

Agenda Date: 11/17/23

Agenda Item: 8C

CLEAN ENERGY

## STATE OF NEW JERSEY

Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

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IN THE MATTER OF A NEW JERSEY SOLAR TRANSITION PURSUANT TO P.L. 2018, C.17		ORDER ADDRESSING SECOND REQUEST FOR EXTENSION
IN THE MATTER OF REQUEST FOR AN EXTENSION OF TIME TO COMPLETE NJSTRE1545046932 IN	)	
TRANSITION INCENTIVE PROGRAM - 480 SOUTH	)	DOCKET NO. QO19010068
DEMOCRAT ROAD, GIBBSTOWN NJ ESNJ-KEY- GIBBSTOWN, LLC	)	DOCKET NO. QO22030156

## Parties of Record:

Matthew Karmel, Esq., Offit Kurman, P.A., on behalf of ESNJ-KEY-GIBBSTOWN, LLC

### BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board" or "NJBPU") considers the petition of ESNJ-KEY-GIBBSTOWN, LLC, ("Gibbstown" or "Petitioner") for an extension of time to complete a solar project registered in the Transition Incentive ("TI") Program.

#### **BACKGROUND**

On May 23, 2018, the Clean Energy Act was signed into law and became effective immediately. Among many other mandates, the Clean Energy Act directed the Board to adopt rules and regulations to close the Solar Renewable Energy Certificate ("SREC") Registration Program ("SREC Program") to new applications once the Board determined that 5.1 percent of the kilowatthours sold in the State by Third Party Suppliers and Basic Generation Service providers had been generated by solar electric power generators connected to the distribution system. The Clean Energy Act also directed the Board to complete a study ("Capstone Report") that evaluates how to modify or replace the SREC Program to encourage the continued efficient and orderly development of solar renewable energy generating sources throughout the State.

On December 6, 2019, the Board established the TI Program to provide a bridge between the legacy SREC Program and a to-be-developed Successor Incentive program. The TI Program, subsequently codified in rules.<sup>2</sup> provides eligible projects with Transition Renewable Energy

<sup>&</sup>lt;sup>1</sup> L. 2018, c. 17 ("Clean Energy Act" or "Act").

<sup>&</sup>lt;sup>2</sup> 52. N.J.R. 1850(a) ("TI Rules").

Certificates ("TRECs") for each megawatt-hour ("MWh") of electricity produced. Incentives are tailored to specific project types through the use of factors, which are applied to a base incentive rate to provide a particular project type either the full incentive amount or a set percentage of that amount depending on the costs and anticipated revenue streams for the project type. Net metered non-residential projects located on rooftops and carports are eligible to receive a factor of 1.0 and thus the full amount of the base incentive, \$152/MWh. The TI Program portal opened to new registrations on May 1, 2020; pursuant to the Board's December 6, 2022 Order and the TI Program rules. The TI Program remained open to new registrations until the establishment of a registration program for the new Successor Program.<sup>3</sup> The TI Program rules do not provide for an automatic or administrative extensions to projects' conditional registration "expiration dates" (also referred to as the registration deadline).

On July 29, 2020, the Board granted a blanket extension to all projects that registered in the TI Program on or before October 30, 2020, setting the new expiration date for all impacted registrations as October 30, 2021.<sup>4</sup>

On April 21, 2021, NJBPU Staff ("Staff") issued the New Jersey Successor Program Staff Straw Proposal ("Successor Straw Proposal"). The Successor Straw Proposal expanded on the two-pronged incentive program design suggested in the Capstone Report and provided Staff's recommendations for suggested incentive levels, processes, market segment capacity caps, calculation of the statutorily mandated cost cap, and overall implementation of the Successor Program. Five (5) public stakeholder workshops were conducted to address questions about the straw proposal and collect stakeholder feedback on Staff's recommendations. Workshop number five, held on May 7, 2021, specifically addressed the proposed transition from the TI Program to the Successor Program.

On June 24, 2021, the Board granted projects registered in the TI Program on or before the effective date of the order an automatic six-month extension to their existing deadline established at N.J.A.C. 14:8-10.4(d) or (e).<sup>5</sup>

On July 9, 2021, Governor Murphy signed the Solar Act of 2021 (<u>L.</u> 2021, <u>c.</u>169) into law, effective immediately. Among other requirements, this law directed the Board to develop and launch the Successor Program. On July 28, 2021, the Board announced the closure of the TI Program, effective 30 days later, and the opening of the Successor Solar Incentive ("SuSI") Program.<sup>6</sup> The TI Program closed to new registrations on August 27, 2021, and the SuSI Program opened on August 28, 2021.

<sup>&</sup>lt;sup>3</sup> In re a New Jersey Solar Transition Pursuant to P.L. 2018, c. 17, BPU Docket No. QO19010068, Order dated January 8, 2020 ("January 2020 Order"); N.J.A.C. 14:8-10.1; and N.J.A.C. 14:8-10.4.

<sup>&</sup>lt;sup>4</sup> In re a New Jersey Solar Transition Pursuant to P.L. 2018, c.17 – Order Providing Extensions to Solar Transition Projects, BPU Docket Nos. QO19010068 & QO20070484, Order dated July 29, 2020 ("July 2020 Order").

<sup>&</sup>lt;sup>5</sup> In re a New Jersey Solar Transition Pursuant To P.L. 2018, c.17 – Order Addressing Requests For Extension For Projects In The Solar Transition Incentive Program, BPU Docket Nos. QO19010068 & QO21060883, Order dated June 24, 2021 ("June 2021 Order").

<sup>&</sup>lt;sup>6</sup> In re a New Jersey Solar Transition Pursuant to P.L. 2018, c. 17, BPU Docket No. QO19010068, Order dated July 28, 2021.

On June 8, 2022, the Board issued an Order granting a conditional six-month extension in the TI Program to Petitioner, subject to a showing that certain specified conditions applied.<sup>7</sup> In the Gibbstown Order, the Board found good cause under N.J.A.C. 14:1-1.2(b) to grant a conditional extension to Petitioner's project, provided that it was able to substantiate the claims made in its petition by providing certain specified documentation to the Board's TI Program Manager.<sup>8</sup> Gibbstown subsequently provided that documentation and received a six-month extension to October 30, 2022. Had the Petitioner been unable to supply the documentation, the Board ordered that 50 kW of the project that had received a conditional permission to operate ("PTO") from the electric distribution company ("EDC") would have been eligible for the TI incentive and the petitioner could have applied to the ADI Program for the remaining project capacity.

The Gibbstown Order also established a process for petitioners who believe that they are similarly situated to apply for extensions to their registration, subject to making a similar showing.<sup>9</sup>

On December 7, 2022, the Board established the Competitive Solicitation Incentive ("CSI") Program, thereby completing implementation of the SuSI Program. The CSI Program was opened to qualifying grid supply solar installations and non-residential net-metered solar installations with a capacity greater than five (5) megawatts ("MW"), as well as to eligible grid supply solar installations in combination with energy storage.

## **Petition**

Petitioner is the developer of a proposed 1.38 MW carport solar project in located in Gibbstown, New Jersey ("Gibbstown Project" or "Project"). The Project has previously been the subject of two (2) petitions requesting an extension of deadlines in the TI Program, one filed in June 2021 ("June 2021 Petition") and another filed on March 25, 2022 ("March 2022 Petition"). The March 2022 Petition was then amended on April 20, 2022 ("April 2022 Amendment").

The Gibbstown Project received conditional acceptance into the TI Program as a canopy net metered non-residential solar electric generation facility on June 15, 2020, with an initial expiration of June 15, 2021, registration number NJSTRE1545046932. The Gibbstown Project then received the two (2) extensions to the TI Program deadlines provided by the Board on a generic basis in its July 29, 2020 and June 24, 2021 Orders. These automatic extensions mooted the Project's June 2021 Petition.

<sup>&</sup>lt;sup>7</sup> In re a New Jersey Solar Transition Pursuant to P.L. 2018, c.17 – Order Addressing Request for an Extension of Time to Complete NJSTRE1545046932 in Transition Incentive Program – 480 South Democrat Road, Gibbstown, NJ ESNJ-KEY-GIBBSTOWN, LLC, BPU Docket Nos. QO19010068 & QO22030156, Order dated June 8, 2022 ("Gibbstown Order").

<sup>&</sup>lt;sup>8</sup> Documentation requirements include 1) copies of the certificate of completion from the authority having jurisdiction; 2) date-stamped pictures of the array, inverter, and balance of system; 3) evidence that project construction was proceeding based on an estimate from the relevant EDC that the interconnection upgrades would be completed by the project's TI Program deadline if applicable, evidence demonstrating upgrades were fully funded by the project developer, and evidence of communication from EDC advising that the interconnection upgrades were subsequently delayed past the timeline identified; 4) a copy of the Part II/Part B Interconnection Agreement submitted to the relevant EDC, or comparable communication to the EDC that the solar electric generation facility has been completed and is ready for EDC inspection; 5) a completed and signed TI Final As-Built Technical Worksheet; and 6) any additional information as may be requested by Board Staff and/or the TI Program Manager. <u>Id.</u> at 9.

<sup>&</sup>lt;sup>9</sup> <u>Id.</u> at 9-10.

After taking into account the two (2) generic extensions provided by the Board, the Project had until April 30, 2022 to reach PTO and submit the post-construction certification package for the Project (i.e., its TI Program expiration date). The March 2022 Petition requested that the Board grant a three-month extension to the expiration date, until July 30, 2022. The April 2022 Amendment then requested an additional extension until December 31, 2022 or, in the alternative, until 30 days after Atlantic City Electric Company ("ACE") issued a PTO for that project. By the Gibbstown Order, in response to the March 2022 Petition as modified by the April 2022 Amendment, the Board granted a conditional six-month extension for which Petitioner qualified and as a result received a new expiration date of October 30, 2022.

On October 11, 2022, Petitioner filed the instant petition with the Board ("October 2022 Petition"). Petitioner stated that it had diligently pursued its interconnection since the Gibbstown Order was issued by continuing to communicate "extensively" with ACE by email and biweekly meetings. October 2022 Petition at paragraph 16. ACE provided an updated schedule for completing its upgrades, which reflected an April 2023 timeframe, but Petitioner noted that it was a tentative schedule that might be subject to further delay. October 2022 Petition at Paragraph 17 and Exhibit A.

On March 8, 2023, Petitioner filed a letter requesting that the Board expedite its determination on that petition ("March 2023 Letter"). As of the date of the March 2023 Letter, Petitioner stated it had not received PTO from ACE; Petitioner requested that the Board provide relief by extending the deadline for the Project's expiration date to 30 days following ACE's issuance of a PTO for the full Project.

## **STAFF RECOMMENDATION**

Based on the facts presented in the March 2022 Petition and the April 2022 Amendment, Staff recommended and the Board granted a conditional extension of Gibbstown's expiration date, conditioned on Gibbstown making the showings set forth in the Gibbstown Order. Per the Gibbstown Order, Staff's analysis suggested that Gibbstown had reached electrical and mechanical completion, had submitted its post-construction certification package, and, in fact, received conditional approval from the EDC to operate a portion of the project (50 kW), which is the capacity of generation that was able to be accommodated by the distribution system pending completion of the delayed interconnection upgrades.<sup>11</sup>

As it noted in the Gibbstown Order, Staff has traditionally been reluctant to recommend that the Board provide extensions for solar projects that miss their expiration dates because of supply chain issues, general interconnection processing delays, and other factors that, while regrettable, do not rise to the level of warranting an extension. In prior Orders, the Board has found that such delays did not constitute good cause under N.J.A.C. 14:1-1.2(b) to waive TI Program requirements.<sup>12</sup> In addition, the interim nature of the TI Program has been consistently communicated by the Board to market participants since the TI Program was first proposed in 2019, while the TI Rules set out the requirement for projects to complete construction, commence

<sup>&</sup>lt;sup>10</sup> Id. at 6.

<sup>&</sup>lt;sup>11</sup> Id. at 4-7.

<sup>&</sup>lt;sup>12</sup> In re a New Jersey Solar Transition Pursuant to P.L. 2018, c.17, BPU Docket Nos. QO19010068 et al., Order dated August 17, 2022; In re New Jersey Solar Transition Pursuant To P.L. 2018, c.17, BPU Docket No. QO19010068, Order dated November 9, 2022; In re New Jersey Solar Transition Pursuant To P.L. 2018, c.17, BPU Docket No. QO19010068, Order dated September 18, 2023.

commercial operation, and submit post-construction certification materials within one year of projects' conditional acceptance in the TI Program. The absence of a provision for extensions in the TI Rules was intentional.

However, as the Board recognized in the Gibbstown Order, there may be circumstances where a particular project can demonstrate good cause under N.J.A.C. 14:1-1.2(b) to waive the TI Program deadlines. In the Gibbstown Order, the Board held that Petitioner could demonstrate good cause for a waiver if it missed its expiration date only because of delays that were beyond its control and attributable entirely to EDC-initiated changes in previously relied upon interconnection schedules. Petitioner proceeded to provide that documentation which met the stringent elements to demonstrate good cause for a waiver of the TI Program rules.

Staff notes the following facts that continue to mitigate in favor of granting an extension to this petitioner. In the October 2022 Petition, Petitioner documented that ACE had not completed the necessary upgrades by the fall of 2022 and, at the time of the October 2022 petition, projected upgrade completion in April 2023. Petitioner also asserted that it had diligently pursued its interconnection since the Gibbstown Order was issued by communicating extensively with ACE via email and biweekly meetings. On November 23, 2022, ACE submitted a letter to the docket that confirmed the continued collaboration with the Petitioner, as well as the anticipated spring 2023 timeframe for completing its upgrades. The upgrades were not completed on that timeline; on September 19, 2023, ACE responded to Staff's inquiry about the status of PTO by providing an estimated date in early October 2023 as long as final testing and inspections were approved. ACE acknowledged delays on its side but noted that a portion of the delay since April 2023 was due to Petitioner's request for an outage so it could perform its own work to its system. Petitioner states that ACE did not indicate and has no reason to believe that its request for a 1-day outage in June contributed to the various delays ACE encountered upon its work to complete the interconnection for this project.

Based on the facts outlined above, Staff recommends that Petitioner be directed to provide updated information and documentation as specified below to the revised post-construction certification package it previously submitted to the TI Program registration portal pursuant to the Gibbstown order. These updates should be provided within 30 days of the effective date of this Order. If this information is provided and satisfies the conditions laid out by the Board, the TI Program administrator would issue Petitioner a revised conditional acceptance letter with an extension from the prior expiration date.

- 1. A cover letter summarizing the reasons for project delay justifying an extension;
- 2. Updated date-stamped pictures of the array, inverter, and balance of system, as described in the TI Program Final As-Built checklist;
- Evidence that project construction was proceeding based on an estimate from ACE that the interconnection upgrades would be completed by spring 2023, and evidence of subsequent communication from ACE advising that the interconnection upgrades were delayed until October 2023;
- 4. Milestone Reporting Forms for each quarter of 2023 that demonstrate progress made toward completion;
- 5. A completed and signed TI Final As-Built Technical Worksheet; and

6. Any additional information as may be requested by Staff and/or the TI Program administrator for purposes of determining the Project's eligibility for a TI Program extension.

Staff recommends that if Petitioner meets these conditions, the Board extend the Project's time to meet the TI Program requirements to 30 days past the date on which the Project receives PTO. Should there be any deficiencies in the post-construction certification package, the time to cure these deficiencies should be governed by standard ADI Program practice.

If Petitioner cannot meet the conditions described above to obtain an extension to their TI Program registration deadline, or if the post-construction certification package is not submitted in accordance with the ADI Program Rules within 30 days following receipt of PTO if such an extension is approved, Staff recommends that the Board allow the TI Program administrator to process the final-as-built paperwork for the 50 kW AC portion of the system that has received conditional PTO from ACE and allow the Petitioner to register the remaining capacity as a separate project in the ADI Program. Staff notes, in the latter scenario, the portion of the Project registered in the ADI Program would require installation of a separate revenue grade meter, so as to ensure current accounting of production for the two (2) different incentive programs.

## **DISCUSSION AND FINDINGS**

The Board has been a longstanding supporter of solar in New Jersey and aims to design policies and programs that will support the continued growth of the solar industry while carefully balancing the costs and benefits to ratepayers. The general purpose of the TI Program Rules, as well as the timelines contained therein, is to provide a smooth transition to the Successor Program and support to New Jersey's thriving solar market while safeguarding the interest of the State's ratepayers by doing so at the lowest possible cost.

In keeping with this mission, the Board carefully reviews the facts and circumstances of each petition requesting an extension of a project's conditional registration in the TI Program in order to determine whether such an extension is in the public interest.

The Board's rules state that "[i]n special cases, upon a showing of good cause the [B]oard may relax or permit deviations from the rule." N.J.A.C. 14:1-1.2(b). The Board's rules go on to explain that "the Board shall, in accordance with the general purpose and intent of the rules, waive section(s) of the rule if full compliance with the rule(s) would adversely affect ratepayers, hinders safe, adequate and proper service, or is in the interest of the general public." N.J.A.C. 14:1-1.2(b)(1).

Having reviewed the facts presented in the October 2022 Petition, and Staff's recommendation, the Board <u>FINDS</u> that it would be unjust to require the Gibbstown Project to forfeit its eligibility for TRECs due to a further unforeseeable delay in the EDC's completion of its upgrades, if it can substantiate the claims made in its October 2022 Petition. The Board is particularly concerned that solar developers not be penalized for delays in the EDC's construction of interconnection upgrades that were funded in good faith by the project developer. The following factors constitute good cause to partially waive the TI expiration dates in the Board's rules:

 The project has demonstrated that it was electrically and mechanically complete prior to its TI Program expiration date, which the Board interprets as a project that could be energized, but for the lack of a necessary permission to operate from the EDC due to factors under the sole control of the EDC;

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2. The project has demonstrated that it had received and satisfied all necessary permits from all authorities having jurisdiction over the project prior to its TI Program expiration date, including required final inspections; and

3. Project construction was proceeding based on a representation from the EDC that any necessary interconnection upgrades would be completed prior to the project's extended TI Program expiration date of October 30, 2022, that the upgrades were fully funded by the project developer, but that despite the developer's best efforts, the estimated upgrade completion date was unilaterally extended by the EDC.

Therefore, the Board **GRANTS** Petitioner a conditional extension to the Project's October 30, 2022 TI Program registration deadline. This conditional extension shall run through 30 days following receipt of PTO. If there are any deficiencies in the post-construction certification package, the time to cure such deficiencies shall be governed by standard ADI Program practice.

This extension will take effect if, and only if, Petitioner provides Staff and the TI Program administrator with the information below through an amendment to the Project's post-construction certification package filed via the TI Program registration portal within 30 days of the effective date of this Order. Since the TI expiration date has already passed, the Board will accept evidence produced within the 30-day period that attests to the fact that the information provided in response to the Gibbstown Order remained accurate as of October 30, 2022, when the Project's extended conditional registration expired.

To be eligible for the conditional extension, the Board will **<u>REQUIRE</u>** that Gibbstown produce the following substantiation:

- 1. A signed cover letter summarizing the reasons for project delay justifying an extension;
- 2. Updated date-stamped pictures of the array, inverter, and balance of system, as described in the TI Program Final As-Built checklist;
- 3. Evidence that project construction was proceeding based on an estimate from ACE that the interconnection upgrades would be completed by spring 2023, and evidence of subsequent communication from ACE advising that the interconnection upgrades were delayed until October 2023;
- 4. Milestone Reporting Forms for each completed quarter of 2023 that demonstrate progress made toward completion;
- 5. A completed and signed TI Final As-Built Technical Worksheet; and
- 6. Any additional information as may be requested by Staff and/or the TI Program administrator for purposes of determining a project's eligibility for a TI extension.

In accordance with Staff's recommendation regarding alternative relief, should the Project not meet the conditions described above to obtain an extension to their TI Program registration deadline, or if the post-construction certification package is not submitted in accordance with the ADI Program Rules within 30 days following receipt of PTO if such an extension is approved, the Board **GRANTS** the October 2022 Petition in part with respect to the 50 kW AC portion of the system that received conditional PTO from ACE prior to the Project's expiration date of April 30, 2022. The Board **ORDERS** that the 50 kW AC portion of the Project shall qualify to participate in the TI Program, with the remainder of the Project eligible to register in the ADI Program,

notwithstanding the prohibition on beginning construction prior to registration found at N.J.A.C. 14:8-11.4(b), which the Board CONDITIONALLY WAIVES for the remainder of the project, as a separate registration and separately metered.

The effective date of this Order is November 24, 2023.

DATED: November 17, 2023

**BOARD OF PUBLIC UTILITIES** 

**CHRISTINE GUHL-SADOVY** 

**PRESIDENT** 

COMMISSIONER

Mustante

COMMISSIONER

ZENON CHRISTODOULOU

COMMISSIONER

ATTEST:

SHERRYL. GOLDEN

SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

# IN THE MATTER OF A NEW JERSEY SOLAR TRANSITION PURSUANT TO P.L. 2018, C.17 DOCKET NO. QO19010068

IN THE MATTER OF REQUEST FOR AN EXTENSION OF TIME TO COMPLETE NJSTRE1545046932 IN TRANSITION INCENTIVE PROGRAM - 480 SOUTH DEMOCRAT ROAD, GIBBSTOWN NJ ESNJ-KEY-GIBBSTOWN, LLC DOCKET NO. QO22030156

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