

September 24, 2024

Sherri L. Golden
Secretary of the Board
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Re: I/M/O the Competitive Solar Incentive (“CSI”) Program, Dkt. No. QO21101186.

Dear Board Secretary:

Please accept this letter as CS Energy, LLC’s (“CS Energy”) comments on the Staff’s request for comments in reference to the CSI Program.

CS Energy is a leading integrated energy company that develops, designs, and builds optimized 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 nearly 20 years and specializes in developing and constructing solar projects on underutilized properties such as landfills, brownfields, and mine-scarred land.

1. Solicitation Process

All projects competing in the CSI Program solicitation are required to prequalify through an administrative review before submitting an SREC-II bid.

- a. Were there specific aspects of the pre-qualification or solicitation process that you consider overly burdensome? How would you propose alleviating the burden? Are there any ways in which the existing solicitation process could be modified that you believe would encourage more participation?

CS Energy agrees with NJSEC’s comments on this question.

- b. Does the timing of the solicitation cycle work for you? If not, why not, and what changes would you suggest? If you recommend making solicitations more frequent, do you have any recommendations for ensuring more frequent solicitations remain competitive?

Yes, the solicitation should be operated on a consistent basis so that developers can plan accordingly. CS Energy recommends a semi-annual approach to the solicitation. If a project misses out on an award within one solicitation, having to wait another year has the potential to kill the project depending on its circumstances (e.g. expiring site control or permits). Having two solicitations per year would give developers comfort in the

frequency and timing of the solicitations to drive more demand and increase the backlog of projects in the queue.

2. Project Maturity Requirements

Project maturity requirements currently include a PJM queue position with a completed feasibility study, site plan, and project details.

- a. What are your concerns associated with the PJM queue process and its ongoing reform? Would you suggest any potential alternatives to current PJM queue position requirements, such as a project security deposit or escrow?

Staff should consider a security deposit or escrow as alternative to the current PJM queue position requirements. It should be noted that the COD deadline would also have to be extended to account for the increased timeline. The COD deadline for a project should start at interconnection approval since the timing of this is largely up to PJM and a developer should not be penalized for delays in the queue reform process. This approach would help create a pipeline of larger projects while they are still going through the new PJM process over the coming years, otherwise only projects under 5 MWac interconnecting through local EDCs will be applying to the program, which would result in a less competitive solicitation and higher SREC-II bids.

We agree with NJSEC's recommendation to cap deposits at \$40,000 for any project irrespective of size.

We strongly support Senate Bill 3308. It is very important to increase the speed at which projects are being studied and interconnected to the grid. One way to do this is to allow projects up to 20 MWac to go through local EDC's interconnection processes. This would allow projects to get around PJM queue reform delays and increase the competitiveness of the CSI Program's future solicitations.

3. Tranche-specific Considerations

Market tranches were created based upon the difference in project costs, siting preferences for projects on the built environment and marginalized lands that align with the statute and past Board policy, and anticipated revenue streams. In the second solicitation, no bids were received in Tranche 2, Grid Supply on the Built Environment, or in Tranche 4, Net Metered Non-Residential Projects greater than 5MW.

- a. Please describe ways in which you think the current tranche structure could be changed that would encourage additional participation, such as changing tranche definitions, consideration of project types like floating solar, or capacity allocation changes.

The Board should continue to re-allocate unused MWs within undersubscribed tranches to award additional projects within oversubscribed tranches.

Floating solar should be considered under the Tranche 2, Grid Supply on the Built Environment. This Tranche should be expanded to allow for sites on 'substantially developed land' which is elaborated on under 3.b.i below.

- b. Please describe any specific barriers to participation in the market tranches and any suggested modifications for future solicitations.
 - i. Tranche 2, Grid Supply on the Built Environment. Please provide feedback on how the Board could expand the definition of Tranche 2 to include other preferred siting types.

The Board should expand the definition of Built Environment to include sites outside of just rooftops and parking lots. This tranche should be used to encompass all sites located on land that is considered to be substantially developed but does not fall under Tranche 3. This could include sites on abandoned buildings that need demolished, large former mining sites, highway rights-of-ways, or industrial zones, all with the exception that they are not actively being devoted to agriculture or else it would be considered for Tranche 1. This tranche could also be expanded to include floating solar.

- ii. Tranche 3, Grid Supply on Contaminated Sites or Landfills

The Board should publicize and encourage the use of the recently published Landfill to Solar Incentive Programs website. One of the greatest barriers to developing these projects is informing and convincing Municipalities to get on board with these going through the lengthy and costly redevelopment and RFP process. Education and awareness are great ways to get local governments excited about these projects.

- iii. Tranche 4, Net Metered Non-Residential Projects greater than 5MW. In what ways do the rules raise obstacles to participation for this project type?

N/A

4. Siting Accessibility

- a. What challenges do you experience with finding available preferred sites, particularly on built environments? What additional support or guidance, including siting tools, would assist you?

The NJDEP's landfill list was last updated in 2014. Updating this list with locations, acreages, and capping status would provide significant resources in being able to identify if they are viable sites. Currently there are 188 landfills missing both the address and block & lot to identify location, leaving developers searching maps to attempt to identify them.

5. Project Funding

- a. What cost-related obstacles prevent or hinder your participation in the CSI Program?

Interconnection costs are significantly hindering the success of smaller projects. We have seen nearly a 10x increase in the cost to interconnect to a 34.5 kV line compared to several years ago. We have received estimates of \$2MM for a simple line tap to connect to this voltage with no major upgrades and were told this is the new normal. Projects under 15 MWdc will struggle greatly to make this interconnection cost competitive within the CSI Program. Interconnection timelines have also been extremely delayed, which also increases cost of projects due to extended overhead, cost of capital, and site control costs.

- b. Please describe specific cost-related obstacles related to Tranche 3 (Grid Supply on a Contaminated Site or Landfill). Are you aware of additional sources of funding? Can you comment on whether any other sources of funding for landfill closure are available to support landfill projects in addition to solar incentive funds.

Hazardous Discharge Site Remediation Funds (HDSRF) are available in the form of grants available to developer's remediating sites with the end use of solar. The EDA also recently announced a Brownfield Redevelopment Tax Credit that will be available for capping municipal landfills that are being used for solar projects.

Respectfully submitted,



John Ervin
VP of Development
CS Energy