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Sherri L. Golden
Secretary of the Board
44 South Clinton Avenue, 1st Floor
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December 16th, 2024

Dear Secretary Golden,

Solar Landscape respectfully offers comments to Docket No. QO22030153, regarding the one-year checkup proceeding of the Community Solar Energy Program ("CSEP"). Solar Landscape is a vertically integrated solar company headquartered in Asbury Park, New Jersey. Specializing in community solar on commercial and industrial rooftops, we develop, design, construct, own, operate, and subscribe community solar projects. Solar Landscape is proud to own and operate the nation's largest portfolio of community solar projects serving low/moderate-income ("LMI") households, the majority of which are based here in New Jersey.

Solar Landscape applauds the Murphy Administration and the Board of Public Utilities ("Board") in their commitment to a clean energy future and for their goal for New Jersey to generate 100% of its electricity from clean energy resources by 2035. By making these commitments, not only are we meeting the current moment of the climate crisis, but we are also providing family-sustaining jobs and creating a new clean energy workforce in the process. Solar Landscape offers the following recommendations as they pertain to the questions:

1) *What parameters used in the modeling for the ADI Program's one-year refresh differ between community solar projects and projects in the market segments for small and large net-metered non-residential projects located on rooftop, carport, canopy, and floating solar?*

Interconnection costs for community solar projects, which are typically 1 MW or larger, are significantly higher than those for commercial net-metered projects, where about 50% are under 1 MW.

Moreover, acquiring LMI participants and providing discounts well above the required minimum of 20% drives up costs for community solar projects. The ongoing administrative burden of maintaining LMI participation levels and addressing higher credit risks further amplifies these challenges.

Despite the lower costs, risks, and administrative burdens of net-metered non-residential projects from the solar developer's perspective, real estate owners prefer the simplicity and scalability of leasing space for front-of-meter community solar projects over the complexity of entering power-purchase agreements for behind-the-meter net-metered projects. For example, many real estate owners lease their under-roof space to tenants who only have five-year leases, so agreeing to long-term power-purchase agreements for net-metered projects is not feasible. Accordingly, as of the first five months of EY2024, the commercial net-metered solar market is not on pace to use its allocated capacity (which stands in stark contrast to the substantial shortage of allocated capacity in the community solar segment).

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 CSEP auction (i.e., whereby a project is awarded capacity from a substantial shortage of overall program capacity based on its minimum-subscriber-discount-rate bid) makes it impossible to look at the REC value in a vacuum. Namely, the nature of the auction is that any theoretical excess REC value (i.e., value that would exist if the discount rate were fixed) is used to justify bidding higher minimum-subscriber-discount rates. Accordingly, if the REC goes down, subscriber discount rates would also need to go down in order not to stymie new project development (otherwise—i.e., if the REC were lowered and the discount rates did not decrease—project economics would suffer, which would translate into lower lease rates for real estate companies and fewer projects). New Jersey is facing an unprecedented energy crisis (that will see unprecedented rate surges) caused by new electricity demand drastically outpacing new electricity generation; so, any REC or program changes should be made with an eye toward accelerating (rather than stymying) new generation to mitigate the crisis.

Additionally, the prospect of the BPU's reducing REC values raises significant concerns for financing CSEP projects awarded to date. Namely, project financing is happening in real time (e.g., in order to enable already awarded projects to commence construction); and under the current rules, if a project fails to achieve commercial operation within the applicable two-year window (i.e., eighteen months plus a six-month extension without needing to file a petition), that project would not only forfeit its escrow deposit, but would also be subject to the then applicable (and not yet known) REC. Thus, raising the prospect of lowering that REC to a yet unknown value creates an unacceptable risk for financing parties; and failure to close financing will delay projects, making them more likely to miss the applicable deadline (i.e., a sort of "death spiral" caused by uncertainty of the lower REC). Failure to address this issue will result in severely negative consequences to New Jersey's community solar market, so we recommend that the BPU implement the following measures to mitigate these risks:

Extend the Deadline for Projects to Reach PTO: The Board should lengthen the existing two-year window—currently 18 months plus a six-month extension—to three years. Projects awarded EY2024 capacity (i.e., all awarded CSEP projects to date) should remain eligible to receive the $90 SREC-II rate if they achieve PTO within this extended three-year deadline. This adjustment would provide financing parties sufficient comfort that EY2024 projects will not miss the deadline, thus eliminating their concern over a yet unknown consequence for missing the deadline. Even if changes in SREC-II values were not being contemplated, this extension would be warranted in light of widespread delays at the EDCs that are outside the control of developers; and extending the deadline to a more realistic timeframe in light of those EDC delays would avoid a flood of meritorious petitions to the Board at the end of the now-applicable two-year deadline (i.e., petitions requesting further extensions in light of EDC delays). To put this in context (and in defense of the EDCs), the EDCs saw a tripling of projects in EY2024 compared to the prior community solar solicitation, but the current rules apply the same two-year deadline as the substantially smaller prior solicitation (which is not feasible).

Align REC Reductions with Discount Rate Adjustments: As noted above, if the Board lowers REC values, it should also lower minimum-subscriber-discount rates to avoid stymying much needed new generation. If the Board takes that path, then a project that transitions into a lower REC category due to missing its deadline should also be reset to the then applicable lower minimum-subscriber-discount rate. This would assure financing parties that the risk of missing the applicable deadline would not kill the project economics, which is a risk financing parties will not accept (i.e., projects would not be financed and thus would die if missing a post-commencement-of-construction deadline would entail receiving a reduced REC that would make the auction-based discount rate—which in many cases exceeds 30%—impossibly high). Allowing alignment between lower REC values and lower minimum discount rates would enable project financing (and thus development of projects) to continue.

The above adjustments would safeguard project viability, maintain market stability, and prevent adverse impacts on the Community Solar Program. Without these adjustments, the program risks undermining its goals and discouraging investment in future development.

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

The interconnection process can cause significant delays. EDCs often delay the delivery of final cost estimates and, at times, issue substantially higher revisions after construction begins. Even smaller projects (<1 MW) can face revised estimates, threatening their viability.

Developers have no recourse to challenge interconnection costs, explore alternatives, or obtain detailed cost breakdowns. EDCs impose ~20% contingency fees, which they retain regardless of actual costs. Due to the proprietary nature of grid work, developers must accept these estimates without oversight or appeal.

Greater transparency, faster interconnection planning, and stronger oversight are essential. The Board should consider these delays when granting extensions for projects delayed through no fault of their own.

The issue of "queue squatting" also requires attention. Projects cannot proceed until those ahead in the queue advance or are abandoned, causing stagnation. Clear, reasonable timelines for approved projects to move to construction are necessary, as no such guidelines currently exist.

To help address high upgrade costs, the Board should permit cost-sharing arrangements between developers. For instance, the application could include an option labeled "Willing to Cost Share." If a developer selects this option, the utility may share their contact information with another developer who has also opted to cost share on the same circuit. This provision should apply only when both developers' projects are located on the same circuit and both developers selected a willingness to cost share.

In comments for the Grid Modernization[1] proceedings this summer, Solar Landscape emphasized adopting advanced technologies like DERMS and smart inverters. A uniform, flexible interconnection process prioritizing "first ready, first through" projects is critical. Proactive system planning using predictive models and collaboration between EDCs and developers is needed. Key measures include improving the Pre-Application Verification/Evaluation process and using AC values in hosting capacity maps to enhance efficiency, reduce costs, and improve grid reliability while protecting ratepayers.

Solar Landscape also urges the Board to address procedural bottlenecks through conditional approvals, promise-to-pay agreements for material procurement, and incorporating procurement metrics into performance indicators. Annual outreach by EDCs on community solar benefits and clarification that regulations apply to community solar projects are vital to maximizing stakeholder participation and aligning with clean energy goals.

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

Solar Landscape also has requests for consideration the following issues:

Geographic Limits on Previously Awarded Pilot Projects

We recommend that the Board remove the municipal adjacency limitation on community solar Pilot projects. Current rules divide projects into two categories: those with restricted service areas and those with Electric Distribution Company (EDC)-wide reach. This restriction creates an unbalanced playing field,

[1] Docket No. QO21010085

allowing utility-wide CSEP projects to poach subscribers from Pilot projects, which cannot expand their limited market once saturated. This structural disadvantage undermines Pilot projects.

Pilot projects proved the feasibility and benefits of community solar in New Jersey, taking on the risks and investments of an untested program. However, they are now penalized by exclusion from the EDC-wide subscription rules, which were informed by their successes. Applying EDC-wide enrollment rules to all projects would preserve the success of Pilot projects, prevent penalties to early adopters, and foster a more unified market.

Update "Subscription Fee" to "Net Community Solar Credit"

We propose replacing the term “Subscription Fee” with “Net Community Solar Credit” in the Community Solar Program language. This change will enhance transparency, build trust, and align with the program’s rules and intent.

The term “Subscription Fee” has caused confusion, as the program explicitly prohibits additional fees. Guidelines state: “Subscribers shall not be charged a fee for their enrollment in the automatic enrollment project or any exit fees or penalties for opting out.” However, program materials label the total community solar credit, reduced by the subscriber discount, as a “subscription fee,” creating inconsistency and mistrust among participants.

During BPU-hosted community sessions, potential subscribers and municipalities implementing Automatic Enrollment expressed difficulty understanding and explaining the term. Subscribers see only a net discount on their bills, and labeling a portion as a fee undermines the program’s credibility.

Renaming this line item “Net Community Solar Credit” would more accurately reflect the program’s value and highlight the financial benefits to subscribers. This change fosters clarity, enhances trust, and ensures the program is accessible and transparent.

Value of Bill Credits for Affordable Housing Master-Metered Subscribers

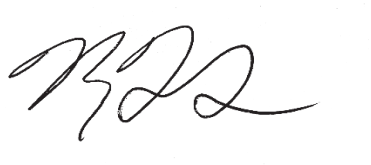
We urge the Board to align the value of bill credits for affordable housing master-metered accounts with the residential rate class. The current structure creates barriers for affordable housing providers, often limiting them to single-year contracts due to insufficient credit value. This outcome conflicts with the program’s goal of delivering clean energy savings to underserved populations.

The existing credit model also hinders Automatic Enrollment projects. Affordable housing, representing a significant portion of low-income households, is often excluded from Subscriber Organization portfolios due to financial instability under current valuations. While including demand charges in the bill credit calculation was intended to address unique billing structures, this approach has proven inadequate. PSE&G itself has noted that credits for these accounts should align with the residential RS rate class.

Aligning credit values with the residential rate class ensures equitable financial benefits, eliminates barriers for affordable housing participation, and supports long-term savings for underserved communities. This adjustment is critical to achieving the program’s mission and fostering the viability of Automatic Enrollment projects.

We thank the Board for the opportunity to collaborate and provide feedback, and for continuing to work towards a clean energy future.

Sincerely,



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