Mid-Atlantic Solar & Storage Industries Association
Rutgers Eco-Complex, Suite 208-8
1200 Florence-Columbus Road, Bordentown, NJ 08505 | info@mseia.net

December 16, 2024

Sherri Golden
New Jersey Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, NJ 08625-0350

Via email to:
board.secretary@bpu.nj.gov

Re: MSSIA Comments to Docket No. QO22030153
Community Solar Energy Program

Dear Secretary Golden:

The Mid-Atlantic Solar & Storage Industries Association (MSSIA) is pleased to present these comments in regard to the above-referenced request for comments.

MSSIA is a trade organization that has represented solar energy companies in New Jersey, Pennsylvania, and Delaware since 1997. During this 26-year period, the organization has spearheaded efforts in the Mid-Atlantic region to make solar energy a major contributor to the region's energy future. Its fundamental policy goals, in brief, have been to: (1) grow solar energy and storage in our states as quickly as practicable; (2) do so at the lowest possible cost to ratepayers, while delivering the greatest possible benefit as a public good; and (3) preserve diversity in the market, including opportunity for New Jersey companies to grow and create local jobs. MSSIA recently added a fourth goal to ensure equitable access to the benefits of solar and storage for overburdened communities, and for low and moderate income households (https://mssia.org/fundamental-policy-objectives/).

MSSIA's comments follow:

1. Modeling parameters

The presentation accompanying the December 3 stakeholder meeting on the CSEP one-year review contained a few specific parameters from the modeling, but there are many parameters in SAM modeling that were not mentioned, and therefore not possible to comment on. The parameters that were specified have some issues. These include:

a. Rooftop CS projects are shown as being property tax exempt, but municipalities increasingly have taken the position that they are not, because they are not net-metered projects and therefore not covered under the exemption. Those municipalities are demanding property tax payments for the CS projects.
b. The site lease rates that were specified in the modeling averaged about $25,000 per MWdc. MSSIA members have reported property owners demanding lease rates in the range of $70,000 to $95,000 per MWdc, due to competitive pressures, exacerbated by the fast-shrinking pool of sites that are capable of interconnection. The current average is difficult to discover, but it seems that the $25,000 number may be too low.

2. Cost adjustments

Due to the recent imposition of new tariffs by the Biden administration and the promise of new, additional tariffs in the new administration; the real possibility of a roll-back in federal incentives, and increasing costs for interconnection, it is difficult to assess what cost adjustments are necessary. However, it appears likely that overall costs will increase over the near- to mid-term.

3. Different incentives for different EDC territories

MSSIA has not formed a position on this topic as of this date.

4. IRA tax credits and adders.

As mentioned above, the new administration in Washington and the new Congress have signaled their intent to roll back climate programs, including the incentives in the IRA. The extent of the roll-back is still uncertain.

ITC adders have been very scarce and difficult or impossible to obtain in most cases. It also appears likely that they will be targeted for elimination in the new administration.

5. MSSIA member feedback indicates that the current economic return of CS projects is on the edge of viability, driven by the intense competition in the ranking process to offer very high discount rates coupled with increasing costs. The robust participation in the program partly reflects the struggle of New Jersey developers to stay in business given the paucity of sites that can interconnect.

MSSIA does not currently have a position regarding the recommended incentive rate or rates, in view of the extreme uncertainty around federal policy. *MSSIA recommends, though, that BPU perform a special review of incentive payments, possibly mid-year, once the new administration and Congress settle on the fate of the IRA incentives and on new tariffs.*

6. The influence of the Community Engagement and Subscriber Acquisition Plan

The Community Engagement and Subscriber Acquisition Plan has had one very difficult aspect, which is the requirement for a letter of support from the project site's mayor or town council. Sometimes good and beneficial projects are located in towns whose mayor and/or town council do not have a favorable opinion on solar, often driven by political ideology. There are also towns that just don't have the time and resources to go through the necessary procedures.

Also see MSSIA's answer to the 9th question (other issues).

MSSIA recommends that the requirement for a letter of support from a mayor or town council be removed.

7. Interconnection issues

In the first year of the permanent CSEP, developers encountered extremely long timelines to get project approved for interconnection. Utilities reported that they were handling hundreds of applications for interconnection, and that timelines would be increasingly long as more came in.

Developers were issued denials of interconnection in circuits that the hosting maps showed to have plenty of capacity. EDCs told such developers that the flood of CSEP applications had quickly closed those circuits. The same was happening to net metered projects during the same period.

The CSEP has had a concentrated effect on the acceleration of circuits closing, partly because of its size but also because of the requirement to apply for interconnection or get approval (depending on size) just in order to apply to the CSEP. The result is that a majority of projects, ones that apply but do not get approval, cannot move forward to construction but still take up hosting capacity on the circuit. These non-viable queue sitters help to make the already acute hosting capacity shortage considerably worse.

MSSIA recommends that BPU hold stakeholder meetings among BPU, the development community, and utilities to consider how to preserve hosting capacity to the greatest extent possible. The discussion should include how to treat projects whose applications have not been approved, regarding their status in the hosting capacity queue.

8. Timelines to construct

Supply chain issues are still delaying delivery on critical equipment items, with some taking a year or more after ordering to deliver. The projects must finish the development process and obtain all necessary permits before the orders can be placed. Now that all community solar projects must be permitted by the DCA, those permit timelines will be much longer. For landfills, time for both permitting, which involves DEP permitting, and resolution of technical issues unique to landfills, can take very long periods of time.

MSSIA recommends that the completion deadlines be increased to 24 months or 30 months for landfill projects, in order to conform with the actual reality in practice. This does not mean that developers will take longer than is absolutely necessary to complete projects. They have a strong incentive to complete projects as quickly as possible for their own economic well being.

9. Other issues - LMI participation

MSSIA's fourth fundamental policy objective is to "Ensure equitable access to the benefits of solar and storage for overburdened communities, and for low and moderate income households" (https://mssia.org/fundamental-policy-objectives/). MSSIA further believes that benefitting LMI households is the most important objective of the Community Solar Energy Program. Therefore, MSSIA believes that the CSEP should take steps in its second year to move the program toward greater LMI participation in projects, beyond the current 51% requirement. At 51%, the Program simply will not reach enough LMI households. Further, it should be noted that all of the non-participating LMI households that do not participate must pay slightly more on their electric bills to help fund the substantial discount for the much smaller number of participating LMI subscribers, as well as funding the discount for wealthier subscribers.

This conundrum can be addressed relatively simply, by incorporating LMI subscribership alongside the percent discount in ranking projects. This will powerfully drive the development community to work towards higher LMI subscribership as a percentage of the total subscribership.

As it stands with 51% LMI discount, the vast majority of LMI households, like other ratepayers, will pay slightly more on their electric bills so that a very small fraction of LMI households will get a substantial benefit, alongside an equal number of wealthier households getting that benefit.

It is true that the project owner community has struggled even to meet the 51% requirement, but MSSIA merely suggests that those who can do better get a competitive advantage for doing so. Fortunately, the municipal opt-out programs now being enabled will make it feasible to accomplish much higher LMI subscribership. Incorporating LMI % into the scoring will drive developers to work with the municipal programs. Further, early work on municipal aggregation with opt-out has included contractual obligations for the municipality to guarantee the developer that it will have full subscribership. From the developer point of view, such arrangements can make the projects at once easier to subscribe, operate at lower cost, and with substantially less risk. Such projects may also provide revenue to the participating municipalities.

Creating a competitive advantage for developers who participate in municipal aggregation programs – or who help municipalities create them – will help accelerate the spread of municipal aggregation programs in the state.

MSSIA requests that the BPU adopt a change to the applicant ranking process for CSEP applicants, in which both percent discount and percent LMI subscribership count toward the ranking. One simple way to do this would be to divide total scoring between the two measures. For instance, the scoring could be 65 points for percent discount and 35 points for percent LMI subscribership. The measures could be scored on a scale from the required minimum to the highest applicant for the discount (zero points to 65 points), and on a scale from the required minimum to the highest applicant for the LMI subscribership (zero points to 35 points).

MSSIA also suggests that BPU explore the ways in which New York is designing its community solar program to help the benefits of projects reach all LMI households, rather than a small select fraction of them.

MSSIA thanks the Board for the opportunity to provide input on this matter.

Sincerely,

Lyle Rawlings

Lyle K. Rawlings, P.E.
President