

December 18, 2024

Sherri L. Golden
Secretary of the Board
State of New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

**Re: New Jersey Energy Storage Incentive Program (“NJ SIP”) 2024 Straw Proposal (“Straw”) -
Docket No. QO22080540**

Introduction

Hecate Grid LLC “Hecate Grid” is an Independent Power Producer which owns a battery storage pipeline with 6.5+ GW of capacity, grown through organic development and selective acquisitions. Hecate Grid is developing multiple projects within the US, including in New Jersey, and is confident about the role battery storage can play in increasing reliability and providing less carbon intensive electric generation on the grid.

Hecate Grid appreciates the thought and effort put into the Board of Public Utilities’ update to the New Jersey Storage Incentive Program straw proposal. It is our belief that an incentive program which drives the deployment of storage capacity will be a continued benefit to the electric grid in PJM and for reliability in the State of New Jersey. Incentivizing the deployment of energy storage puts more carbon emissions’ efficient technology on the grid, which can both stabilize the addition of intermittent resources and displace the need for carbon emissions’ intensive generation in the near and long term.

Request to change Pre-Development Security fee and structure

Hecate Grid views Section VIII’s subsection C, Pre-Development Securities, as an overly onerous burden being placed on developers vying for the Fixed Incentive available under the SIP. Subsection C says “Should a project be awarded a Fixed Incentive, the Board may require the System Owner to provide a Pre-Development Security of up to \$100,000.00 per MW for Grid Supply projects upon application approval. The Pre-Development Security would be used to impose penalties for delays on project development milestones for non-Excused Events”. While it is understandable that the BPU wants to create a disincentive for projects which have limited ability to reach commercial operation holding on to a portion of the Fixed Incentive, the commitment of security at the suggested level imposes an incredibly restrictive financial measure on developers. For example, a developer seeking to commission 2 projects of 120MW each (total of 240MW) in New Jersey would be required to deposit a security of \$24,000,000 until COD. The National Renewable Energy Laboratory, in their Cost Projections for Utility-Scale Battery Storage: 2023 Update, cites a projected 2023 cost of \$463/kWh for a 4-hour Storage system¹. A 4 hour, 240MW system across 2 projects would cost \$111,120,000. A Pre-Development Security of \$24,000,000 would then equal 22% of the total cost of the project: constraining a project owner’s ability to fully develop the project and bring a project to commercial operation.

Additionally, a similar proposal from NYSERDA, its Bulk Energy Storage Implementation Plan, which considers financial requirements to show project maturity, does not consider a deposit like the BPU’s.²

Hecate Grid’s recommendation includes two aspects: 1) Reducing the \$100,000 per MW fee & 2) Setting project specific milestones which would allow for the total amount of security deposited with the BPU to reduce as COD nears.

¹ [National Renewable Energy Laboratory: Cost Projections for Utility-Scale Battery Storage: 2023 Update](#)

² [New York Public Service Commission: NYSERDA’s Bulk Energy Storage Implementation plan](#)

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Reducing \$100,000 fee

We believe the BPU can reach a fixed number component which lowers the strain on developers and makes the Fixed Incentive a more attractive option for companies willing to 1) develop, 2) construct or 3) operate in New Jersey.

Project milestones to de-escalate security

Project specific milestones which highlight the progress of a project towards COD can be identified by developers and the BPU, and developers can lower their security held by the BPU through achieving these milestones. Owners are then economically incentivized to move their projects towards COD rather than deterred from developing projects altogether.

To conclude, we appreciate the BPU's consideration of these changes and believe that a revised fee and structure which is less constraining will achieve similar goals as intended by the straw proposal, while ensuring developers with viable projects are not excluded.

A handwritten signature in black ink, appearing to read "James Damon", written over a horizontal line.

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