



**MAREC  
ACTION**

**Docket No. QO22080540, IN THE MATTER OF THE NEW JERSEY ENERGY  
STORAGE INCENTIVE PROGRAM**

**Joint Comments of the American Clean Power Association  
and Mid-Atlantic Renewable Energy Coalition Action**

September 12, 2023

***SUBMITTED VIA EMAIL***

[board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

**Secretary of the Board**

State of New Jersey  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor

Post Office Box 350  
Trenton, NJ 08625-0350

**RE: Docket No. QO22080540 –New Jersey Energy Storage Incentive Program**

Dear Board Secretary,

The American Clean Power Association (ACP) serves as the voice of more than 750 member companies that represent a diverse cross-section of the world's leading energy companies, energy investors, energy consumers, and power generation manufacturers from across the clean power sector that are driving high-tech innovation through the development of generation assets including wind, solar, and energy storage, spurring massive investment in the U.S. economy while creating jobs for American workers.

MAREC Action is a coalition of utility-scale solar, wind, and battery storage developers, wind turbine and solar panel manufacturers, and public interest organizations dedicated to promoting the growth and development of renewable energy in the Mid-Atlantic region. MAREC Action provides expert guidance and advocacy on policy and regulatory issues, as well as a unified voice for the industry.

ACP and MAREC Action represent a diverse coalition of energy storage developers, owners, and operators that build front-of-the-meter (FTM) and behind-the-meter (BTM) energy storage facilities in all settings across residential, commercial, industrial, and utility-scale applications. Our members build and operate distribution and transmission connected standalone energy storage facilities and energy storage facilities co-located with renewable generation facilities across the United States.

Energy storage technologies play an increasingly integral role in the decarbonization of electric grids across the country, including in the State of New Jersey. Energy storage enables an accelerated, reliable, and affordable transition to a clean, efficient, and modern power sector and, as a growing industry, state policy frameworks are important in determining which states maximize the benefits that energy storage can provide. Beyond serving as a critical component to New Jersey's clean energy and decarbonization goals, energy storage provides myriad inherent benefits to the electric grid and New Jersey electric customers. The sooner New Jersey can enable the development of energy storage resources in the state, the sooner New Jersey residents and ratepayers can realize its benefits.

With the response contained within this submission, ACP and MAREC Action hope to inform the adoption of an effective Storage Incentive Program in New Jersey to ensure that the citizens of New Jersey can benefit from a more resilient, affordable, and sustainable electric grid. We thank the New Jersey Board of Public Utilities staff for their ongoing work to develop this program and serve the people of New Jersey.

Sincerely,

Noah Roberts  
Director of Energy Storage  
American Clean Power Association

Evan Vaughan  
Executive Director  
Mid-Atlantic Renewable Energy Coalition Action

### **Introduction to the American Clean Power Association**

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## **The Value of Energy Storage**

Energy storage technologies provide a variety of benefits to the New Jersey electric grid and the residents it serves. The straw proposal correctly identifies the many services that energy storage can provide across grid-scale, commercial, and residential applications. These services include demand charge reduction, energy arbitrage, demand response, frequency regulation, and voltage support in addition to supplying capacity markets with spinning and non-spinning reserves, allowing for the deferral of larger more expensive power system infrastructure upgrades, and providing resiliency and back-up power capabilities. These services and applications are often combined to represent the "value stack" of energy storage resources.

What the value stack of energy storage represents more broadly, is a more resilient and reliable grid that's able to keep the lights on and the air-conditioning or heating systems operating in extreme weather events. Reducing or minimizing outages, enhancing grid resilience at both a local and regional level, can keep people safe and save lives.

Energy storage also reduces costs and saves money for the residents of New Jersey. Through the myriad services provided by energy storage resources to increase grid efficiency, such as storing energy when the price of electricity is low and discharging that energy during periods of high demand, energy storage can reduce costs for utilities, and in turn reduce rates for families and businesses. Also, by enhancing grid resilience, providing back-up power, and minimizing outages, energy storage can help prevent costly damages associated with loss of power or interruption to business operations.

Adding energy storage resources to the electric grid introduces additional flexibility, which enables the integration of higher and higher shares of clean, renewable power sources, like wind and solar, and allows more people rely on distributed energy resources, like rooftop solar and electric vehicles. All of these resources can be further enabled by energy storage to contribute to reducing both short-term local air pollution and broader grid decarbonization.

Front-of-the-Meter (FTM) systems can bring benefits by responding to price signals from the electric distribution company ("EDC") or wholesale market. In contrast, behind-the-meter (BTM) serve customer load or provide resilience benefits to a specific customer. FTM and BTM systems provide unique benefits to the grid and to electric customers. These projects can be sited in all settings, residential BTM systems, commercial and industrial FTM and BTM systems, and utility-scale FTM systems. Because FTM and BTM systems provide different services and benefits, it's appropriate for incentive, compensation, or procurement programs to differentiate program designs.

Energy storage projects and facilities boost local economies and broader tax bases, reducing local tax burdens for residents without adding pressure on other governmental services. The U.S. energy storage industry currently supports over 60,000 jobs at companies leading cutting edge technological innovations, advanced manufacturing, engineering and construction, and continues to grow and provide workforce opportunities for Americans.

Energy storage resources provide a broad array of benefits and enable a cleaner, more efficient, and reliable electric grid.

## **ACP and MAREC Support the Creation of an Energy Storage Incentive Program**

The Clean Energy Act of 2018 set energy storage targets of 600 MW by 2021 and 2,000 MW by 2030 for the state of New Jersey. The enacted law requires the New Jersey Board of Public Utilities (BPU) to initiate proceedings to develop mechanisms to support achieving the targets. ACP and MAREC support the creation of a Storage Incentive Program as a mechanism which can help promote progress toward deploying 2,000 MW of energy storage by 2030.

We commend the BPU staff for the creation and introduction of the proposed Storage Incentive Program (SIP). ACP and MAREC strongly support the creation of an incentive program that includes both an upfront, fixed incentive in combination with a performance-based payment.

Energy storage is an increasingly cost-effective solution for electricity customers and is a rapidly growing resource in a number of markets across the country. This trend is expected to continue as prices continue to fall and the industry continues to grow. Yet regulatory frameworks, market rules, and other barriers can hinder the deployment and integration of energy storage resources and prevent customers from being able to provide or monetize the value their energy storage system can offer. These policies and regulatory frameworks can affect project investment decisions and limit states and their residents from fully benefiting from the valuable services and benefits that energy storage can provide to the electric grid.

Energy storage cost-benefit studies conducted for Massachusetts<sup>i</sup>, New York<sup>ii</sup>, and Nevada have revealed the potential value of energy storage systems to customers, utilities, and the electric system. Incentive programs can serve as a bridge on the path towards realizing this value, jumpstarting a state's storage market while the necessary reforms are finalized to enable customers to secure financial compensation for the value their storage systems provide. The benefits of soft cost reduction through incentivizing the near-term deployment of megawatts can far exceed the costs of an incentive program, and the compensation of energy storage for the services it provides through performance payments can multiply the value that energy storage provides to the grid and to New Jersey residents.

New Jersey has recognized the significant value that energy storage can provide by establishing a target of deploying 2,000 megawatt of energy storage resources by 2030. However, without action by the New Jersey Board of Public Utilities to establish mechanisms that reduce barriers and promote market development for energy storage developers, owners, and operators, New Jersey will continue to fall further behind in reaching its 2030 goal.

### **Summary Response to the Request for Information**

ACP and MAREC concur with and support the submitted comments from the New Jersey Solar Energy Coalition (NJSEC), Solar Energy Industries Association (SEIA), and Advanced Energy United (United) with an exception.

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

ACP and MAREC support a capacity block structure and apportionment that maximizes the potential for streamlined deployment of both grid supply and distributed energy storage projects. Consistent with ACP and MAREC's recommendations submitted to the BPU on December 12 of 2022, we recommend that the BPU reduce the number of blocks, shifting away from "energy years" and toward larger tranches of capacity procurement. Tranches should be large enough for multiple grid supply or distributed projects to receive awards in the same tranche; the average size of each category of project should be taken into account when deciding on tranche sizes.

ACP and MAREC support an apportionment of capacity blocks between FTM and BTM (Grid Supply and Distributed) resources that is consistent with market performance to date, as well as market expectations. Additionally, the Grid Supply and Distributed programs should be accessible to and accommodate the unique services and applications delivered by transmission-connected FTM, distribution-connected FTM, non-residential BTM, and residential BTM resources. The proportion of projects awarded between these different types of resources through both the Grid Supply and Distributed blocks can be determined based on the applicant pool and the individual merits of submitted projects.

## **Conclusion**

ACP and MAREC thank the BPU staff for the creation of the New Jersey Energy Storage Incentive Program straw proposal and docket. Our members are grateful for the opportunities to participate in stakeholder meetings and contribute to the development of an effective storage incentive program through written comments. ACP and MAREC remain available to serve as a resource as the BPU continues its critical work to implement programs that will enable New Jersey to achieve its 2030 energy storage deployment target and its broader clean energy goals.

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<sup>i</sup> Massachusetts Energy Storage Initiative. State of the Charge. <https://www.mass.gov/doc/state-of-charge-report/download>

<sup>ii</sup> New York State Energy Storage Roadmap.

<https://documents.dps.ny.gov/public/MatterManagement/MatterFilingItem.aspx?FilingSeq=209590&MatterSeq=55960>