of the market in determining whether such increases are practical, and then implementing increases if they are found to be possible. In addition, see MSSIA’s recommendation for percent LMI subscribership as a criterion in any ranking (topic no. 6).

11) LMI Income verification standards – It is recommended that to ensure transparency and accuracy in the income verification process. The purpose of this recommendation is to ensure transparency and accuracy in the income verification process, particularly when it comes to qualifying for solar-related incentives or programs based on income levels. By requiring the subscriber organization to provide the subscriber with the actual income level required for their specific location, it helps establish a clear benchmark for determining eligibility. By implementing this recommendation, the aim is to promote fairness and equity in the distribution of solar-related incentives or programs based on income. It helps prevent misrepresentation or manipulation of income levels and ensures that those who genuinely meet the income requirements can access the benefits they are entitled to.

12) Participation by affordable housing providers

IV. Bill Credits - Community Solar Bill Credit Rates – MSSIA would recommend that Staff consider providing for an extension of the bill credit rates provided for CS projects for an additional 5 years. The option to extend the project's eligibility to continue to sell electricity to subscribers for a 25 year term will bring the CS projects more in line with standard industry lease agreements which typically run for 25 year terms. This certainty that electricity can continue to be sold at the bill credit rate to subscribers beyond the 20 year term will make CS projects more financeable and therefore more projects meeting the objectives of the CESP program will move forward, furthering the BPU's and State's goals for renewable energy.

13) Value of the bill credit

14) Bill credit banking/excess bill credits - MSSIA agrees with Staff's recommendation that bill credits may be banked for up to 12 months from the start of operations, with an additional 12 months to be allocated to new subscribers. MSSIA suggests; however, that for a period of 12 months following their generation, all bill credits throughout the life of the program should maintain their full value until they are allocated to paying subscribers. MSSIA also recommends this process should be applied to Pilot projects. The high customer turnover that is anticipated with CESP projects will make them harder to finance if protections are not put in place to ensure that the full value of the bill credits be provided whenever in the life of the project they are allocated and regardless of whether they have been banked or are excess credits. This protection will make the expected financial parameters of projects more certain which in turn will lead to more projects whose economics are able to support greater discounts provided to LMI customers.

15) Consolidated billing - Utility Administration Fee – While MSSIA recognizes the additional responsibility the utilities will have in incorporating the consolidated billing measures, we do not believe that a fee of 1% charged by the utility is reasonable and is unnecessarily detrimental to otherwise strong projects that are struggling to pencil economically. We believe that the additional time and effort required to add consolidated billing will not be significant for the utilities since they are already set up to perform automated billing tasks. As such, MSSIA suggests reducing the maximum utility administration fee to 0.5%.

V. Project Interconnection

16) Interconnection process – MSSIA supports BPU's Grid Mod proceeding and proposed rules. It is vital that there be rapid deployment of "low hanging fruit" methods and technologies ASAP, especially through pilot programs that can measure success, troubleshoot any problems and correct them, and refine the methods.

17) Distribution system support - IX Working Group; pilots quickly for advanced methods and technologies, batteries substation, reactive power, ramp-rate control by forecast

VI. ADI Program

18) ADI Program registration - MSSIA agrees with staff recommendations, except MSSIA recommends that contaminated sites such as landfills be approved for a 24-month period, reflecting the long development times, environmental (DEP) approval times, and construction timelines that they typically require. MSSIA believes that this is supported by the experience of most contaminated site projects in PY 1.

19) SREC-II values - Regarding the IRA's low-income adders, MSSIA notes that the Treasury guidance states that for each of the two years where the adders will be available, they are allocating only 700 MW nationwide for "Low Income Economic Benefit" projects like Community Solar projects. Divided among 50 states and Puerto Rico, that would provide only 13.7 MW per year for two years to the average state (700 MW divided by 51, allocated by lottery). Therefore, it seems likely that only a small fraction of the 225 MW of CSEP will qualify. MSSIA believes that it is worth considering whether projects that do qualify could provide some relief of the ratepayer cost in the form of a lower SREC-II level. That said, there should still be some reward for the project doing the work to secure the adder and succeeding in the lottery.

VII. Community Solar Subscribers

20) Number of subscribers - MSSIA has no comment on this topic at this time.

21) Geographic distance between project and subscribers - MSSIA agrees with the staff recommendation generally, but believes that the issue should be revisited to see if, over time, a local concentration of subscribers proves itself to be feasible. Municipal subscriber aggregation and opt-out may result in greater feasibility of local concentration. In fact, it is possible that such municipal aggregation could prove to be more secure for investors and more cost-effective than the current process! It also brings advantages and possible revenue to the municipalities. Therefore, MSSIA believes that BPU should do everything possible to encourage this option and make it easy for both developers and municipalities to adopt.

22) Consumer protection - MSSIA generally agrees with staff recommendations, but believes that the 10% level needs more discussion. The PY 2 virtual requirement was >20%, and MSSIA believes that consideration should be given to maintaining that minimum level. MSSIA advocates increasing the benefits of the program to low-income households over time. MSSIA believes these policies should be reviewed on an annual basis to see how the market is progressing, with the goal of continually expanding and improving the benefits the program

23) Automatic enrollment- MSSIA agrees with staff recommendations. Municipalities taking on the role of subscriber organization or ownership should develop procedures to ensure that the specified 80% or more of subscribers meet the LMI qualification standards.

VII. Other Workforce Development – MSSIA did not see a workforce development component being proposed in the Staff Straw Proposal. MSSIA agrees with the tactic that workforce development programs should be uncoupled from the Community Solar Energy Program and instead be undertaken on a coordinated basis statewide in conjunction with established entities like NJ Pathways, vocational schools, community colleges, minority-serving institutions (MSI), existing community and faith-based groups, and existing workforce development entities whose mission it is to provide skills and training to community members in disadvantaged communities. In this regard, MSSIA would like to see workforce development efforts tracked on a statewide basis. We would like to see the NJ BPU identify and track grants made to existing entities, setting clear goals and tracking outcomes. We further believe that the workforce development aspects of community solar should focus on the provisions of the federal Justice40 initiative. This strategy as described will ensure positive, beneficial and measurable outcomes from workforce development efforts.

For its part, MSSIA, as part of its goal of ensuring equitable access to the benefits of solar and storage for overburdened communities and low and moderate income households, intends to create programs connecting workforce development entities to job creation in the industry. To this end, MSSIA will promote workforce development with our member and non-member companies in the solar and storage industry. Our efforts will include sourcing college students with internships at MSSIA-member companies with special emphasis on MSI-listed schools, including majority black institutions, Hispanic-serving institutions, historically black colleges and universities and similarly situated institutions.

24) Community engagement - MSSIA generally agrees with staff recommendations for Community Engagement, but suggests adding a requirement that the Community Engagement Plan engage in a partnership with at least one existing organization whose core mission is to provide workforce development services, and at least one organization whose core mission is to engage with local underserved populations or advocate locally for environmental justice.

25) Other Rules - MSSIA would be interested in engaging with staff to explore the practical details of implementing new models for low-income community solar projects, including models for low-income subscriber ownership.

26) Pilot Program

27) Energy Accounting

MSSIA thanks Staff for the opportunity to provide input on this matter.

Sincerely,

Lyle Rawlings

Lyle K. Rawlings, P.E.
President