

Soltage Comments on the Draft New Jersey Energy Master Plan

Soltage, Inc., a renewable energy provider headquartered in Jersey City, NJ, applauds the state of New Jersey for its publication of the draft Energy Master Plan and is pleased to provide the following general and specific comments.

Soltage agrees that the energy challenges facing the state are interdependent, complex and must be addressed through a comprehensive state level plan. Further compounding the difficulty of responding to these challenges is the decreased state level authority which has followed deregulation. In this context, Soltage supports the State's effort to focus on realistic and implementable strategies to secure New Jersey's energy stability out to the future.

The Soltage business model generates and supplies electricity by harnessing the sun's energy with solar energy stations located on client sites across New Jersey and surrounding states. As such, Soltage directly contributes to Goals 2, 3 and 4 of the Energy Master Plan, and is well qualified to comment on these matters. The remainder of this comment will focus on the attainment of those goals, as well as some of the assumptions which underpin the Energy Master Plan analysis.

- **Table 3, NJ Generation Cost Assumptions**
 - This important table reflects prices for the Overnight Installed Cost at very low numbers for traditional fuel sources including Conventional Coal, ICGG, Advanced Combined Cycle, Gas Turbine, and CHP plants. Equipment, labor and capital costs have all risen sharply over the past few years and new plants currently proposed using these technologies are costing up to \$2,000 more per kW than what is reflected in this table. The assumed costs for solar, on the other hand, are high on the order of \$500 - \$1,500 per kW. As assumptions from this table are important to the overall body of analysis in the Energy Master Plan, Soltage urges further consultation with technicians, relevant consultants, energy financiers and industry experts to come up with a robust set of numbers.
- **Goal 2 – Reduce peak demand for electricity by 5,700 MW by 2020**
 - Action Item 1 – Soltage supports the expansion of real time pricing for commercial and industrial customers. By providing energy consuming entities with real time price signals, the State will give the economic incentive to consumers to shift/reduce their demand at peak times.
- **Goal 3 – Meet 22.5% of the State's electricity needs from renewable sources**

- Action Item 1 – Soltage supports the transition of New Jersey’s solar program from a rebate incentive system to a performance based Renewable Energy Certificate market. This fiscally responsible approach to the market creation will lead to the attainment of the realistic goals of 2.12% electricity delivered from solar sources by 2020. As this program is in the process of transitioning smoothly it is important to keep the following two points in mind:
 - This program should be set up with a minimum of ongoing government intervention. The supply/demand dynamics will be sufficient to allow the program to function smoothly with an upper bound on the Renewable Energy Certificate market price set by an Alternative Compliance Payment. The commodity market will then determine the appropriate cost for the Renewable Energy Certificate through transactions between buyers and sellers, and there is a clear path for a reduction in these costs as additional projects come online and supply increases. The idea of a mandated securitization of the Renewable Energy Certificates is neither needed nor appropriate to foster proper market dynamics.
 - The 2% cost cap on the solar incentives is highly problematic. In a consultant study of the New Jersey solar market performed by Summit Blue for the Board of Public Utilities, it was determined that the cost of the solar program could reach just over 4% by 2020. The reasoning behind putting a realistic cost limiting mechanism into the legislation to prevent runaway costs is sound. Soltage, however requests that this number be changed from 2% to 4% - a number which is not currently expected to be exceeded, as this limits the long term viability of this program on the day that this goes into effect.
 - Action Item 4 – Soltage supports the increase of the Renewable Portfolio Standard from 2021 to 2025. There is no reason, given the State’s resources, that a higher percentage of renewable and in-state production should not be encouraged.
- **Goal 4 – Develop new low carbon emitting, efficient power plants and close the gap between the supply and demand of electricity.**
 - Soltage agrees with the needs and strategies outlined in this section. One area which would also be appropriate for further discussion in this section is encouraging investment in not only generation assets, but also the infrastructure to transport that

electricity. This is briefly touched upon in Action Item 1, but Soltage believes that this deserves greater focus, as it is an important component in the closure of the gap between the supply and demand of electricity. A focus on the transmission and distribution infrastructure and an encouragement of the investment of capital towards those projects should therefore be explicitly addressed.

Soltage looks forward to a long future of providing clean and reliable electricity to the State of New Jersey and stands ready to assist in any manner as the State moves forward along its intelligent path of energy market development. The challenges ahead of us are significant, but thankfully the tools to address these challenges are well within the ability of the State and its citizens.