MID-ATLANTIC SOLAR ENERGY INDUSTRIES ASSOCIATION
c/o Rutgers EcoComplex, Suite 208-B
1200 Florence-Columbus Road, Bordentown, NJ 08505

July 31, 2018

Ms. Aida Camacho-Welch
Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
CN 350
Trenton, New Jersey 08625

Re: Docket No. QO18060646 Community Solar Energy Pilot Program

Dear Ms. Camacho-Welch:

The Mid-Atlantic Solar Energy Industries Association (MSEIA) is pleased to present these comments in regard to the above-referenced matter.

MSEIA is a trade organization that has represented solar energy companies in New Jersey, Pennsylvania, and Delaware since 1997. During that 20-year+ period, the organization has spearheaded efforts in the Mid-Atlantic region to make solar energy a major contributor to the region's energy future.

During these 20 years, MSEIA has adopted and followed three fundamental policy principles, which in short can be stated as: (1) Grow solar energy in our states as quickly as practicable; (2) do so at the lowest possible cost to ratepayers, while delivering the greatest possible benefit as a public good; and (3) preserve diversity in the market, including opportunity for Jersey companies to grow and create local jobs (see MSEIA's fundamental policy principles at https://mseia.net/fundamental-principles/).

We believe that it is important that the second principle, delivering solar energy at the lowest cost to ratepayers, is very important to consider in designing the Community Solar Energy Pilot Program.

The rate impact to be considered for the pilot should include the cost of attribute payments like SRECs, and the difference between the energy cost credited to system owners and the avoided energy cost. That difference typically lands on ratepayers when utility companies file for rate recovery of costs they incur related to distributed generation. Therefore, the matter of whether community solar projects should receive attribute payments, and what bill credit to ascribe to community solar power, are both important in assessing the rate impact.

Since community solar projects are likely to be large-scale solar systems up to 5 megawatts in size connected directly to the grid ("in front of the meter"), the assessment of rate impact can be compared to the usual way of structuring projects of that type. The usual way would be for the same project to interconnect *and* sell power directly to the grid. This can be done at the lowest cost by remunerating the project via a long-term (e.g., 20-yuear), fixed-price power purchase agreement. Therefore, the cost of a typical project structured in this way can provide a benchmark for assessing the costs of a community solar project.

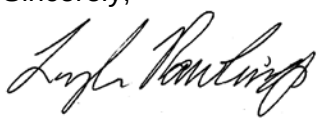
We believe that the sum cost of a community solar project as described previously should not exceed that benchmark cost – unless, and ot the extent that, an additional concrete public good, such as support for low and moderate income ratepayers, is being accomplished.

In considering the size of the pilot program and the full program, the cost efficiency of the program and its rate impact should be considered, and also its effect on other market segments and business models. In particular, traditional grid-supply projects will be sharing essentially the same market segment with the community solar projects. In both cases, cost efficiency will be enhanced to the extent that the process of interconnecting grid supply projects can be streamlined, as net-metered projects have been streamline in the past.

Interestingly, in a recent MSEIA policy committee call regarding the Community Solar Energy Pilot, a majority of members participating in the call were interested in possibly participating in a community solar program as a business model for themselves, and a few planned to focus their business on it. When asked whether they would prefer to develop large scale projects via traditional grid-supply development or through a community solar program – if both were compensated equally – the majority expressed a preference for traditional grid-supply development.

We thank you for considering these comments, and look forward to exploring these matters further.

Sincerely,



Lyle K. Rawlings, P.E.
President