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Client/Matter No. 19306/0001

VIA EMAIL SUBMISSION
Sherri Golden
Secretary of the Board
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Re: In the Matter of Competitive Solar Incentive ("CSI") Program Pursuant to P.L. 2021, c. 169; Docket No. QO21101186

Dear Secretary Diaz:

On August 30, 2024, the Board of Public Utilities ("BPU") Staff published a Request for Information Notice under Docket No. QO21101186, *In the Matter of Competitive Solar Incentive ("CSI") Program Pursuant to P.L. 2021, c.169*, requesting responses to questions regarding the CSI Program. On behalf of my client, CEP Renewables, LLC, please find the following responses to the questions listed in the above-referenced notice.

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?

In general, the pre-qualification process and solicitation process was easy to manage and staff was very helpful in identifying issues with applications to make sure that complete applications were submitted. CEP recommends that the Board continue the same online format for the pre-qualification and solicitation process. If possible, it would be helpful for staff to acknowledge receipt of a pre-qualification application and schedule a Teams meeting to review the application with the applicant, even if no deficiencies are identified, to make sure there are no questions and the applicant understands submittal deadlines.

To encourage more participation, CEP suggests modifying the tranches as follows:

Basic Grid Supply: 120 MW dc
Grid Supply on Built Environment: 20 MW dc
Grid Supply on Contaminated Sites and Landfills: 140 MW dc
Net-Metered Non-Residential: 20 MW dc
Storage Paired with Grid: 160 MW dc

Given the implementation of the permanent community solar program, there is really no demand for grid-supply on the built environment. The timelines for grid-supply projects, given the ongoing PJM queue reform process, are too long to maintain options on built environment sites (rooftops, parking lots, etc.). These projects are cost prohibitive for these locations, which is why there has been no participation so far. CEP does not suggest eliminating the tranche altogether, but re-allocate the MW capacity to the contaminated sites and landfill tranche where there are still significant opportunities for grid-supply development.

CEP also suggests that the contaminated sites tranche be expanded to include mining sites (former resource extraction operations) as was done with the community solar program. Often, grid-supply development on these sites will include floating solar, which should compete with contaminated site projects and not projects on farmland. CEP also suggests that the "built environment" tranche be expanded to include industrial sites where solar would qualify as a permitted use under the MLUL. Generally speaking, the MLUL allows solar as an expressly permitted use on any industrial property of over 20 contiguous acres. These are not necessarily contaminated sites, but are sites that are zone industrial on which there has been no industrial development – for lack of access or utilities among other reasons. Allowing these sites to compete for CSI awards, outside of the basic grid supply tranche, will encourage additional participation in the program and that tranche.

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?

CEP would encourage staggering the solicitations so that there are two solicitations per year. The idea would be to have a basic grid supply solicitation and then a solicitation for the other tranches separately.

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?

No. CEP suggests that the Board maintain the project eligibility requirement of a feasibility study from either PJM or a local EDC (as might be applicable in the case of a PURPA application) as a threshold requirement. Both PJM and local EDCs already require large deposits and adding an additional security deposit or escrow requirement should not be necessary. This project maturity requirement will ensure that only truly viable projects are making application to CSI. Lessening the requirement will allow more speculative projects to compete, which will damage the program overall. The program should be targeted to awarding projects that stand a realistic chance of completion.

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.

See notes above on tranche considerations that is responsive to this question.

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.

See note above. CEP suggests broadening this definition to include properties that are zoned industrial and on which solar is a permitted use under the MLUL. This would allow the development of properties that municipalities have targeted for industrial development, but have not been developed for whatever reason. It would make sense for these projects to compete with projects on the built environment, but not with contaminated sites or landfills.

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

See note above. This tranche should be broadened to include former mining or resource extraction sites.

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?

No comment. There are not so many opportunities for these types of projects in New Jersey given the lack of land available adjacent to the types of facilities that would need

this level of net-metered power. Staff should consider expanding remote net-metering or allowing virtual PPAs, which could act as an additional incentive for these size projects.

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?

No comment.

5. Project Funding

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

No comment.

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?

Yes. There are other government programs available for landfill funding. However, these programs are not easily accessible and create additional administrative burden. What the Board should consider is that the higher incentives for these types of sites are often necessary not solely because of the cost of remediation or closing a landfill, but because locationally, these sites are often not located near electric infrastructure. The additional incentives are required to subsidize interconnection costs and upgrades to the regional grid necessary to allow for interconnection. We have seen instances where interconnection runs are 3-4 miles away in some cases, which require exorbitant interconnection costs and grid upgrades. Programs that provide funds for landfill closure or remediation do not provide funding for infrastructure, which is the main use of the incentive funds derived from the CSI program.

Very truly yours,

STEVEN P. GOUIN

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