NEW JERSEY
League of Conservation Voters

TO: New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314, CN 350
Trenton, New Jersey 08625

December 18, 2024
RE: In the Matter of the New Jersey Energy Storage Incentive Program
Docket No. QO22080540

New Jersey LCV is the statewide political voice for the environment. We elect environmentally responsible candidates to state and local offices, advocate for strong environmental policies, and hold our elected officials accountable to safeguard the health of our communities, the beauty of our state, and the strength of our economy. Thank you to the staff of the Board of Public Utilities ("the Board") for the opportunity to comment on this matter.

With the most progressive energy storage goals in the nation, New Jersey is paving the way for an even more robust adoption and utilization of renewable, non-firm energies like solar and wind and significant emissions reductions. Energy storage is essential to ensuring that New Jerseyans have reliable capture, storage, and use of non-firm energy resources. It further aligns with the state's clean energy goals of 11,000 MW of offshore wind by 2040, 3,750 MW of solar generation by 2026, and 100% clean electricity by 2035. As suggested in the proposal, 1,500 MW of energy storage will be adopted by mid-2030, resulting in approximately 100,000 metric tons of emissions avoided per year, or the equivalent of removing nearly 22,000 gasoline vehicles off the road.

Energy storage projects funded through the Board's NJSIP should be connected to clean energy projects. Significant emissions reductions through the utilization of energy storage will only be made possible through its connection to clean, renewable energies and displacement of fossil fuel emissions. **New Jersey LCV discourages the utilization of the NJSIP for connecting to fossil fuel generation projects, as this would be counter to the goals and would reduce the projected benefits of the NJSIP**.

Lastly, it is critical that the NJSIP further encourages private investment in energy storage in the state so that the costs of energy storage are not predominantly funded through ratepayer dollars. While the NJSIP will utilize the existing Societal Benefits Charge and is expected to alleviate some ratepayer burden because it will provide energy during critical high-demand periods, energy storage can - and should - be additionally established without state incentives. PJM has 54 GW of planned storage projects in the queue based on their 2023 end of year report, with 3,800 MW active in the queue in New Jersey. **New Jersey LCV hopes to see the Board strategically consider projects with more limited private investment opportunities as the projects that are incentivized under the NJSIP**, in order to achieve our storage goals while maximizing savings for ratepayers.

Responses to Request for Comments

Are the incentive adders for OBCs too high, too low, or should the proposed OBC incentive otherwise be modified?
Black and Brown and low-income communities have more energy-generating, polluting facilities located in and around their neighborhoods than their counterparts, making it incredibly important to incentivize clean energy and energy storage projects that will reduce reliance and usage of polluting facilities in New Jersey's most impacted communities. However, energy storage incentives are much less likely to be adopted by the low-income residents or limited-English proficient residents, which are two of the criteria that constitute an overburdened community. Therefore, **New Jersey LCV supports the 33 percent adder of incentives for overburdened communities**, as members of these communities are likely beneficiaries of these programs through reduction in localized air pollution, yet are less likely to opt in to the program.

Should there be a clawback clause to recover fixed incentive payments from energy storage systems that cease operating shortly after coming online?
With the State's goals of 2,000 MW of energy storage by 2030 projected to be years late, it is even more critical for the Board to create a structure that can quickly and sustainably bring on energy storage projects. Therefore, **New Jersey LCV agrees that there should be a clawback clause to recover fixed incentive payments from energy storage systems that cease operating shortly after coming online, and recommends a financial penalty for projects that never come to operation**. There are a number of reasons why a project might fail, but primarily this can result from poor financial planning or project mismanagement. Financial penalties to projects that do not come online or cease to operate shortly thereafter can help ensure the Board receives fewer but higher quality project proposals and plans. This can also mitigate the risk of the Board receiving and approving applications from applicants with less vested interest in a projects' success.

Thank you for the opportunity to comment on the New Jersey Storage Incentive Program straw proposal. If you have any questions or concerns, please reach out to Allison McLeod, Deputy Director of New Jersey LCV, at allison.mcleod@njlcv.org for additional information.