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Board of Public Utilities



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NOTICE¹

IN THE MATTER OF COMPETITIVE SOLAR INCENTIVE ("CSI") PROGRAM PURSUANT TO P.L. 2021, C.169

[Docket No. QO21101186](#)

Pursuant to the "Open Public Meetings Act", N.J.S.A. 10:4-6 et seq., Staff of the New Jersey Board of Public Utilities ("NJBPU" or "Board") hereby gives notice and invites all interested parties and members of the public to participate in a Stakeholder Meeting to discuss the design of the Competitive Solar Incentive ("CSI") Program, pursuant to P.L. 2018, c.17 of the Clean Energy Act ("Clean Energy Act of 2018"), and P.L. 2021, c.169 ("Solar Act of 2021" or "Act").

STAKEHOLDER MEETING

DATE: Tuesday, November 30, 2021
TIME: 11:00 a.m.
LOCATION: Zoom Virtual Webinar
https://us06web.zoom.us/webinar/register/WN_AQwzVjcCSjmlIOMAh4VrWCA

Please note that the meeting will be conducted via Zoom. You must register for the meeting before attending via the link provided above. After registering, you will receive a confirmation email containing information on how to join the webinar as well as system requirements. We encourage stakeholders to check their systems ahead of the meeting.

At this meeting, NJBPU's consultant, Daymark Energy Advisors ("Daymark"), will provide a brief presentation on plans for development of the CSI Program and choices to be made in defining the goals of the procurement, the products to be procured, and any financial deposits needed for prequalification and/or participation in the program. Daymark will then request stakeholder input on these issues, as discussed in more detail below.

Any interested party that wishes to speak at the Stakeholder Meeting should indicate that they wish to be added to the speakers list on the Zoom registration page. This meeting will be recorded, and the recording will be made publicly available on the Board's [website](#).

This meeting will be the first of several stakeholder meetings designed to discuss options for the development of the CSI Program prior to final recommendations being presented to the Board.

¹ Not a paid legal advertisement.

Background

Pursuant to the Clean Energy Act of 2018, that Governor Phil Murphy signed into law on May 23, 2018, the Board is conducting a comprehensive revision of New Jersey's solar energy incentive programs ("2019/2020 Solar Transition"). The Clean Energy Act of 2018 directed the Board to adopt rules and regulations to close the Solar Renewable Energy Certificate ("SREC") Program when the State attained 5.1% of kilowatt-hours (kWh) sold from solar electric generation facilities. On April 6, 2020, the Board determined that the 5.1% Milestone would be attained before May 1, 2020, and therefore, directed that the SRP be closed to new registrations on April 30, 2020. This program closure began the transition from the SREC Program to the interim Transition Incentive ("TI") Program, a program the Board established in December 6, 2019, and opened to new registrations immediately following closure of the SRP. The TI Program was intended to serve as a bridge between the SREC Program and the new incentive program for solar electric energy generation projects, the Successor Solar Incentive ("SuSI") Program.

The Board established the SuSI Program through a Board Order dated July 28, 2021 ("July 28, 2021 Order").² The SuSI Program puts the State on a path toward meeting its goal of 100% clean energy by 2050, balances ratepayer impacts, and supports a thriving and stable solar industry.³

Pursuant to the Solar Act of 2021, with its July 28, 2021 Order, the Board created the Administratively Determined Incentive ("ADI") Program, which establishes incentives for all net metered residential solar installations, as well as net metered commercial and industrial solar installations of 5 MW or less, as well as the Competitive Solar Incentive ("CSI") Program for grid supply solar projects (i.e., those selling into the wholesale markets) and net metered non-residential projects above 5 MW in size.⁴ On August 27, registration for the TI Program closed, and the ADI Program opened to new registrants. The CSI Program is subject to a further stakeholder proceeding, of which the public meeting announced in this notice, forms part.

Competitive Solar Incentive Program

Pursuant to the Solar Act of 2021, the CSI Program will provide incentives for all grid supply solar facilities, as well as non-residential facilities over 5 MW. The Act stipulates that SREC-IIs, renewable energy certificates issued under the SuSI Program, shall form the mechanism for providing incentives, to be measured in dollars-per-megawatt-hour of solar power generation. In addition, "SREC-IIs shall be transferable and capable of being used by an electric power supplier or basic generation service provider to satisfy the State's renewable portfolio standards established pursuant to section 38 of P.L.1999, c.23 (C.48:3-87). SREC-IIs shall be eligible for use in renewable energy portfolio standards compliance in the energy year⁵ in which they are generated, and for the following energy year."

In section 4, the Solar Act of 2021 lays out in detail the requirements for the CSI Program. Following stakeholder proceedings, Staff anticipates recommending Board action to establish the CSI Program.

² Board Order, July 28, 2021, at

<https://www.state.nj.us/bpu/pdf/boardorders/2021/20210728/8A%20ORDER%20Successor%Solar%%20Solar%20Incentive.pdf>.

³ Further information regarding the Solar Transition process is available on the Clean Energy Program website:

<https://njcleanenergy.com/renewable-energy/program-updates-and-background-information/solar-proceedings>

⁴ All solar capacity numbers are in direct current, or "dc".

⁵ An "energy year" means the 12-month period that runs from June 1 of a given year to May 31 of the following year. It is generally numbered according to the calendar year in which it ends. See N.J. Admin. Code §14:8-6.1.

CSI Input Requested

Staff is seeking input from stakeholders on the following topics:

1. The Solar Act of 2021 stipulates that “[t]he development of grid supply solar should be directed toward marginal land and the built environment and away from open space, flood zones, and other areas especially vulnerable to climate change.” Staff proposes to implement this requirement mainly through some form of incentive or segmented procurement targeting development on the built environment as well as on contaminated land or landfills. Staff is looking for input on the following questions:
 - a. Do projects on contaminated land and/or landfills need special consideration when it comes to project maturity and Commercial Operation Date (“COD”)? If so, why?
 - b. What additional costs, if any, are associated with development on contaminated land and/or landfills?
 - c. To the extent that the purpose is to avoid, as much as possible, the development of open space that might otherwise be available for other purposes, are there other siting options, besides the built environment, contaminated land and landfills, that should be given preference?
2. The Solar Act of 2021 stipulates that larger net metered non-residential projects (over 5 MW) be eligible to participate in the CSI Program:
 - a. Does net metered status provide a benefit that is likely to be reflected in lower-cost bids in response to a competitive SREC solicitation?
 - b. What kind of project maturity requirements would be appropriate for net metered projects?
3. To maximize the competitiveness of the solicitation process, and also to capture additional potential benefits to the public, it is Staff’s intention to propose a CSI Program design that facilitates public entities’ participation:
 - a. Are there special barriers public entities might face in participating in competitive SREC solicitations? If so, what are they? Are there ways NJBPU could help eliminate barriers?
4. Staff aims to propose a solicitation design that results not only in awards, but in successful project development. To facilitate this, some combination of project pre-qualification requirements, COD requirements, participations fees, and/or escrow requirements are being considered:
 - Should Staff consider recommending a requirement that projects have completed a Facilities Study?
 - What about having a requirement for a completed or draft System Impact Study?
 - Are there other PJM queue position requirements that should be considered?
 - At what point in the process would an SREC-II award provide the most value in terms of preventing projects dropping out of the queue?
 - What would the impact of other project maturity evidence requirements be (e.g. site control, evidence of ROW control, evidence of community engagement)?
 - NYSERDA requires bid participation fees ranging from \$5,000 to \$100,000 depending on the size of the project. What is the right level for a 5 MW project versus a 20 MW project?

5. New Jersey's current practice is to provide subsidies such as SREC-IIs through administrative rules developed pursuant to statute, not through contracts. Staff requests input from developers about whether there are any implications on project cost, risk premium or other aspects of project financing purposes to providing incentives through administrative rules versus developing a standard contract.
6. Staff invites stakeholder comments on how the qualifying life for receiving SREC-IIs impacts project financeability, total cost, and ratepayer risk.

Comments

The deadline for comments on this matter is 5:00 p.m. ET on Tuesday, December 14, 2021. Please submit comments directly to the specific docket listed above (Docket No. QO21101186), using the "Post Comments" button on the [Board's Public Document Search](#) tool.

Comments are considered "public documents" for purposes of the State's Open Public Records Act and any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3.

Written comments may also be submitted to:

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Secretary of the Board
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Post Office Box 350
Trenton, NJ 08625-0350
Phone: 609-292-1599
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Staff looks forward to receiving and reviewing stakeholder comments. Thank you for your interest in New Jersey's solar program.



Aida Camacho-Welch
Secretary of the Board

Dated: November 1, 2021