

June 24, 2024

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: Draft Rules – 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 Draft Rules regarding the Dual-Use Solar Energy Pilot Program, referenced above (the "Pilot Program"). 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 1.7 GW of solar projects across the Northeast and the United States.

CS Energy currently has approximately 40 MW of early-stage development projects that have potential 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.

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

While we agree with most of the siting requirements and agricultural related aspects of the proposed program, the 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.

Community Solar is the most effective approach towards establishing a viable and successful Pilot Program. Access to the retail rate of electricity through bill credits provided under the CSEP and access to the EDC level interconnection process are the key drivers of this. While in some instances a net metered dual-use project may be viable, this is not a scalable solution due to the lack of high demand energy users located near farmland. Thus, the ability to net meter without being directly powering the load user, essentially community solar, will make for a much more successful program. We also do not believe that the CSI program is the most viable pathway towards successful dual-use projects. At a maximum size of 10 MW, these projects will be required to go through the PJM interconnection process, which for new projects will take in excess of 4 years to get through at the current rate, and there is not a large backlog of projects in the existing queue that could pivot to dual-use without significantly impacting their existing interconnection applications. In addition, at the size of 10 MW, these projects will be required to be interconnected at a minimum of 26 / 34.5 kV distribution or transmission lines, which require costs of roughly \$2MM as seen in JCP&L territory. Without economies of scale from a much larger project, these costs are very difficult to overcome.

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The energy revenue through the CSEP would provide for the lowest ratepayer impact. Since this program provides access to the retail rate of electricity through discounted bill credits, a much smaller adder would be needed (if any at all) relative to that required if operated through the CSI Program.

If the Pilot Program is allowed to operate through the CSEP, projects will be able to be studied much faster through the EDC interconnection process and ratepayer impact will be minimized through a smaller adder and reduced interconnection costs.

Staff should simplify the incentive structure and streamline the application process.

Staff's Draft Rules indicate that applicants will need to apply to either the ADI or CSI for a base incentive and apply to the Dual-Use Pilot Program for the incentive adder, in either order. This proposed "split-approval" structure is flawed for several reasons. First, 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. Second, the two-tiered incentive structure creates logistical and timing challenges for developers that ultimately creates unnecessary risk 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. Third, as mentioned previously, 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

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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, if needed, 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.

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.

Respectfully submitted,



John Ervin

VP of Development