



State of New Jersey
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September 24, 2024

Via Electronic Mail board.secretary@bpu.nj.gov

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

**Re: In the Matter of Competitive Solar Incentive
("CSI") Program Pursuant to P.L. 2021, C.169
BPU Docket No. QO21101186**

Dear Secretary Golden:

Please accept for filing these comments being submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in accordance with the Notice issued by the Board of Public Utilities ("Board") in this matter on August 30, 2024. In accordance with the Notice, these comments are being filed electronically with the Board's Secretary at board.secretary@bpu.nj.gov.

Please acknowledge receipt of these comments.

Thank you for your consideration and attention to this matter.

Respectfully submitted,

Brian O. Lipman, Esq.
Director, Division of Rate Counsel

By:

Andrew H. Gold, Esq.
Assistant Deputy Rate Counsel

AHG
Enclosure

cc: Veronique Oomen, BPU
Robert Brabston, BPU
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Diane Watson, BPU

STATE OF NEW JERSEY

BEFORE THE BOARD OF PUBLIC UTILITIES

In the Matter of the Competitive Solar)
Incentive (“CSI”) Program Pursuant) **Docket No. QO21101186**
to P.L. 2021, c. 169)

**COMMENTS OF THE
NEW JERSEY DIVISION OF RATE COUNSEL
IN RESPONSE TO THE BOARD’S NOTICE DATED AUGUST 30, 2024**

September 24, 2024

(1) Introduction

The New Jersey Division of Rate Counsel (“Rate Counsel”) appreciates the opportunity to provide input to the Board of Public Utilities Staff (“Staff”) concerning the obstacles to participation or success in the Competitive Solar Incentive (“CSI”) Program. On August 30, 2024, the Board released a notice to solicit stakeholder comments. Rate Counsel is pleased to present this written input to the request for comment.

Rate Counsel represents and protects the interests of all utility customers – residential customers, small business customers, small and large industrial customers, and other institutions in our communities.

Rate Counsel would like to recognize the utilization of competitive processes to incentivize solar development in New Jersey. Over the years, Rate Counsel has advocated for competitive processes as tools to control the high costs of solar for New Jersey’s utility ratepayers. We strongly support the current effort to let the competitive market take the lead in determining what levels of subsidies are truly required to meet New Jersey’s renewable energy goals.

While Rate Counsel supports renewable energy efforts, we want to ensure such development is done in the most cost-effective way. We continue to be concerned about the increased rate impacts on New Jersey’s residents and businesses and their ability to pay for basic living necessities in addition to continued increases in their energy bill. We are concerned about the establishment of pre-determined “price caps” as well as the discretion to award solar energy bids that exceed such price caps by up to 10%. We are also concerned that high electric rates create a disincentive for businesses to move into or remain in New Jersey. We encourage all

regulators and legislators to consider the whole picture as legislation continues to layer dollars upon dollars in increases on New Jersey residents and businesses.

Rate Counsel provides input on the specific questions posed by Staff in the following section of its comments. Although we do not provide responses to all questions, Rate Counsel reserves the right to address such issues in future rule proposals.

(2) Reply to Staff Questions

Question 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?

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?

Rate Counsel Response (Question 1-A): Rate Counsel has no specific opinion or recommendation on this topic at this time but does note that it would be opposed to any action taken that would weaken the current CSI filing requirements.

Rate Counsel Response (Question 1-B): Rate Counsel has no specific objection to the current 18-month process but would support an annual process instead, provided that the overall

capacity targets for the CSI program, relative to the overall solar funding programs under SuSI, are maintained.

Question 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?

Rate Counsel Responses (Question 2-A): Rate Counsel would object to any weakening of project maturity requirements or any significant deviation from these requirements relative to other solar energy programs such as the Administratively Determined Incentive (ADI) program or the Community Solar programs. Rate Counsel finds that the PJM queue provides a neutral, objective, and independent way of evaluating project maturity, particularly for larger scale projects.

Rate Counsel recognizes the uncertainty and challenges that arise with using the PJM process given its current status and PJM's as yet unsuccessful efforts at reform. While this continued reform process creates a situation that is less than ideal, if fixed, queue position is still a good indicator and screen for project viability.

Rate Counsel has no suggestions or recommendations for alternative maturity measures for grid supply projects as the PJM reform process continues to unfold. However, Rate Counsel does suggest that if the Board decides to adopt an alternative approach, this method should be used on a temporary basis until the current uncertainties in the PJM interconnection process are

resolved. Ultimately, a reformed PJM interconnection process will serve as the best measure of project maturity for the CSI program.

Question 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.

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 Build Environment. Please provide feedback on how the Board could expand the definition of Tranche 2 to include other preferred siting types.

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

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?

Rate Counsel Response (Question 3-A): Rate Counsel supports the current tranche definitions and does not support any changes that would expand the number of tranches. If anything, Rate Counsel supports compression of CSI tranches. Rate Counsel has traditionally

been opposed to excessive segmentation of the solar market as it can limit competition to the detriment of ratepayers. However, the current five tranches strike a good balance between incentivizing specific types of projects in accordance with legislative preferences, while also creating broad competition to drive down prices. Rate Counsel also supports the Board's ability to grant capacity over the targeted amount for more general and competitive tranches to make up for the lack of competitive bids in other tranches. Rate Counsel does not support allowing underutilized capacities to "roll-over" into future solicitations as this would create cascading regulatory liabilities that would likely accumulate over time.

Rate Counsel Response (Question 3-B): See comments above.

Question 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?

Rate Counsel Response (Question 4-A): Rate Counsel has no specific opinion on this topic at this time, but we are particularly interested to hear input on possible reasons why there were no bids for Tranches 2 or 4. The lack of bids in certain Tranches may support our concerns about the potential for over-segmentation of the program. The Board should seek more information on the lack of bids in these market segments as it considers its next steps.

Question 5: Project Funding

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

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?

Rate Counsel Response (Question 5-A): Rate Counsel has no specific opinion or recommendation on this topic at this time.

Rate Counsel Response (Question 5-B): Rate Counsel has no specific opinion or recommendation on this topic at this time.

(3) Conclusions

We urge the Board to make as much data about the bids available after solicitations as possible. Doing so is important so that stakeholders, ratepayers, and the public can evaluate the substance of the bids and compare the differences in costs.

Rate Counsel has, in the past, worked closely with Clean Energy Staff in evaluating individual, confidential bids in the Long Term Solar SREC Contracting programs, various utility sponsored solar energy programs, as well as the annual offshore wind solicitations and may wish to see further involvement in CSI bids in the future. Rate Counsel is concerned about the establishment of pre-determined “price caps” as well as the discretion to award solar energy bids that exceed such price caps by up to 10%. Rate Counsel looks forward to continuing to work with Board staff on these important issues.

Rate Counsel thanks Board Staff for providing the opportunity to comment on the obstacles to participation and success in the CSI Program.