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December 20, 2024

Via Electronic Mail board.secretary@bpu.nj.gov

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

**Re: In the Matter of Competitive Solar Incentive
("CSI") Program Pursuant to P.L. 2021, C.169
BPU Docket No. QO21101186**

Dear Secretary Golden:

Please accept for filing these comments being submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in accordance with the Notice issued by the Board of Public Utilities ("Board") in this matter on December 2, 2024. In accordance with the Notice, these comments are being filed electronically with the Board's Secretary at board.secretary@bpu.nj.gov. Due to the complexity of the issues involved in this proceeding, and numerous other matters pending before the Board involving Rate Counsel's attorneys and consultants, Rate Counsel was unable to submit these comments by the December 16, 2024 deadline set in the Notice. Rate Counsel respectfully requests that the Board and its Staff accept these comments on the above-referenced date on behalf of New Jersey's utility ratepayers.

Please acknowledge receipt of these comments.

Sherri L. Golden
Secretary of the Board
December 20, 2024
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Thank you for your consideration and attention to this matter.

Respectfully submitted,

Brian O. Lipman, Esq.
Director, Division of Rate Counsel

By: 

Megan Lupo, Esq.
Assistant Deputy Rate Counsel

ML
Enclosure

cc: Veronique Oomen, BPU
Robert Brabston, BPU
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Diane Watson, BPU

STATE OF NEW JERSEY

BEFORE THE BOARD OF PUBLIC UTILITIES

In the Matter of the Competitive Solar)
Incentive (“CSI”) Program Pursuant) **Docket No. QO21101186**
to P.L. 2021, c. 169)

**COMMENTS OF THE
NEW JERSEY DIVISION OF RATE COUNSEL
IN RESPONSE TO THE BOARD’S NOTICE DATED DECEMBER 2, 2024**

December 20, 2024

(1) Introduction

The New Jersey Division of Rate Counsel (“Rate Counsel”) appreciates the opportunity to provide input to the Board of Public Utilities Staff (“Staff”) concerning the obstacles to participation or success in the Competitive Solar Incentive (“CSI”) Program. On December 2, 2024, the Board issued a Notice s and Request for Comments. Rate Counsel is pleased to present this written input to the Request for Comments.

Rate Counsel continues to support the use of competitive processes in meeting New Jersey’s renewable and clean energy goals. These processes, while not often perfect, help to reduce the inefficiencies that can arise from administratively determined processes and can help to control what continues to be a very high cost of solar development in New Jersey. Rate Counsel strongly supports the Board’s current effort to let the competitive market take the lead in determining what levels of subsidies are truly required to meet New Jersey’s renewable energy goals.

In the following subsections, Rate Counsel provides input on the specific questions posed by Staff in the Notice and Request for Comments. If we have not provided an opinion on each and every question this should not be interpreted as having no position at this time. Rather, Rate Counsel reserves the right to address such issues in future rule proposals or stakeholder proceedings.

(2) Comments to Board Staff Questions

Question 1: *The Investment Tax Credit (“ITC”) is a 30% tax credit available to businesses and other entities for the installation of renewable energy systems such as solar generation facilities. Should the Board consider mechanisms to compensate for changes in the value of the ITC, and what would such mechanisms look like?*

Rate Counsel Response:

No. First and foremost, making such changes at the current time is entirely premature since no such changes in federal tax policies have been made. To make such changes now is entirely speculative and could send inappropriate and unintended signals to the market about the Board's willingness to increase incentive levels, and impact near-term and future participation in this program. Rate Counsel does not recommend that the Board seek out solutions to problems that do not currently exist. Second, on its face, making such adjustments simply shifts the risk of changes in the market from solar developers and those adopting solar end uses to the broader class of New Jersey ratepayers and likely will do so in an inefficient manner since the adjustments themselves would be Board-determined. Participants in the CSI Program are likely well aware of the risks associated with changes in a wide range of public policies including federal tax policies. Attempting to develop a uniform administratively determined "adjustment" will likely over-compensate some installations while under incentivizing others and would result in inefficient outcomes detrimental to New Jersey ratepayers.

Question 2: *Comments from stakeholders cite PJM International ("PJM") interconnection timeline delays and associated costs as significant barriers to the success of grid-supply solar projects. In both the first and second CSI solicitations, PJM queue position and interconnection status, as shown by a completed feasibility study, served as indicators of a project's maturity. Current CSI Rules provide awarded projects with 36 months from registration to commercial operation, with one six (6) month extension available. To address backlog in the interconnection queue, PJM interconnection reform efforts have transitioned applicants into one of three groups - the Expedited Process or*

Transition Cycles #1 or #2. Solar projects and paired solar + storage projects that are part of the Expedited Process are anticipated to receive interconnection agreements in early 2025. PJM has set the application deadline for solar and paired solar + storage projects seeking to participate in Transition Cycle 2 for December 17, 2024; approved projects are not expected to receive interconnection agreements until late in 2026.

- a. The Board seeks to encourage both solar and paired solar + storage projects to participate in the CSI Program. How should the Board treat projects that are accepted into Transition Cycle #2 and wish to participate in the third solicitation of the CSI Program? What maturity requirements should be considered? Should the Board consider a separate tranche for Transition Cycle #2 projects?*
- b. What financial challenges have you encountered due to PJM's queue process? To what extent do delays in the PJM interconnection process affect the overall viability or appeal of participation in the CSI Program?*
- c. If Transition Cycle #2 projects participate in the third solicitation, what accommodations should the Board consider to assist Transition Cycle #2 projects in reaching commercial operation?*

Rate Counsel Response (Question 2-a):

Projects that are accepted into Transition Cycle #2 are not expected to receive interconnection agreements until late in 2026, a date much later than projects in the Expedited Process or Transition Cycle #1. As such, Transition Cycle #2 projects have not yet completed feasibility studies and are therefore ineligible for the solicitation. While Rate Counsel recognizes that the current state of the PJM interconnection queue is less than ideal, the feasibility study serves as the best measure of project maturity for the CSI program. Therefore, Rate Counsel

would object to any weakening of project maturity requirements to accommodate Transition Cycle #2 projects. It should be noted that PJM continues to make changes to its queue process in an attempt to move more projects through the process. The Board should monitor this situation to ensure that additional changes are reflected in its process.

Rate Counsel also objects to the creation of an additional tranche for Transition Cycle #2 projects. We support the current tranche definitions and do not support any changes that would expand the number of tranches. If anything, the Board should consider compression of CSI tranches. Rate Counsel has always been opposed to excessive segmentation of the solar market as it can limit competition to the detriment of ratepayers. The creation of an additional tranche for Transition Cycle #2 projects would be especially concerning since it would require the Board to weaken project maturity requirements for bids in this particular tranche.

Rate Counsel Response (Question 2-b):

Delays in the PJM interconnection process create additional project risk which can make participation less attractive and drive up costs as a result of these uncertainties. Extended project timelines may introduce a higher risk of project delays or non-completion caused by changes in external factors such as market conditions, and state or federal policies. These additional risks could manifest in higher bids for Transition Cycle #2 projects which would be harmful to ratepayers if the Board were to designate a certain amount of capacity to these projects through the creation of a new tranche.

Rate Counsel Response (Question 2-c):

Rate Counsel has no specific opinion or recommendation on this topic at this time.

(3) Conclusion

Rate Counsel thanks Board Staff for providing the opportunity to comment on the New Jersey CSI Program. Rate Counsel looks forward to continuing to work with Board Staff on these important issues.