December 13, 2023

Via Email

Sherri Golden
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Ave., 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: Straw Proposal – The Dual-Use Solar Energy Pilot Program
BPU Docket No. QO23090679
Comments of CS Energy, LLC

Dear Secretary Golden:

Please accept this letter as CS Energy, LLC's ("CS Energy") comments on the straw proposal regarding the Dual-Use Solar Energy Pilot Program, referenced above (the "Straw Proposal"). CS Energy is a leading integrated energy company that develops, designs, and builds optimized energy projects in the solar, storage, and emerging energy industries. CS Energy, based in Edison, NJ, has been a leader in the New Jersey solar industry for 18 years and has constructed over 1.5 GW of solar projects across the Northeast and the United States.

CS Energy currently has approximately 40 MW of early-stage development projects that are intended to be submitted into the Dual-Use Solar Energy Pilot Program. CS Energy's comments are driven by our experience developing and building solar projects in New Jersey and experience participating in the State's Clean Energy Programs.

Staff should simplify the incentive structure and create a separate tranche under the existing Community Solar program for dual-use projects.

The BPU's proposed application and incentive structure for the dual use pilot program is overly complex, more expensive for rate payers, and will not set the dual use market segment up for success. Instead, the BPU should establish a new tranche in the community solar program specifically designed for dual-use projects, which would take advantage of the existing CSEP framework and application process, ensure robust developer interest in the dual-use program, and result in lower costs to rate payers.

Staff's straw proposal indicates that applicants will need to apply to either the ADI or CSI for a base incentive and then apply to the Dual-Use Pilot Program for the incentive adder. This proposed "split-approval" structure is flawed for several reasons. First, it creates significant uncertainty from the developer's perspective. Second, since the CSI program already allows projects to be sited on unpreserved farmland, there is no incentive for CSI project developers to move their projects into the more complex dual use program, when, instead, they can proceed with a normal CSI project and avoid the additional cost, complexity, and risk associated with dual use projects. Third, the two-tiered incentive structure creates logistical and timing challenges for developers. For example, it's possible that a dual-use project could be granted a dual use award and then subsequently loses in the CSI auction or is otherwise not awarded an incentive as part of the ADI program, or vice versa. This creates additional risk and uncertainty which will drive developer interest away from participating in the dual-use program. Fourth, due to the PJM queue reform there will be virtually no projects available to participate as a dual-use CSI project – and those projects that have been grandfathered into the old PJM process will elect to proceed as a normal CSI project instead of pursuing a riskier and more complex dual use program. And finally, it is not possible to accurately evaluate dual-use projects submitted under the CSI program against those submitted under the ADI program on a fair basis. For example, a dual-use project proposed under the CSI program will require a significantly higher SREC incentive value due to the low value wholesale energy and capacity revenues available for CSI projects. In order to fairly evaluate dual-use applications and objectively pick winners and losers,

there must be a standardized incentive structure and process under which all dual-use projects are evaluated.

Instead, Staff should simplify the incentive structure for dual use projects by creating a separate tranche in the community solar program specifically designed for dual-use projects. Proposed dual-use projects would be required to comply with the existing community solar rules in addition to the dual use rules, and they would provide a dual use incentive adder with their applications. This structure significantly simplifies the application process for developers and the evaluation process for the BPU, and it establishes a level playing field for all dual use applications. It also takes advantage of the community solar program rules, interconnection process, and application process – which will streamline the roll-out of the program. Importantly, the CSEP program rules are also consistent with the Dual Use Act's 10MWdc individual project size cap, because the CSEP program rules allow for co-location of two 5MWdc projects at the board's discretion.

Structuring the dual-use program as a separate tranche of the community solar program is the best approach for ensuring the success of the dual use program. It will ensure robust developer interest, establish a level playing field for developers to compete and be evaluated fairly, be the lowest cost option for rate payers, and build upon a CSEP program that is already successfully established thereby maximizing likelihood of projects actually coming online.

Even if a CSI project elected to participate in the dual use program, it would be by far the most expensive type of dual use project for rate payers, because of the low value of the wholesale energy and capacity revenues available to CSI projects.

Annual Capacity Target Should have Higher Targets in Earlier Years of the Program.

Staff currently proposes to set an initial annual capacity target for Program Year 1 at 30 MW, Program Year 2 at 70 MW, and Program Year 3 at 100 MW. While we agree with Staff that the annual targets should gradually increase to see the benefits of developing a Pilot Program with periodic applications rounds that refine the selection criteria over time, we believe that the first selection round should have a higher capacity target than currently proposed by Staff. With the fast-paced goal of converting the Pilot Program into a permanent one within 36 months, the research derived from the initial year of the program will have the biggest impact on showing the success of these systems at coexisting with farming operations and will be most influential on a successful permanent program. It will take several years to get quantifiable and useful research from these projects, justifying the need for a higher year one capacity target. The table below shows our proposed annual capacity target that would increase the number of projects in year one, while still allowing the Pilot Program to ramp up its annual capacity target each year.

Program Year	Proposed Annual Capacity Target
PY 1 – 2024	50 MW
PY 2 – 2025	60 MW
PY 3 – 2026	90 MW

Research Control Area is too Restrictive and Should be Allowed to be Located in Adjacent Preserved Farmland.

Staff currently proposes that each dual-use solar energy project must contain an accompanying research control area identical in size to the area under and adjacent to the solar panels. While we recognize and understand the need for a research control area to provide valuable insight into how the dual-use system is impacting the land, we believe that having an identical area of research control to dual-use system will be overly restrictive and burdensome on the farmers and developers of these systems. These systems are already being spread out to accommodate wide enough rows for crops

and machinery, adding in a control area identical in size to the system itself will be very restrictive and prevent larger systems from being built. For example, we have modeled single axis tracker dual use projects to take up nearly 7 acres per megawatt and fixed tilt dual use projects to take up nearly 4 acres per megawatt, around double what it would require for a non-dual use project.

In addition, the research control area should be allowed to be located in adjacent or nearby preserved farmland. NJ recently surpassed 250,000 acres of preserved farmland in the State, representing over one-third of the total farmland. Most dual-use solar projects will be next to or nearby preserved farmland that could be utilized as the research control area such that the usable space of the dual-use solar project can be maximized. This would provide added flexibility and energy generation to these projects.

Consistency in Interconnection Maturity Requirements with ADI and CSI Program.

We believe that projects should be required to satisfy the same interconnection maturity requirements as the program of the baseline incentive level that the project plans to participate in.

Respectfully submitted,

John Ervin

VP of Development