



INDEPENDENCE SOLAR

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December 16, 2024

To: New Jersey Board of Public Utilities
44 S Clinton Ave.
Trenton, NJ 08625
Attention: Sherri Morgan, Secretary of the Board

Re: Comments in Response to Docket No: Q022030153, Community Solar Energy Program (One-Year Check-Up)

To the Board of Public Utilities (“BPU”):

Independence Solar respectfully submits the opportunity to provide written comments in response to the request associated with the “one-year check up” on the permanent Community Solar Energy Program (CSEP).

Independence Solar is based in NJ and was awarded four (4) projects in the PY2 program that are in operations since November 2023. In addition, we were awarded capacity in the EY 2025 solicitation, so we are an active and experienced participant in the CSEP.

We thank the Board and staff for their hard work to create a sustainable and fair Community Solar program and for your consideration of our comments below.

Best,

Keith Peltzman
President

A) Overview Comments

1. ADI Levels

Independence Solar suggests that the ADI levels should remain unchanged.

Currently, there is more uncertainty in the market around cost inputs than at any time since Independence Solar formed in NJ in 2007. The list of items now in flux that would have significant impact on project returns is long and significant – tariffs, federal tax credits (ITC), interconnection costs, interest rates and ongoing operating costs. It would be incredibly complicated and time-consuming for the Board to study and implement a complex matrix of adders/adjusters. Further, this matrix might create unfair advantages or disadvantages for certain types of projects or developers.

In some cases, the adjustment would not be known until after the application/bid is submitted into the solicitation round. For instance, tariffs or ITC adjustments may be implemented after solicitation rounds. Additionally, although the EDC might issue an interconnection estimate as part of a Conditional Approval, the actual and true cost of interconnection may not be known until months after the project bid is submitted.

The market has demonstrated that the current ADI levels work. It is currently a time of great risk and uncertainty. Much capital for solar is currently sitting on the sidelines until there is more certainty around these issues. By further tinkering with ADI levels, this would only add to the uncertainty pervading solar markets and make it even harder for developers to bring projects to completion successfully.

2. Escrow Deposit Timing

Independence Solar suggests that the timing for implementing escrow deposits be delayed due to the uncertainty in the solar markets expressed above.

There is currently great concern regarding the ongoing viability of the ITC. The other items mentioned above would also jeopardize the economic viability of any project (tariffs, interconnection costs, interest rates and ongoing operating costs). Over the next few months, it would be a very challenging decision for awarded projects to remit a non-refundable escrow. In addition, the escrow amount of \$40 per kW is significant and is at the higher end of comparable state programs, many which do not even have escrow requirements. The projects that are most vulnerable are projects that offered higher subscriber discounts and projects with higher cost structures, such as brownfield and landfills. It would seem to be in the interest of the CSEP to facilitate a diversity of projects that support the goals of the program and not just the lowest cost projects.

In this time of great uncertainty, the escrow requirement would be a financial hardship and should be delayed. If the BPU is not willing to delay indefinitely, the Board should consider at least delaying until there is more visibility on the ITC program.

3. EDC Participation

Independence Solar suggests that the Board not allow for EDC participation, even as a provider of last resort.

A critical prerequisite of the CSEP program is under the full control of the EDC's – namely, the requirement for prior Interconnection Approval. Although the EDC's have initiated improvements, the timelines for utility interconnection approval are often still delayed and opaque. Although it would not be the intention of the EDC's, it is possible to envision a scenario where significant 3rd-party interconnection applications are withheld or delayed, so that an opening for EDC ownership is then created. Again, this would certainly not be the intention of the utilities, but opening EDC participation could create the possibility for this unintended consequence.

We observe that there has been significant interest in the CSEP program already without EDC participation. Therefore, it is not necessary to allow EDC participation and to allow for even allow the possibility of this type of conflict of interest, or even the appearance of this type of conflict. It seems reasonable to preclude one of the key “gatekeepers”

from participating in the competitive process. If the BPU is not willing to take this precaution, then the BPU should consider some type of limitation or guardrail – such as 1) prohibiting EDC participation in the event that interconnection applications to that utility are delayed beyond statutory requirements and/or 2) limiting EDC participation to one (1) project per solicitation.

4. Developer Caps

Independence Solar suggest that the Board implement developer caps.

Such caps are common in other successful state solar programs. Additionally, the concern over developer dominance had been speculative in the past. However, this concern is now very much real. The NJ CSEP has been dominated by 1-2 participants in both the Pilot Program and the Permanent Program.

Over the longer term, this monopolization is not healthy for a successful market-based solicitation process and will become self-reinforcing. As market domination continues, developers will exit NJ and further monopolization will become inevitable. This market consolidation would become dangerous as only a limited number of solar developers would then be active in NJ. This monopolization limits the development of know-how and expertise across a broad spectrum of developers. It continues to reinforce concentration by discouraging smaller, local developers from pursuing one-off projects and stymies creative new approaches from emerging. Further, it discourages municipalities, non-profit and other local community groups from pursuing community solar projects on their own. If this monopolization continues, then the BPU would then become reliant on only a few developers.

Therefore, we recommend that after mounting evidence, the BPU must reconsider a developer cap. This need not be set so low to negate fair competition. It can be set as an upward bound to limit monopolization by any one party. This would achieve the BPU's goals of fostering a diverse and informed base of project developers.