

**February 22, 2019**

**NJ Board of Public Utilities**

**Aida Camacho-Welch, Secretary**

**PO Box 350**

**Trenton, NJ 08625**

**Re: NJ Solar Transition Staff Straw Proposal Comments**

**Dear Board Staff,**

**I am pleased to provide comments on the NJ Solar Transition Straw Proposal, having participated in the NJ Clean Energy Program since its inception in 2001, and having over forty (40) years experience in the solar industry.**

- 1) In my direct experience, the current SREC program has functioned extremely well in the past five (5) years, ever since the massive oversupply of SRECs in 2011 and 2012 caused a crash in SREC prices and necessitated legislation to mitigate the damage it caused. In the past 5 years, SREC Program applications have been approved quickly by the program administrator with nothing more than a one (1) page application form. Moving to an on-line application process was a great decision, speeding up approvals and providing transparency as to individual applications, general program requirements, pipeline status, installation rates, etc. Most importantly, SREC prices stabilized at about \$ 200/SREC, de-coupling from the SACP as solar supply and demand came into balance. Looking back, the decision in about 2008 to increase the SACP from about \$ 300 to \$ 711 was short-sighted and within a few years, contributed to the boom and bust cycle which seriously eroded confidence in SREC prices, provided windfalls to some participants, and hurt many private and public sector customers who were led to believe that SREC prices would stay in the \$ 600-\$ 700 range as they sought to finance their projects. Ironically, If the SACP schedule had stayed where it was originally intended to, SREC prices would still be in the range where they are today.**
  
- 2) The SREC Successor Program should not be a fixed-price ( "tariff") SREC, where the fixed price is initially set by the Board and then changed as market or political conditions change. The SREC Successor Program should remain competitive so that only the most cost effective projects are built and to reduce SREC Program cost burdens to the ratepayers. Since long term**

contracts are of paramount importance in financing solar projects, SREC contracts should remain competitive, much as they are in the EDC financing programs which have been in place now for almost ten (10) years. However, I recommend that the time period from initial application to SREC contract award be shortened considerably, to make it easier for commerce to be conducted in a timely fashion.

- 4) Legacy SRECs should remain Legacy SRECs and be valued as originally intended by the Board and the Owner Generators. The “ legacy” SACP schedule should remain the same until it sunsets, by continuing the current SREC program for legacy projects. Owner Generators and investors counted on this SACP schedule to finance their projects, and it would be unfair to them to change the conditions mid-stream. The last thing the SREC Program needs are more stranded projects, similar to what happened in about 2011-2012 when the SACP was changed.
- 5) Pipeline SRECs should be given the option of receiving approximately 80% of the current SACP schedule, or be rolled into the SREC Successor Program. This will provide cost savings to the ratepayers while giving participants this option before their installed systems are built or interconnected. As information as to how the Successor Program will be structured becomes more available, this will provide Pipeline SREC Owner Generators better transparency in their planning process.
- 6) For an “orderly” Solar Transition, the Board should set megawatt ( MW) targets for annual solar construction. The availability and “ letting” of competitive long term contracts should coincide with these targets. These MW targets provide transparency with respect to the Board’s intention of statewide solar build-out. Who knows where retail sales will go as Class 1 SRECs seek to become the primary means of electricity generation in NJ ?
- 7) The Board should not set differentiated capacity caps under the solar RPS based on project type or market segmentation, ie, residential, commercial, public, before or after the meter, etc. Only the most cost-effective projects should be built as to provide the lowest cost to the ratepayer, realizing that solar energy (and energy efficiency and natural gas) has helped reduce the cost of electricity to ratepayers statewide in the past 7-8 years.
- 8) However, and not to contradict the comments made in (7) above, projects which make use of environmentally or economically distressed lands should receive some type of increased compensation. This could apply to landfills, brownfields, Urban Enterprise Zones, etc.
- 9) I do not think there should be annual cost caps, but only a total program cost cap. This will prevent a “stop and go” mentality and help with an administratively- orderly solar build-out, as long as annual MW caps for long term contracts are met ( see Comment #6).

**10-11) Off-shore wind implementation is a major contributor to the goal of 100% renewable generation by 2050. The Board should do all it can to make off-shore wind a success in NJ, because, without it, these goals will never be met. Only the most cost effective projects should be built, whether utility scale grid supply or smaller behind the meter commercial or residential systems. All Class 1 RECs should be considered the same regardless of technology type.**

**12) The Solar Transition becoming a true, incentive-free market, ie, grid parity, should be both a consideration and goal of the SREC Successor Program. However, since net-metering is a major component in supporting distributed generation, the Board should continue to support net-metering in its present form for the foreseeable future, realizing that grid-supply projects will make up an increasing percentage of installed projects through 2050.**

**Respectfully submitted,**

**Rick Brooke, Pres.**

**SunnyBrooke Consulting Group, formerly Jersey Solar, LLC.**