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Via Electronic Filing **December 18th, 2024**

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

Re: Docket No. QO22080540 – New Jersey Energy Storage Incentive Program

Dear Secretary Golden,

On November 12, 2024, the Staff of the New Jersey Board of Public Utilities filed the updated New Jersey Storage Incentive Program ("NJ SIP") Straw Proposal ("Straw"). Zenobe Americas filed comments on the previous 2022 Straw and, in this letter, is filing further comments regarding the updated Straw. Alongside the comments in this letter, Zenobe Americas is part of MAREC Action and fully supports the joint ACP-MAREC response to the specific questions that the BPU requested feedback on in the Straw.

Introduction

Zenobe Americas is the US operating division of Zenobe Energy, a global battery energy storage developer, owner and operator with more than 750 MW of stand-alone energy storage in operation or construction and over 1,500 EV buses globally that we operate on behalf of towns, cities and school districts. Given our global footprint and understanding of all things energy storage, we commend the Staff of the New Jersey Board of Public Utilities in putting together this comprehensive Straw, which we believe is a strong foundation to a successful energy storage program in New Jersey.

Summary of Comments

Long-term revenue structure:

Zenobe recommends that the BPU consider implementing a structure for long-term (15yr), fixed-price contracts (tolling agreements) between the energy storage resource owners and the program administrator. In particular, Zenobe recommends a "partial" toll structure, where an energy storage project is contracted to provide its capacity resource in exchange for a tolling agreement, but keeps exposure to energy and ancillary services. The partial toll is preferable as it locks in the capacity value of the project, thereby reducing capacity needs in future PJM auctions and insulating ratepayers from large capacity price fluctuations, while allowing the energy storage project to respond to locational signals in siting and manage optimization in energy and ancillary services markets.

The Index Storage Credit energy storage program in New York shows the success of providing a long-term, fixed price contract in attracting credible energy storage players and fostering market competition. The Index Storage Credit program is expected to conduct its first round in Q2 2024 and the recently released 2024 NYISO interconnection Cluster Year study shows >30GW of additional energy storage projects that have been attracted to participate in this 3GW program, with a diverse range (size, location, technology) of projects.

In addition, the Maryland Energy Storage Program Working Group recently filed a long-term, fixed price contract structure with the Maryland PSC for Front-of-the-meter energy storage resources. Maryland is on a similar trajectory to New Jersey in developing its energy storage program to achieve clean energy targets.

Incentivize Grid-Forming energy storage:

Both the 2022 and 2024 Straws have explored how the NJ SIP can maximize the positive impact to achieving New Jersey's clean energy goals and support the power grid. Zenobe is a global leader in adopting Grid-Forming energy storage technology, with real-world experience in commissioning this technology in the UK. Zenobe recommends that the BPU assess the benefits of incentivizing energy storage projects in this program to adopt advanced Grid-Forming technology. Organizations such as the UNIFI Consortium[1] and ESIG[2] are working on the implementation of Grid-Forming energy storage and have released comprehensive reports detailing the vital importance of this technology for a state like New Jersey targeting 100% clean energy by 2035.

As New Jersey continues toward this goal, Grid-Forming energy storage can provide grid stability benefits and ensure that thermal closures are not impeded by grid stability concerns, as is being experienced currently in Maryland that has led to expensive, inefficient Reliability-Must-Run contracts. With the correct incentives, the NJ SIP can reap the benefits of a more reliable and resilient grid by adopting Grid-Forming energy storage. This will also maximize value to ratepayers by utilizing energy storage resources in New Jersey above and beyond their energy, ancillary and capacity contributions.

Please feel free to contact me directly should you have any questions.

Respectfully submitted,

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[1] UNIFI Specifications for Grid-forming Inverter-based Resources v2 https://unificonsortium.org/wp-content/uploads/UNIFI-Specs-for-GFM-IBR-Version-2.pdf

[2] ESIG Reliability benefits of Grid-Forming https://www.esig.energy/grid-forming-technology-in-energy-systems-integration