September 12, 2023

SUBMITTED VIA EMAIL

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Sherri L. Golden
Secretary of the Board
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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IN THE MATTER OF THE NEW JERSEY ENERGY STORAGE INCENTIVE PROGRAM - REQUEST FOR INFORMATION - Docket No. QO22080540

Dear Secretary Golden,

Jupiter Power LLC ("Jupiter") submits these comments to the Request for Information ("RFI") contained in this a Notice regarding the Straw Proposal for the New Jersey Energy Storage Incentive Program ("NJ SIP").

Jupiter is an energy infrastructure company focused on the development, ownership, and optimization of utility-scale battery storage projects in the U.S. Led by an experienced management team, Jupiter has nine battery storage projects totaling over 1,350 MWh in construction or commercial operation and over 12,000 MW in development, including 2,000 MW in NY. Jupiter is backed by BlackRock Alternatives through the BlackRock Global Infrastructure Fund IV. In 2022, Jupiter announced the closing of a $174.6 million portfolio debt financing for six battery storage projects in Texas that Jupiter owns and operates.

Jupiter's growing team of 70 professionals has experience successfully developing and constructing energy storage and energy generation facilities across the United States, including extensive experience in PJM .In total, Jupiter's members have been responsible for the development of over 15,000 MW of projects across the US, the UK, and Mexico, including development of over 1,200 MWh of operating battery storage across 14 states and were responsible for some of the first deployments of large-scale battery storage in the US and overseas.

Jupiter commends the BPU for the development of the Straw Proposal and for this stakeholder process. We have not commented on every item requested by the BPU but have focused on issues we have deemed most pressing in development of this program. The lack of comments on specific questions does not imply agreement or disagreement with Staff's recommendations regarding those topics. We look forward to continued conversations with the BPU and reviewing any revised straw proposal that Staff issuing after reviewing stakeholders' responses.

1.0 Utility Ownership/Dispatch Control

1.3 For Grid Supply resources Performance-based Incentives, should responding to a market signal be compulsory or voluntary?

Response to market signals should be voluntary. A voluntary system allows for Grid Supply resources to also secure bilateral contracts, tolling agreements, PJM obligations, and other valuable revenue streams through the operational flexibility allowed by such a system. A compulsory response may limit contractual flexibility and revenue streams necessary to ensure commercial viability of projects. If a mandatory response is proposed, the BPU would have to provide incentives at a value that delivers economic viability to projects without other revenue streams.

2.0 Installed Storage Targets, Deployment Timelines and Capacity Blocks

2.1 How should capacity blocks be structured and proportioned, both within each component of the NJ SIP (Grid Supply and Distributed) and relative to each other?

Jupiter is primarily concerned with blocks being weighted heavily towards the program-years further out, closer to 2030. To achieve the 1 GW goal of this program by 20230, the BPU must award projects much earlier. Project build-out typically takes 2+ years from securing an award. Jupiter supports larger capacity blocks for all market segments, with a proposed reallocation to 4 program-years. We also support maintaining the BPU's original proposal of 880MW of total allocation to Grid Supply and 120 MW for Distributed projects. These totals should be split evenly over the 4 program-years. Sizing these blocks this way will allow for a more diverse set of projects to be awarded in each program year. Unused capacity can also be rolled over into future program-years.

Jupiter is also concerned with segmenting the blocks any further. The size of the program is already limited by the Competitive Solar Incentive ("CSI") Program, and further divisions beyond grid supply and distributed will lead to blocks that do not allow for a diversity of participants. Further divisions are likely to lead to entire blocks being allocated to single projects or sole developers.

The BPU should also consider the rollout of the CSI Program. Unused capacity from that program should be allocated to NJ SIP.

2.2 Should the proposed first-come, first-served application process be changed to a "First-Ready, First-Served" process?

In general, we agree with the BPU's proposal for a first come, first served approach as outlined in the Straw SIP, with certain caveats to ensure only substantially developed projects are selected. We support the BPU's previous position on Project Maturity that required that projects demonstrate a sufficiently advanced position in the PJM queue, or other similar state system, to qualify for the program. Beyond this, we support a first-come, first-served approach that awards incentives to projects sufficiently developed, but not at the construction-ready stage. PJM's recent queue reforms have provided clarity into what a "mature" project may look like. Specifically, the BPU may consider only allowing projects in Transition Cycle #1 to qualify for the initial program-year. This requirement will need to be periodically updated as the queue reform continues into later stages.

3.0 Incentive Structure

3.5 The Straw proposes the use of the PJM Marginal Emission Rate ("MER") signal as a basis for Performance-based Incentives for Grid Supply energy storage systems. Is or will the PJM MER be sufficiently developed to use to calculate NJ SIP Performance-based Incentives?

Jupiter supports using existing market structures, namely PJM's LMP pricing, to determine performance-based incentives. Inventing and implementing a new signal for developers will prove difficult. We support SEIA's comments on PJM's MER, and believe that PJM MER is not sufficiently developed at this time and that the program should be developed along more traditional LMP metrics.

3.6 Is there a different methodology that can be used to determine Performance-based Incentives, such as a Peak Demand Reduction program?

A: Yes, we echo SEIA's comments, that a peak demand reduction program can and should use LMP signals to determine the triggering of grid incentives. As discussed in the Straw Proposal, the program can designate certain peak-periods, "performance hours", to ensure that storage devices are targeting operations to peak-load conditions within PJM. As we describe more fully in our response to Question 3.7, we believe Massachusetts's Clean Peak Standard is an appropriate model for the SIP's performance-based incentive structure for Grid Supply projects.

3.7 If a Peak Demand Reduction program were to be developed, how should it be structured? What other states have similar programs that New Jersey should use as a benchmark?

As discussed in our response to question 3.6, the NJ SIP can designate certain peak-periods, "performance hours", to ensure that storage devices target operations to peak-load conditions within PJM. This would follow the lead of Massachusetts's Clean Peak Standard ("CPS"). Performance hours can be based on certain seasonal peak LMP pricing periods. CPS also designates certain charging windows for projects based on expectations for low-emissions and high renewable penetration.

Modelling the NJ SIP after these basic tenants of CPS would have much of the desired impact of an MER-based program, without the complexity of relying on an MER metric that is untested. In addition, this provides developers a clear signal for when to charge and discharge their systems, de-risking projects and attracting lower costs of capital.

The CPS provides the best model for program design, not only for its clear signals to developers, but also as the only program that has a similar goal as New Jersey of incentivizing both Grid Supply and Distributed projects. California's Self-Generation Incentive Program and CT's Energy Storage Solutions, for example, only govern Distributed projects. The CT ESS program, meanwhile, only considers projects less than 5 MW and located on a customer's premises. The program is also much smaller than SIP contemplates, only planning for 60 MW of total capacity. This smaller nature of the program allows CT to offer much higher incentive values, from $100-400/kWh, on top of a performance-based incentive. Staff appropriately applies certain principals from CT's ESS program

to Distributed projects, namely incentivizing injection during windows called upon by the EDCs for Distributed projects, but these structures are likely not applicable to Grid Supply projects.

Furthermore, regarding standards for emissions reduction, California has a well-established and agreed-upon emissions signal that does not exist in PJM. The SGIP may be an appropriate model for distributed projects in a single-state ISO; however, SGIP does not fit with New Jersey's position in a regional ISO without a state-specific emissions calculation system. The SGIP program's use of a minimum standard for greenhouse gas emissions reductions in order to qualify for the program may be worth considering; however, as we note above, certain features of MA's CPS program likely achieve this objective with less complexity.

3.13 Large projects and long duration projects have the potential to qualify for significant incentives. Should incentive caps be applied in this program? If so, how (for example, by customer, project, developer, duration or meter), or other method?

In general, we echo other comments that limited caps should be in place. However, we recognize that the primary intention of this program is to ensure both a rapid deployment of a large capacity of storage resources, as well as emissions reductions via those resources. To that end, Jupiter supports the BPU's proposed limit of the duration of storage resources to prevent "long duration" projects with limited roundtrip efficiency from gaining disproportionate quantities of incentives. These long duration projects may be eligible for SIP, of course, but a cap should be placed on their fixed-incentive value at a 4 -hour duration, which is the typical configuration of systems being developed. We support Staff's original proposal of measuring an NJ SIP project's capacity as the lesser of its nameplate capacity (in MW) or its energy storage capacity (in MWh) divided by 4 hours.

Beyond this limit, caps should be limited where possible. Any limit on capacity size per project, customer or developer would cause inefficiencies in the program, result in projects with higher costs of capital, and slow New Jersey's achievement of its 2030 storage deployment target.

3.14 Should a cap be set such that the sum of federal and state incentives does not exceed a certain amount? If so, please provide details.

We support SEIA's position that minimal caps should be set, as the benefits a project provides to the electric grid should be compensated accordingly and should form the basis of the incentive. New Jersey will require as many storage resources deployed as possible to achieve its 2GW mandate by 2030, and setting any sort of incentive cap will only result in limiting deployment of low cost of capital resources. Meanwhile, not having a cap will result in increased participation, with projects instead being compensated purely equal to the benefit that they are providing to the State. As stated above, the only cap we support is a limit on long-duration projects, whose benefits may not align with the goals of the program.

We also note that information about a project's ability to receive federal incentives will be difficult to procure and process, and these figures will not be fully known until well after a project's commercial operation. Federal incentives should not be included as a consideration in the development of this program.

4.0 Overburdened Community Incentives

4.1 Staff is considering establishing both an adder and a capacity block for OBCs. What size should the capacity blocks be over time as a percentage of the overall Distributed segment? How much should the adder be in 1) $/kWh or 2) as a percentage of the base incentive?

As noted above, further segmentation is likely to lead to decreased variety of selected projects and competition – a more divided block structure will inevitably lead to single projects or developers absorbing all block-segment capacity. We therefore support an incentive adder for projects in OBCs that prove direct benefits to community residents, in lieu of a separate incentive block.

We also support other locational adders seen in comparable programs, including those in New Jersey, for projects located on brownfields, landfills and projects co-located with fossil fuel generators. These adders could offset the added expense associated with developing on properties, mainly for required site remediation activities. Many of these sites are already located in OBCs or other environmental justice communities, and redevelopment of these properties has a much greater impact on reducing harm in these communities than a nearby greenfield project would. Colocation with active or retired fossil fuel generators will also reduce the tax loss associated with retirements, either in the past of future, of the mandated retirement of these plants.

We also support the BPU creating a locational adder for projects interconnecting at locations that relieve grid burdens. Specifically, we encourage the BPU to consider adders for projects located in load pockets, which have demonstrated benefits compared to lower density sited projects.

Jupiter is encouraged by the BPU's inclusive stakeholder process and looks forward to participating in the continued development of the NJ SIP.

Respectfully Submitted,

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