COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION
ON STANDBY RATE DESIGN AND TARIFF ISSUES
RE: EDC FILINGS TO ADDRESS N.J.S.A. 48:2-21 et seq
AND CRITERIA IN JULY 18, 2012 BOARD ORDER

May 8, 2013

The Solar Energy Industries Association (SEIA) respectfully submits the following comments in the Standby Rates Proceeding. Our comments fall under two categories: 1) as the legislative intent clearly excludes solar technologies, SEIA urges the BPU to clarify its interpretation of the term 'distributed generation' as such; and 2) in response to questions h. and j., as put forward by Board Staff in their notice of the May 17, 2013 Working Group meeting and call for comments, SEIA submits that there are significant benefits to EDCs and ratepayers from distributed solar technologies.

SEIA has previously participated in meetings of the Standby Working Group convened by Board Staff. Our primary interest has been to advocate for a more narrow interpretation of N.J.S.A. 48:2-21 (the "Standby Law"), consistent with legislative intent, to exclude intermittent, low-capacity factor renewable resources. Since the Board has yet to definitively rule on the scope of the Standby Law, we reiterate our views herein.

SEIA is the national trade association for the U.S. solar industry and is a broad-based voice of the solar industry in New Jersey. SEIA member companies have installed over 60% of all MWs currently under operation in New Jersey and work in all market segments – residential, commercial, and utility-scale. In addition, SEIA member companies provide solar panels and equipment, financing and other services to a large portion of New Jersey solar projects. When establishing its policy positions, SEIA must balance diverse needs of its membership.

Per legislative intent, SEIA urges the BPU to clarify that the instant definition of 'Distributed Generation', and therefore this proceeding on implementing standby rates, does not apply to solar technologies

The Standby Rate Working Group has yet to establish which technologies are covered under the definition of "distributed generation", as set forth in legislation. The Standby Law applies to "distributed generation", defined as follows:

"Distributed generation" means energy generated from a district energy system or a combined heat and power facility as that term is defined in section 3 of P.L.1999, c.23 (C.48:3-51), the simultaneous production in one facility of electric power and other forms of useful energy such as heating or process steam, *and energy generated from other forms of clean energy efficient electric generation systems*. (italics added)

The question before the Board is whether the italicized language applies broadly to intermittent renewable resources, such as solar PV. It is SEIA's view that it does not.

In a letter to President Hanna dated August 15, 2012, the primary legislative sponsors Senator Smith and Assemblyman Chivukula, clearly outlined their legislative intent to exclude these lower capacity factor resources, stating that they *specifically avoided* the use of the words "renewable energy resources".

Based on this stated scope, Senator Smith and Assemblyman Chivukula, counsel the Board to either amend the Board's June 2012 Order "to reflect the intent of Chapter 219, or that staff refocus their study efforts to exclude renewable technologies."

We concur. As the chairmen of the Senate and Assembly committees having jurisdiction, and as the primary sponsors of the underlying legislation, their statement of intent should be accorded significant weight.

Moreover, the legislative intent is borne out by the structure and overall context of the Standby Law. First, given the broader definitional context, the reference to "energy efficient" electric generation is clearly intended to focus on generation technologies that efficiently convert input energy (such as natural gas or other fossil fuels) into useful electrical or thermal energy. Second, a more limited scope is borne out by the legislation's concern that standby charges may discourage the dispatch of distributed generation during the hours when it is needed most; insofar as solar PV is an intermittent resource, once deployed output is primarily a function of weather conditions. Lastly, the overarching purpose of the legislation is to determine whether distributed generation should be offered relief from already existing standby charges; it would not make sense to analyze whether PV should be offered a discount from a charge it is not currently subjected to.

In light of author's clear intent, SEIA urges the BPU to respond to the August 15, 2012 letter with a declaration that solar technologies are not included in the instant standby rate design proceeding. Please see the attached letter from Senator Smith and Assemblyman Chivukula, as reference.

In response to questions h. and j. as put forward by Board Staff, distributed solar technologies supply significant benefits, both to the EDCs and to ratepayers more broadly.

As noted above, we believe that the issue of efficient and equitable standby rate design for solar PV is moot given the clear legislative intent to exempt solar PV from the reach of the Standby Law. Nonetheless, we wish to make the broader point that a properly structured study would reveal that the benefits of solar PV clearly outweigh the cost of deployment to the utilities and other ratepayers.

In 2012, there were 5,700 New Jerseyans employed by the solar industry.[1] This clear economic development benefit is in addition to the stable and reduced energy bills enjoyed by companies

[1] http://thesolarfoundation.org/solarstates

and homeowners who deploy solar, a dual economic development benefit clearly highlighted in the 2011 Energy Master Plan.[2]

Additionally, the Mid-Atlantic Solar Energy Industry Association (MSEIA), commissioned a study to review the benefits of solar to both ratepayers and EDCs. This study included the following: fuel cost savings (including impacts of T&D losses), O&M cost savings, generation capacity value, T&D capacity value, fuel price hedge value, wholesale market price reduction, economic development value, environmental value, security enhancement value, long-term societal value

In Arizona, SEIA will release a report this week that shows the net positive impact of solar technologies on the Arizona ratepayer, using data from Arizona Public Services' own integrated resource plan along with other data either provided by the utility or the regional gas and electric markets.

In California, a study commissioned by SEIA suggests that the cost-effectiveness of net metering has improved significantly in the past few years, and that on average over all customer classes, net metering may indeed be cost effective throughout the investor-owned utilities' territories.

Austin Energy, a community-owned electric utility, has a unique method for valuing electricity generated by solar. They include the following benefits: loss savings, energy savings, generation capacity savings, fuel price hedge value, T&D capacity savings, environmental benefits.

At a April 26, 2013 roundtable discussion hosted by Princeton University and Columbia University on the Value of Distributed Generation, which was attended by several utility executives and representatives, there was overall agreement that there were *benefits to utilities* brought about by distributed generation that needed to be considered. A white paper from this event is forthcoming.

Although the inputs, assumptions, methodologies, and therefore outcomes vary by study and by perspective, distributed solar technologies clearly bring significant benefits to both the EDCs and ratepayers.

Respectfully submitted,

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[2] See pgs 106-107 of the 2011 EMP