

To the State of New Jersey BPU:

These comments are organized in two parts:

1. An Introduction and Overview of the Deerfield Township, Cumberland County New Jersey Data Center and Solar Project which includes the attached Power Point;
  2. Comments on the 13 questions posed within the Notice entitled “New Jersey Solar Transition Staff Straw Proposal”
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1. **Introduction and Overview of Data Center/Behind the Meter Solar Project in Deerfield Township, New Jersey**

In September, 2016, Research Analytic Group LLC and Jerry Velazquez, CEO of the Cumberland County Investment Authority arrived at a Letter of Intent to site and construct a state of the art data center, powered by clean energy, located within Cumberland County. The location of this data center was predicated upon two material issues: the ability to generate significant clean energy via a 60 MW behind the meter solar facility and the location of the data center relative to digital Internet communications up and down the Eastern Seaboard and into the Washington D.C. and Virginia communications corridors.

Data Centers today are the contemporary equivalent of the interstate highway system and mega factories that underpin the Information Economy. This data center, currently loading in its first 5,000 computer servers will ultimately over the next 18 months ramp up to 150,000 servers providing over 15 Exabytes of storage and computing power, bringing to South Jersey over 400 permanent well paying jobs directly, not counting companies and jobs that inevitably evolve around large technology infrastructure.

Clean economically feasible energy is a core component to contemporary data centers. A central siting issue for this data center was the New Jersey SREC program and its perceived at the time (2016) relative economic stability and potential for helping to offset power costs to the data center complex.

The data center is part of a distribution system for Virtual Reality including Virtual Reality related to Health Care. Currently, one of the data center’s clients, is commencing the distribution of an Addiction Recovery Virtual Reality system across the United States, specifically targeted to recovering addicts and their families suffering from opioid addiction, alcoholism and other addictive drugs.

Currently, there are ongoing discussions with Rowan University on various collaborative efforts regarding Virtual Reality, telemedicine, distance education and other subject matters that have relevance to southern New Jersey including applying AI (Artificial Intelligence) systems to agriculture. The data center has already pledged to provide FREE a number of digital software programs to all of the Cumberland County School Systems to help train from middle school through high school students for careers in numerous digital disciplines including computer engineering that offer real future employment with significant salaries. The intention is to work with other southern counties to provide access to other school systems as well.

The overall aggregate investment for the Virtual Reality Data Center Solar Campus will be in excess of \$375 Million. The company has relied upon and in fact sold contracts in the current SREC marketplace as part of its overall financing and has in fact sold SREC forward contracts.

Developing major infrastructure projects requires that state governments provide consistent, reliable, stable economic development platforms. The State of New Jersey's Renewable Program has to date been deemed a reliable platform. It would seem prudent for the state to continue that reputation and it appears from the considerable confusion, disarray, lack of clarity and lack of forward plan that the recently passed legislation destabilizes the economics within the state and projects to companies considering development in New Jersey an air of uncertainty and confusion.

Governor Murphy is quoted as promoting New Jersey as an "Innovation State". Innovations don't happen overnight—they require time, consistent effort and stable environments in order to pursue "innovation".

It is sincerely hoped that the BPU will realize the gravitas of these current issues, not just with this \$375 Million data center project but with the overall reputation of the state of New Jersey in general and suspend or significantly amend the legislation until there is true clarity and underpinning documentation that makes sense to any informed business or company.

## **2. Comments on the 13 Questions**

While one can appreciate the Board of Public Utilities efforts to address the legislation signed on May 23, 2018 and these initial subsequent efforts to determine implementation, it would seem that the BPU is tasked with resolving a number of conflicting issues within the law and that any proposed resolution of these issues may imply a subjective interpretation of the law. From our understanding of New Jersey law, it would seem a subjective interpretation of a law by a Utilities Board would be counter intuitive and outside the bounds of New Jersey law

The 13 questions actually illustrate these points—attempting to reverse engineer a new SREC program and introduce it to an economic marketplace in motion for several years without causing significant disruption is a tall, if not impossible, order. The anticipated complexity—how to value Legacy, Transition, New SRECS? Should there be different SRECS for different projects (question 8)? How to measure the cost cap (question 9)? Every single one of these questions illuminates the fact that the law itself needs to be in total suspense while an actual plan is sorted out!

To ignore the contradictions of the law; to ignore the facts of what constitutes "5.1%" as an example when the two preceding years of retail sales are sharply different; to attempt to forecast forward energy use (what will happen with electric vehicles—how will they impact the use? What will elements like the Internet of Things impact electric use? Will the introduction of autonomous vehicles escalate or de-escalate power use?) Why measure 2019-2021 when there are so many radical transformations happening in business and consumer technology—many of which use electricity?

New Jersey has had a successful implementation of solar across the state over the last 6-7 years. It seems incredible that with the full blown evidence of climate change and its massive implications globally that New Jersey would now focus on "rate payers" only and attempt to derail a successful environmental program. To what end? On a perceptual basis alone, it makes the state appear to be peddling backwards!

As a California company investing heavily in Southern New Jersey, we are literally stunned by the notion that the State of New Jersey would attempt to disrupt existing energy and investment markets without

having a clear cut, precise, defined plan on how to underpin statewide investment and statewide environmentally sound, climate sensitive policies. We would hope that Governor Murphy's call for New Jersey to become an "innovation state" would be underpinned with the wisdom and knowledge that innovation costs money, innovation takes time, innovation requires stability.

Precipitous actions as proposed within this legislation and the current "Straw Poll" run far afield of prudent public policy with a long term view.

Thank you for your time and consideration in accepting these comments. We sincerely hope that the Legislature, Governor's office and the BPU judiciously analyze the current situation and agree to suspend any changes until such time as an amended clear law and direct clear policies are in place.

Best regards,

Michael Tarr