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Notice of Request for Information

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

Docket No. [QO21101186](#)

Staff of the New Jersey Board of Public Utilities ("NJBP" or "Board") invites all interested parties and members of the public to provide written responses to the Request for Information ("RFI") contained in this Notice on the third solicitation of the Competitive Solar Incentive ("CSI") Program. Staff anticipates that the Board will announce the opening of the third solicitation of the CSI Program at a January 2025 agenda, with the solicitation window opening to prequalification applications shortly thereafter and remaining open for several months.

BACKGROUND AND PROCEDURAL HISTORY

The CSI Program was established by Board Order on December 7, 2022, pursuant to the Solar Act of 2021 ("Solar Act" or "Act"). The CSI Program provides incentives in the form of Solar Renewable Energy Certificates ("SREC-IIs") for 300 megawatts ("MW") of new solar generation annually through a competitive solicitation process. The CSI Program is open to all qualifying grid supply solar installations, non-residential net metered solar installations with a capacity greater than five (5) MW, and eligible grid supply solar installations combined with energy storage. The program awards SREC-IIs through a competitive solicitation, with five separate market segments, or tranches: 1) Tranche 1: basic grid supply projects; 2) Tranche 2: grid supply projects sited on the built environment; 3) Tranche 3: grid supply projects sited on contaminated sites and landfills; and 4) Tranche 4: net metered non-residential projects greater than five (5) MW. Tranche 5 is open to grid supply projects eligible for Tranche 1, 2, or 3 that are seeking to pair energy storage with solar generation. During a pre-qualification period, projects provide evidence that they meet maturity requirements and specific tranche eligibility criteria, including a PJM queue position and the completion of a PJM feasibility study; applications undergo administrative review by the solicitation manager. Eligible CSI projects then submit a bid for an SREC-II award in their tranche, specified in dollars per MWh of solar electricity production; pre-qualified projects compete on bid price only.

The first solicitation of the CSI Program opened for prequalification on February 1, 2023, and bid submission closed on March 31, 2023. By Order dated July 12, 2023, the Board declined to make any awards in the first solicitation as all bids were higher than confidential, pre-determined price caps set by the Board for the solicitation.

The second solicitation of the CSI Program opened on November 27, 2023 and closed to bids on February 29, 2024. By Order on April 17, 2024, the Board awarded SREC-IIs to eight projects, five in Tranche 1: Basic Grid Supply and three in Tranche 3: Grid Supply on Contaminated Sites or Landfills, for a total of 310.21 MW of solar generation as well as 80 MWh of storage paired with solar generation in Tranche 5. No bids were received in Tranche 2: Grid Supply on the Built Environment or Tranche 4: Net Metered Projects Greater than five (5) MW, and the Board reallocated the capacity from these tranches to award additional competitively bid projects in Tranche 1. The Board also directed Board Staff ("Staff") to evaluate obstacles to participation or success in the CSI Program and in particular in those tranches which were undersubscribed.

Staff sought informal survey responses and held a formal stakeholder session on September 17, 2024 seeking stakeholder feedback on questions including project maturity requirements, the PJM interconnection process and project funding; the complete list of stakeholder questions can be found [here](#). Staff received seven (7) comments from industry groups, developers and the New Jersey Division of Rate Counsel. Stakeholders were divided on altering project maturity requirements, with several commenters suggested alternatives like an escrow payment or security deposit or different maturity requirements per tranche, while others were against changing the current requirements. Additional suggestions included allowing less mature projects to participate in order to improve competitiveness of the program. Several commenters noted that interconnection costs and delays to interconnection timelines have significantly hindered projects, especially those under fifteen (15) MW, and

suggested mechanisms like price indexing to help mitigate financial risk and extensions to the 36 month commercial operation deadline.

Staff anticipates that the Board will announce the opening of the third solicitation of the CSI Program at a January agenda, with the solicitation window opening to prequalification applications shortly thereafter and remaining open for several months. Staff seeks stakeholder input on specific adjustments to tranches, project timelines and costs prior to opening the third solicitation of the CSI Program.

Staff seeks input on the following questions:

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?
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?

COMMENTS

All public comments should be filed under Docket No. QO21101186.

The deadline for comments on this matter is 5 p.m. on December 16, 2024.

Please submit comments directly to the specific docket listed above 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. Any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3. In addition to hard copy submissions, confidential information may also be filed electronically via the Board's e-filing system or by email to the Secretary of the Board. Please include "Confidential Information" in the subject line of any email. Instructions for confidential e-filing are found on the Board's webpage <https://www.nj.gov/bpu/agenda/efiling/>. Written comments may also be submitted to:

Sherri L. Golden

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