

December 18, 2024

Posted in Docket and sent by email to board.secretary@bpu.nj.gov

Attn: Sherri L. Golden
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Ave., 1st Floor
PO Box 350
Trenton, NJ 08625-0350

SUBJECT: Comment on New Jersey Energy Storage Incentive Program (“NJ SIP”) 2024 Straw Proposal under [Docket No. QO22080540](#).

Dear Board Secretary;

Plus Power extends its appreciation to the New Jersey Board of Public Utilities (BPU) for the opportunity to comment on program design questions of the New Jersey Energy Storage Incentive Program (“NJ SIP”) 2024 Straw Proposal and associated draft rules, issued on November 7, 2024. Plus Power is a leading Independent Power Producer (IPP) that develops, owns, and operates ‘standalone’ battery energy storage systems, not co-located with generation. The footprint of these facilities is between 10 and 30 acres, which enable us to site these millisecond-based flexible dispatch assets precisely where the transmission grid is most challenged, to maximize its value. We have seven utility-scale projects in operation in the U.S. with two more in construction in the Northeast. Plus Power has another large energy storage project under development in New Jersey that will help support the State’s 2,000 MW energy storage target, achieve its carbon emissions reduction goals, and ensure power reliability to achieve successful economic growth. Please note that Plus Power acknowledges and concurs with the comments in this docket of American Clean Power Association and the Mid-Atlantic Renewable Energy Coalition (ACP/MAREC).

Plus Power thanks the Board for updating and disseminating the straw proposal for stakeholder input; we support its intent to incentivize front-of-meter storage, to encourage the deployment of standalone battery storage, and create a competitive, market-based process designed to maximize cost-effectiveness for ratepayers. We urge the BPU to move forward assertively to finalize and deploy the incentive program in order to begin reaping the many climate, energy, and economic advantages of battery energy storage, particularly amid new,

extraordinary projections of demand for energy. Battery energy storage is the fastest, most flexible energy asset that can be built to serve demand using a small footprint.

Plus Power respectfully requests an early launch of the SIP program in 2025 to help reinforce the project economics of battery storage until state and regional markets can better articulate and remunerate for the many services of battery storage. While there are many reasons for initiating the SIP program in early 2025, there are several particularly compelling reasons for the Board to move forward as quickly as practicably possible:

- The PJM interconnection process will require very significant financial commitments from developers and investors by March 2025. As noted in other filings in this docket, the PJM queue for New Jersey has at present ~3,700 MWs of battery storage, which is more than sufficient to meet the needs of the proposed SIP program and New Jersey's battery storage target. That said, failure to provide program and financial certainty to developers ahead of that deadline may place the viability of these projects at risk – projects that have already invested millions of dollars in bringing their development to this critical point.
- The markets have not yet developed the many energy or grid services revenue products that batteries can serve in other states and markets. Moreover, battery storage projects are still facing increasing and unexpected costs from a challenged supply chain. The industry needs clarity on proposed incentives and program design now to continue developing sites in the state. While IPPs like Plus Power are willing to take early risks and begin investing substantial capital in project development before all the future revenues are clarified, industry investors need some degree of confidence that stems from a state incentive program signaling support for the need for batteries. By moving early in 2025 to deploy this program, local towns and counties will reap the revenue benefits from these systems earlier, and New Jersey will be able to count on the power reliability benefits of battery storage in their economic and energy growth plans.
- While New Jersey and its EDCs have made significant strides in infrastructure enhancements in the period subsequent to Superstorm Sandy, the state (like many states) is facing increasingly extreme weather events. Battery storage represents among the most readily deployable resources to not only address summer and winter peaking events, but they provide reliability and resiliency benefits as a supplier and as a transmission and distribution asset. No other resource on the system today can provide that level of flexibility on an instantaneous basis.

Reinforcing the need to enhance investor confidence, Plus Power urges the BPU to consider a long-term fixed price contract for utility-scale standalone storage facilities. A full or even partial tolling agreement with the program administrator would enable a facility owner to balance the risk across potential revenue sources until energy market designs evolve. Plus Power asks the BPU to delay the ideal goal of a greenhouse gas performance incentive for the program, because the time needed to develop the necessary and complex design and support tools could delay New Jersey harnessing the benefits of power reliability and capacity afforded by battery storage now.

Additionally, Plus Power urges the BPU to reconsider the 550-day deadline for commercial operation in light of well-recognized and much longer interconnection and permit realities. Several other parties have offered suggestions for a more reasonable length of time to address these issues and we echo their arguments.

Finally, Plus Power commends the Board and this Administration for its national leadership in promoting a diversified, technologically advanced, reliable electric system that positions the state, its residents and businesses for energy security and economic success. Battery energy storage is a complementary component to that system, one that further solidifies the Administration's legacy as an energy leader.

Plus Power again thanks the Board for issuing an updated New Jersey Energy Storage Incentive Program Straw Proposal for public comment, and we urge the BPU to expeditiously finalize and launch the program to capture the many benefits of battery energy storage for New Jersey ratepayers, and energy and economic development planners.

Sincerely,



Polly Shaw
Chief External Relations Officer