Monday, September 23, 2024

via email: board.secretary@bpu.nj.gov

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

Re: BPU Docket No. QO21101186

Dear Secretary Golden:

NJR Clean Energy Ventures Corporation ("NJRCEV") appreciates the opportunity to submit the following comments regarding the Competitive Solar Incentive (CSI) Program. NJRCEV is a leader in New Jersey's clean energy markets, having invested more than $1.2 billion in over 475 MW of solar projects across the state since 2010. These projects, which make up approximately 10% of New Jersey's installed solar capacity, have created more than 1,000 local jobs, supported energy cost savings for our customers, and reduced 330,000 tons of greenhouse gas emissions. We are committed to advancing clean energy initiatives and appreciate the chance to contribute to the continued development of solar energy in the state.

In response to Staff's "Questions to Stakeholders" - we would like to focus our comments on several key areas that are critical to the success of the CSI program:

1. **Reallocate Capacity to Tranche 3:**

   To date, the CSI Program has failed to award any projects in Tranche 2: Built Environment Grid or Tranche 4: Non-Residential NEM over 5MW. In response, we recommend reallocating capacity from those Tranches into Tranche 3: Grid Supply on Contaminated Sites and Landfills. Tranche 3 represents the best balance between active development, financial viability at current incentives, and environmental and socially conscious siting. Tranche 3, formally known as Subsection-T, has been the only opportunity for large-scale grid development over the last several years of New Jersey's Energy Transition - and the State should ensure it supports what is working in NJ-solar and beneficial reuse of compromised sites. Moving capacity from two underperforming Tranches into Tranche 3 would better align program allocations with market interest, ensuring a more robust bidding process and more projects working towards New Jersey's goal of 750MW per year.

2. **<u>Transition Tranche 4 into ADI:</u>**

Given the limited interest and activity in Tranche 4: Non-Residential NEM over 5MW, we believe it is more appropriate to shift this category into the Administratively Determined Incentive (ADI) program with the other Net Metered projects. Over the last 15 years, only six projects in TREC and twenty-eight projects in SREC exceeded 5MW in installed capacity. If the goal of a solicitation is to foster robust competition, 2-3 projects per year would not qualify as an appropriate market segment for CSI. Moving Tranche 4 into ADI would provide an incentive required to develop these uncommon projects, make it more efficient to negotiate PPA and site lease rates with host customers, as well as avoid any unnecessary delays associated with a once-a-year incentive award.

3. **<u>Economic Disparity in Tranche 2:</u>**

The lack of interest in Tranche 2 is driven by the significant economic challenges in competing for available sites on the built environment with Community Solar. Community solar projects benefit from both retail power rates and a higher subsidy, while Tranche 2 projects are limited to wholesale power rates and lower subsidy prices – enabling them to offer high lease rates, when both competing for the same land/rooftop. This imbalance makes it difficult for Tranche 2 projects to be economically viable. Without adjustments, these projects will continue to struggle.

Should the Board wish to incentivize grid connected solar on the built environment, a paradigm shift needs to occur in program design. A more efficient approach would be for utilities to directly procure solar projects that feed into the grid, lowering costs for all ratepayers rather than relying on passive participation from individual customers – which is inefficient and cost prohibitive. This method, instantly putting Tranche 2 in the driver-seat for large scale projects, would streamline the process and lead to greater overall cost savings.

4. **<u>Siting Availability Is Not the Issue:</u>**

We disagree with the premise that the availability of suitable sites has led to low participation in certain market segments, or is somehow a major barrier to future project development. The primary issue is that the incentives offered are not sufficient to make projects on “preferred” sites [such as carports and built environments] economically viable. If the Board wishes to incentivize diverse project types and siting applications, increasing the incentives specifically for these challenging locations would unlock more development opportunities on the abundant rooftops and parking lots in New Jersey. If the Board does not wish to increase incentives for non-performing market segments, then we direct Staff to our prior recommendations on reallocating capacity from those segments to Tranche 3.

5. **<u>Separate Incentive for Floating Solar:</u>**

Floating solar provides significant opportunity to deploy additional capacity to meet established goals and has shown significant potential to deploy efficient generating assets with minimal natural resource or public access impacts. However, floating solar must be treated as a separate category with its own dedicated incentive. Floating solar projects face unique challenges and cannot realistically compete with land-based projects. Without tailored incentives, floating solar will struggle to gain traction, despite its potential benefits.

We appreciate the opportunity to comment on this proceeding. We look forward to working with Staff and stakeholders to ensure a successful program that will facilitate robust participation from a diverse group of project sizes and configurations.

Respectfully,

Steve Oborne, Jr.
Sr. Corporate Strategy Analyst

cc: Larry Barth, Managing Director – Corporate Strategy
Robert Pohlman, Vice President – Clean Energy Ventures and Corporate Strategy
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