



June 12, 2024

*Via E-mail*

Sherri L. Golden  
Secretary of the Board  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 1st Floor  
PO Box 350  
Trenton, NJ 08625-0350

**RE: IN THE MATTER OF THE 2024 NEW JERSEY ENERGY MASTER PLAN. DOCKET NO. QO24020126**

Dear Secretary Golden:

The Coalition for Community Solar Access ("CCSA"), New Jersey Solar Energy Coalition ("NJSEC"), and Solar Energy Industries Association ("SEIA") appreciate the opportunity to provide input on the 2024 New Jersey Energy Master Plan ("EMP"). Staff of the New Jersey Board of Public Utilities ("NJBPU" or "Board") have requested public input on several key discussion questions contained in the Request for Information ("RFI") attached to this docket, pertaining for the 2024 update to the EMP. New Jersey's clean energy plan is visionary, and the state has cemented itself as a national leader in solar energy deployment. CCSA, NJSEC, and SEIA (together "we" for the purposes of these comments) are pleased to provide the following feedback on the RFI notice.

Respectfully submitted,

Charlie Coggeshall /s/  
Mid-Atlantic Regional Director  
Coalition for Community Solar Access

Leah Meredith /s/  
Senior Manager, Mid-Atlantic Region  
Solar Energy Industries Association

Fred DeSanti /s/  
Executive Director  
New Jersey Solar Energy Coalition

## **CCSA, NJSEC and SEIA Background**

CCSA is a national, business-led trade organization, composed of over 120 member companies, that works to expand access to clean, local, affordable energy nationwide through the development of robust community solar programs. Its members range from pure-play project developers to companies focused on customer engagement, and everything in between. CCSA and its members – of which there are over thirty engaged in New Jersey - are actively participating in the development and implementation of the state's pilot and permanent community solar programs.

NJSEC was formed to create public policy support for New Jersey's solar industry. NJSEC works in legislative outreach, education, and the development of realistic public policy alternatives that align with the fiscal and social circumstances that are unique to New Jersey. NJSEC members include local and national developers, renewable energy credit market traders and analysts, engineers, and legal and accounting professionals supporting all phases of New Jersey's solar industry.

SEIA is the national trade association for the United States solar industry. As the voice of the industry, SEIA works to support solar as it becomes a mainstream and significant energy source by expanding markets, reducing costs, increasing reliability, removing market barriers, and providing education on the benefits of solar energy and energy storage. SEIA works with its 1,000 member companies and other strategic partners to advocate for policies that create jobs and shape fair market rules that promote competition and the growth of reliable, low-cost solar power. SEIA's member companies range from manufacturers, residential, community solar, commercial, and utility-scale solar developers, installers, construction firms, investment firms, and service providers. SEIA has nearly 50 member companies located in New Jersey with several more national firms also conducting business in the state.

## **CCSA, NJSEC, and SEIA Responses to Board Questions**

We are pleased to respond to the Request for Information ("RFI") Notice for this docket. Our comments, however, are necessarily confined to the 2024 EMP's discussions of New Jersey solar.

First, and foremost, we are grateful for the Board's leadership in its continuing support and recognition of the value of the deployment of solar in all market segments. It is a

testament to that continuing support that New Jersey has more than 190,000 solar installations in-state, totaling 5,360 MW of installed capacity as of April 30, 2024.<sup>1</sup>

We are also of the opinion that New Jersey's current clean energy program solar build out at nearly 1GW annually going forward is consistent with a level of deployment that is both realistic and affordable. We commend the Board's recent decision to expand the ADI program for both the residential and commercial segment by 100 MWs and are pleased that the current level of ADI incentives is largely on target to producing the desired build rate. We are also grateful for the legislature's continuing support for community solar and the cost benefits that that program provides New Jersey's low- and middle-income community. Additionally, the most recent success of the Competitive Solicitation for large scale grid-based projects shows that the solar clean energy program in New Jersey is firing on all cylinders.

We do think it appropriate, however, to raise several issues that we hope will assist the Board in thinking through the more complicated issues in the development of the Energy Master Plan.

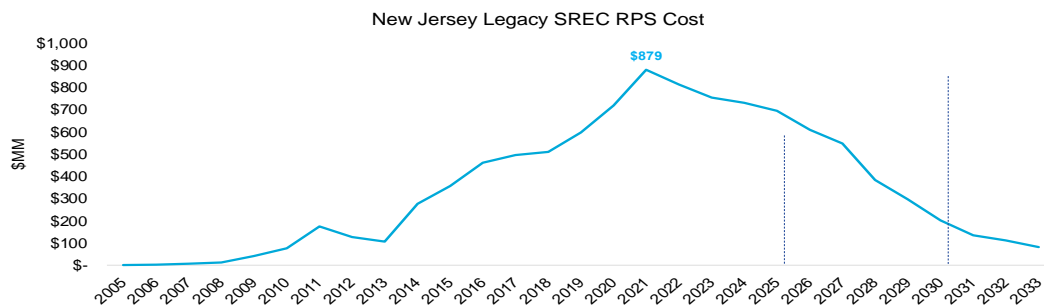
#### Ratepayer Cost Considerations

The high cost of legacy projects that were approved nearly fifteen years ago reflecting the high cost of solar in the early days of the deployment of this technology are starting to expire, which will in turn bring significant relief to ratepayers. These costs, modeled to account for retirements in the current and near term, reflect reductions of hundreds of millions of dollars in ratepayer costs, as can be observed directly in the Board's Compliance Reports. Going forward, the state's current ADI incentive levels for individual projects are less than half of the incentives provided for projects within the legacy SREC market.

---

<sup>1</sup> Solar Energy Industries Association (SEIA). "New Jersey Solar Factsheet." <https://www.seia.org/state-solar-policy/new-jersey-solar>. April 2024.

## Legacy SREC Program Sunsets in EY33

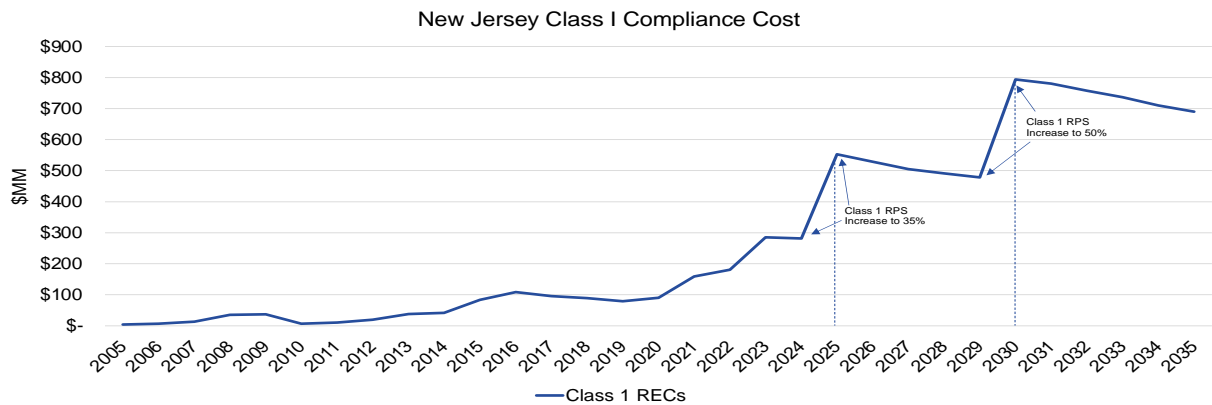


\*Assumptions: 2005-2023 actuals per NJCEP RPS compliance reporting; Statutory RPS requirement per N.J.A.C. §14:8-2.3  
SREC costs: actual Karbone spot-bid prices (EY24-27), 80% SACP (EY28-33);

It should be noted, however, that while solar incentives are coming down briskly, the cost of Class I credits across PJM are rising to unprecedented levels closing in on the ACP at \$50/MWh. While the current compliance report shows a more than \$100 million dollar increase in “out of state” Class I costs from EY 2022 to EY 2023, the same report shows the offsetting reduction of SREC costs of over \$125 million dollars since EY 2021.

Currently, New Jersey Law requires an increase in the purchase of Class I credits to move up from 21% of retail sales to 35% of retail sales. That increase will require the purchase of approximately 10 million additional Class I credits at the current and estimated market rate of \$30 per MWh. Given the delay in the deployment timeline of offshore wind resources, which would have the impact of redirecting and lowering the impact of Class I cost impact, New Jersey can expect to see an increase in compliance costs starting in FY 2025, incremental to the current 21% of retail cost of what will be approximately \$300 million dollars. We are of the opinion that serious consideration must be given by the Board to review the cost/benefit of these purchases against how these funds could otherwise be deployed in New Jersey to support in state programs like storage, interconnection, and grid modernization programs. Alternatively, the Board could take the action to significantly reduce the Class I ACP down from \$50 MWh as has been accomplished in the state of Maryland, to reduce the cost to ratepayers, thereby creating additional “headroom” to further support in state clean energy programs. In either case, we believe that this issue should be addressed in the Energy Master Plan to reflect due policy cost considerations.

## Impact of Class I “Out of State” Purchases with Off-Shore Wind Delay



*\*Assumptions: 2005-2023 actuals per NJCEP RPS compliance reporting; Statutory RPS requirement per N.J.A.C. §14:8-2.3; flat retail sales EY23-35 (71.99MM MWh) Class 1 costs: \$30/MWh (EY24-35); assumes offshore wind delay within period; 1.3GW total TREC installs; 750MW annual build under SREC-II*

During the stakeholder process, we observed several stakeholders commenting on the importance of factoring a vast number of “cost externalities” into the process to reflect their view of creating an appropriate cost/benefit analysis. We do believe that this is an important exercise to properly account for the overall societal cost and benefits applied to create an intellectual basis of support for ratepayers’ justification for the cost of New Jersey’s clean energy program. We would also observe, however, that this exercise is academic in nature and needs to be reconciled against regional competitive economic constraints. Therefore, we recommend that the overall ratepayer cost considerations of the plan be viewed holistically, taking careful stock of two important considerations: (1) what the people of New Jersey are willing to pay in support of climate change considering inflation factors and their ability to financially do so, and (2) the impact of these costs on the business community and competitive regional economic impacts.

The continued use of the ADI program, and establishment of capacity targets further into the future, is a cost-effective means to achieving the state’s energy goals. When the market has long-term certainty in program economics and expected competitive development opportunities, it will drive the industry toward workforce development and the state (policy makers, industry, and utilities) toward grid modernization. The long-term expectations of the ADI program are critical to providing market confidence, and ultimately enabling innovation and improvements across the key pillars needed for clean energy deployment.

### Interconnection and Grid Modernization

One of the great challenges of the Energy master Plan is to forge a process and cost allocation for the interconnection of clean energy into the grid. The Board has recently published a comprehensive set of rules that will be of great assistance in smoothing the

interconnection process and reducing the time required to navigate the process. What is needed now, however, is the policy development of a cost allocation scheme that will equitably share the cost of interconnection/grid modernization between ratepayers and clean energy developers.

The ideal cost allocation solution should promote the interconnection of distributed generation and storage in support of New Jersey's clean energy and decarbonization goals, facilitating efficient utilization of available capacity and equitably allocating the costs of necessary upgrades to all beneficiaries. Other states in the region, such as New York and Massachusetts, are leveraging more advanced cost allocation mechanisms. New York uses "pro rata cost sharing," whereby a developer pays its share of the system upgrade, and subsequent projects that seek to interconnect to the upgraded substation would pay their portion of the upgrade cost, but in the situation where not enough projects interconnect to support the full cost of the upgrade, the utility can rate base the remaining costs of the upgrade five years after the upgrade was triggered. Massachusetts has gone a step further in identifying interconnection costs that should be allocated across the customer base (e.g., transmission upgrades or distribution system upgrades that will enable electrification or small-scale customer sited behind-the-meter solar and storage), versus those that should be allocated to only the interconnecting customers. Experience from other states could be leveraged through Senator Smith's legislation S-212, which was released by the Senate Energy and Environment Committee in February 2024. This legislative proposal directs the Board to develop a "fixed fee" structure to reasonably allocate interconnection costs between ratepayers and the development community, the goal being to provide cost certainty to developers, eliminate the need for exhaustive and complex estimates from the electric distribution companies ("EDCs"), and include a simple process to quickly exclude proposed projects whose interconnection costs would be prohibitively expensive.

Grid modernization is another issue of significant concern. While the EDCs have made progress in improving the grid's reliability and resiliency, further advances in grid modernization are needed in order to make additional accommodations for DER and renewable deployment has not yet been successful. Today, most large solar projects are required to construct express feeders back to the substation, essentially promoting a grid future that would be comprised of two sets of wires: one for EDC load and one for clean energy generation. Doubling the grid into "coming and going" circuits is not a realistic long-term solution to grid modernization, especially in light of EDCs closing several circuits statewide where the number and scope of projects interconnected on those circuits have dictated that potential operational issues will result.

Proactively planning the distribution system with an eye towards increasing hosting capacity for distribution generation and storage will allow for utility planners and other stakeholders to identify areas of the grid that need additional investment to accommodate more of these resources. By actively identifying grid needs for a longer-

6

term planning horizon (+5-10 years) and seeking approval to construct upgrades that will increase hosting capacity and provide other resilience, reliability, and load growth (electrification) benefits, utilities and regulators can establish predictable interconnection costs in areas of the grid where investment is needed and fairly allocate costs amongst all beneficiaries. This will send clear price signals to developers of where and where not to develop projects.

Earlier last year, Atlantic City Electric took the initiative to respond to customers that have been closed out of participating in New Jersey's Clean Energy program due to being served by a closed circuit. As a result, these customers are paying roughly 7% of their electric charges to pay the costs for a program in which they cannot directly participate. In response, Atlantic City Electric proposed an "Infrastructure Improvement Plan" that contained provisions for low-cost fixes to reopen closed circuits. These proposals will open 61 closed circuits to well over 100,000 customers to again participate in the clean energy program. The proposals incorporated advanced technology "fixes" that would permit energy flow from the closed circuit back through the substation to the transmission system and make use of the reactive power attributes of solar inverters so equipped to assist with voltage control. The proposal won the support of the ratepayer advocate and will represent a modest charge to ratepayers. We believe it is important to look to grid modernization as an incremental process that will avail itself of new advanced technologies over time, and not view it as something that can be fixed today at some huge capital expense. Recently, Dominion Energy won \$33.7 million dollars for a project to automatically adjust power distribution in response to changing grid conditions, and Algonquin Power won \$42.9 million to install devices that will automatically redeploy power when lines become overloaded. These are but a few of the new technologies that are being evaluated and employed to increase the capacity of the grid. The Energy Master Plan needs to support New Jersey EDCs' involvement in engaging these and other advanced technologies, even on a pilot basis, if we are going to continue to lead the nation in clean energy deployment. Recently, S-2816 of Senator Smith's sponsorship would require all New Jersey EDCs to file plans to mirror Atlantic City Electric's important initiative.

### Energy Storage

Energy storage is a critical component of the Energy Master Plan that needs to be developed as soon as possible. We encourage the Board to act upon the recent straw proposal at the earliest opportunity. Also, the value of facilities like Yards Creek pumped hydro cannot be understated in view of its vital "black start" and grid system stability capabilities. These facilities integrated with both in-front-of and behind-the-meter storage facilities deployed across the grid are invaluable to the future development of far higher levels of DER.

\*\*\*

CCSA, NJSEC, and SEIA appreciate the opportunity to participate in this important review of the 2024 EMP and hope that you will appropriately consider these comments in your development of the final EMP. We look forward to continuing our involvement in this and other important New Jersey proceedings.