

December 16, 2024

*Submitted electronically*

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 THE COMMUNITY SOLAR ENERGY PROGRAM (Docket No. QO22030153)**

Dear Secretary Golden:

Vote Solar respectfully submits the following comments in response to the solicitation for stakeholder feedback issued by the Board of Public Utilities (“Board” or “BPU”) staff concerning Docket No. QO22030153 and issued November 21, 2024.

Respectfully submitted,

/s/ Kartik Amarnath  
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## **Introduction**

Vote Solar is grateful to the New Jersey Board of Public Utilities (“Board” or “BPU”) and Board staff for the opportunity to provide comments regarding the Community Solar Energy Program (“CSEP”). The BPU’s one-year CSEP checkup comes at a crucial moment in the state’s clean energy trajectory. Federally, we are entering a moment of unpredictability and potential market volatility in the solar landscape. In this transitional moment nationally, it will be important for the BPU to entrench its commitment to a clean energy future through a combination of responsiveness, flexibility, and a commitment to added support and emboldened action where appropriate.

Vote Solar is a national non-profit advocacy organization that supports state governments in establishing policies that advance an equitable clean energy future. We have engaged in a number of issues in front of the BPU including energy storage, FERC Order No. 2222 compliance, grid modernization, community solar, the Energy Master Plan, and the state’s successful Solar for All application. We look forward to continuing to work with the BPU to advance the state’s clean energy goals through this CSEP one-year checkup solicitation and other initiatives.

Below are our responses to questions 2 through 7 and question 9 of the questions that BPU staff have requested responses to as part of the one-year checkup process.

## **Responses**

### *2. What cost adjustments should be considered for the community solar market segment?*

At this time, it would be premature to consider cost adjustments for the community solar market segment. While recent trends might have outperformed the targets established by statute, this does not mean New Jersey should temper community solar market activity. Indeed, given the successes and milestones experienced to this point, current program features should at the very least remain in place. Ideally, the BPU would consider expanding these features to build up the program further, especially considering the grid, climate, affordability, and equity benefits that community solar provides.

Furthermore, there is no guarantee these positive trends will persist given possible market volatility with upcoming political transitions at the federal level. Vote Solar recommends the BPU exercise as much flexibility as is available to be responsive to potential market changes that currently cannot adequately or accurately be forecasted. Given the uniquely unpredictable circumstances of this upcoming political and economic landscape, Vote Solar recommends that BPU staff undergo another checkup process similar to this public stakeholder solicitation both at the end of Q2 2025, in Q4 2025, and be ready to initiate such a process in rapid response to any significant solar policy changes at the federal level (such as changes to the Inflation Reduction Act or Investment Tax Credit).

### *3. Are different incentives required for community solar projects located in different EDC territories or with other characteristics?*

Vote Solar does not believe that at this time different incentives should be required for community solar projects located in different Electric Distribution Company (EDC) territories. However, there

may be a time when differing incentives could help facilitate market expansion in targeted ways that improve needed health, environmental justice, and grid reliability outcomes across EDC territories. Incentives could vary between EDC territories but also within an EDC territory, depending on the circumstances. While Vote Solar does not recommend changing incentive levels at this time given the unpredictable solar market, the following could be considered at a future point:

- Provide added incentives for projects that demonstrably reduce demand for power that is purchased from the state's most polluting facilities by NJ EDCs, particularly during peak periods
- Added incentives for projects that align with grid congestion needs
- Added incentives for projects that demonstrate reduced pollution in environmental justice communities based on which power facilities they take offline
- Projects should be eligible for incentives from both CSEP and SIP programs
- Modulate incentives between EDCs depending on where applications are concentrated versus territories where projects are needed due to low-income population and energy burden
- Provide incentives proportional to the percentage of low-income subscribers and/or degree of utility bill savings

Additionally, beyond allocating different project incentives across various EDC territories, the BPU should consider accountability mechanisms for EDCs to ensure they are doing their part to make the CSEP program a success through comprehensive updates to grid management. While the grid modernization proceeding is still underway, it is important that EDCs make clear, transparent, and substantial steps towards addressing interconnection queue backlogs, removing projects that receive interconnection approval but do not get built and still take up grid space, and reserving grid space specifically for community solar projects. The BPU could work with stakeholders to establish a set of milestones that EDCs must achieve and co-create accountability mechanisms. At the very least, we recommend more administrative integration and cohesion between this docket, the storage incentive program docket, and the grid modernization docket, thereby ensuring rulemaking across these dockets is complementary and facilitates the creation of a new and comprehensive national model for grid equity, flexibility, and reliability.

*4. The Inflation Reduction Act increased federal tax credits to 30%, with the possibility for increased incentives for projects using domestic content, projects sited in energy communities, and projects qualifying for the Low-Income Communities Bonus Credit Program. How should these changes be accounted for in modeling incentive requirements for community solar projects?*

Given the possibility that federal solar incentives may not remain in place with a new incoming administration, at the moment the BPU should employ a cautious approach towards how these incentives are shaping the solar market. The BPU should not make any changes to how incentive requirements are modeled for community solar projects based on current conditions, but should be ready to be responsive to any changes to the current federal policy landscape. In terms of responsiveness, BPU staff should identify sources of funding and mechanisms to operationalize added incentives under a rapid timeframe in anticipation of potential losses of incentives at the federal level. It will be essential for the BPU to do this pre-emptive work in order to be as responsive as possible to potentially foundational shifts in the landscape of federal incentives and other forms of federal support for solar.

*5. Does the pace of registration submission into the CSEP and subscription of the full capacity allocation support a change in incentive level from the initial value of \$90 per megawatt-hour?*

The incentive level of \$90 per megawatt-hour must remain in place, and the pace of registration submission and subscription of full capacity allocation are positive signs that this level of incentive is appropriate for the market as it is currently constituted. At this time, overperformance in certain aspects of a very new solar program should be celebrated and embolden New Jersey's commitment to being a national renewable energy leader, rather than temper levels of state support. Further, as discussed in responses to other questions in this solicitation for stakeholder feedback, the unpredictable state of federal support for solar energy demands that incentives are held in place for now, and possibly expanded upon in the future. Finally, while the pace of submissions was relatively high in the first energy year of the permanent program, this pace may reduce as projects become harder to interconnect to increasingly congested circuits and with a continued absence of transparency around optimal sites for interconnection. Therefore, the incentive level should be maintained while proactively addressing interconnection and hosting capacity concerns and increasing transparency through the BPU's concurrent grid modernization proceeding.

*6. How has the Community Engagement and Subscriber Acquisition Plan influenced project development and enrollment of LMI subscribers?*

We believe that the current requirement that applicants secure letter(s) of support from the local governing body (municipal council and/or mayor of the municipality) for which the project will be located is too restrictive. This requirement favors municipalities and other localities where governing bodies have the resources to process such requests. We believe that this requirement should be made more inclusive and flexible by allowing applicants to also meet eligibility by establishing Community Benefits Agreements (CBAs) with local non-profits, community-based organizations, service providers, and/or other key community institutions. Therefore, program eligibility should rest upon whether a project applicant has either secured a CBA with at least one local institution/organization, or a support letter from a local governing body. CBAs would be an effective way of demonstrating local commitment to community engagement and benefit, while also increasing popular support and common knowledge of solar's many social benefits. The BPU should refer applicants to the guidelines developed by the U.S. Department of Energy in their "Guide to Advancing Opportunities for Community Benefits through Energy Project Development" (link:

<https://www.energy.gov/justice/articles/community-benefit-agreement-cba-resource-guide>).

Additionally, the BPU should provide access to this document on its own website, or develop its own guidelines document based on these best practices in case these guidelines are no longer made available via the U.S. Department of Energy's website.

Secondly, in addition to shifting eligibility requirements around CBAs, the BPU should consider eventually adding a minimum financial value of community benefits that must be articulated in the local government support letter or CBA, and that the project would have to demonstrate. The BPU can develop this standard based on input from social justice, environmental justice, service, and frontline-led organizations through a standalone stakeholder working group. This standard can be developed on a more prolonged timeline and implemented in a subsequent energy year. However, in the immediate future, we strongly recommend that the BPU alter the requirements for

demonstrated local support to include either letters from local governments or CBAs, and to this end the BPU should also make available best practices for developing CBAs.

*7. How has the interconnection process influenced project registration and advancement to construction?*

Vote Solar is not a solar developer, however, we have extensive experience with interconnection policies and best practices across the country. We believe that the success of the CSEP rests on ensuring interconnection across New Jersey's EDCs is rapidly and meaningfully improved to increase transparency and better administration of circuits. EDCs must develop mechanisms to remove projects that have received interconnection approval but are not being built. Additionally, EDCs must provide transparent information on the state of the distribution grid through regularly updated hosting capacity maps, ensuring methods remain consistent across EDCs so that developers can identify sites where community solar projects can fully contribute to grid services.

*9. What other issues should be considered in the one-year program review?*

Solar for All and Community-Owned Solar: Vote Solar strongly recommends the BPU take proactive steps to ensuring a portion of Solar for All funds allocated to the state be used for the purpose of prototyping community-owned solar, as was indicated as a point of interest by BPU's own staff during the Solar for All application process. We ask that the BPU explore options for facilitating community-owned solar opportunities and do so transparently and in conversation with key environmental justice, LMI, and disadvantaged community stakeholders. With the promising momentum of New Jersey's nascent community solar market, and the once-in-a-generation opportunity provided by Solar for All, the state should allocate resources toward developing innovative pilots that can create conditions for a self-sustaining market in community-owned solar. This would provide transformative and unprecedented benefits to vulnerable households in the form of asset ownership and revenue capture. In this way, New Jersey will take key steps to ensuring the transition to a clean energy economy is just and emphasizes democratic participation that undoes generations of the energy sector's historic harms and economic exclusion.

EDC Participation in Community Solar: Vote Solar recommends that BPU continue to prioritize non-EDC participation in the CSEP for the time being. The BPU submitted proposed amendments to the CSEP that included possible conditions under which EDCs could participate when there is leftover unsubscribed megawatt block capacity in a given energy year. We believe this unsubscribed capacity should carry over to the following energy year and remain reserved for third party participation through the allocation of CSEP incentives, rather than shift to support EDC participation.

EDC participation in this leftover capacity, and BPU support to do so, could lead to unintended consequences such as further limitations to third party market participation. The door could open for EDCs to selectively withhold knowledge over optimal circuit locations for community solar sites, could make already challenging interconnection procedures more inaccessible and exclusionary to reserve opportunities for their own projects, and costs for EDC community solar projects could fall on ratepayers in ways that do not yield the cost saving benefits of community solar through bill savings and deferred transmission and distribution expenses. We believe that until there's more evidence that EDC participation would not do these things, and would instead support the overall program and optimize meaningful community benefits, the BPU should not commit its limited resources to exploring how EDCs can take advantage of unsubscribed megawatt block capacity. Instead, BPU should commit resources to

strengthening the outcomes and transparency of the current grid modernization proceeding, integrating the goals of this proceeding with democratic, inclusive, and competitive non-EDC participation in CSEP.

### **Conclusion**

Vote Solar is grateful for the opportunity to comment on this important and timely community solar checkup proceeding. We are happy to work with the Board and staff on making this new program the national leader it has the potential to become. Additionally, we strongly recommend Board staff continue to engage diverse stakeholders in the LMI and environmental justice landscape whose constituents and communities are most impacted by this program and the trajectory of the state's clean energy future. Their input is paramount to ensure New Jersey's clean energy transition is a just and equitable one.

Thank you for your time and consideration.

Sincerely,  
*/s/ Kartik Amarnath*  
Kartik Amarnath  
Mid-Atlantic Regulatory Director  
Vote Solar