



Agenda Date: 9/27/23
Agenda Item: 8G

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE COMPETITIVE SOLAR)
INCENTIVE (“CSI”) PROGRAM PUSUANT TO P.L. 2021,)
C. 169)
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)
)
ORDER ADDRESSING THE)
TIMING OF THE SECOND)
CSI PROGRAM)
SOLICITATION)
DOCKET NO. QO21101186

Party of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By Order dated December 7, 2022, the New Jersey Board of Public Utilities (“Board” or “BPU”) established the Competitive Solar Incentive (“CSI”) Program.¹ The CSI Program is open to qualifying grid supply solar installations and non-residential net metered solar installations with a capacity greater than five (5) megawatts (“MW”), as well as to eligible grid supply solar installations in combination with energy storage. The Board has a statutory mandate to hold competitive solicitations at least every 18 months, with the second solicitation scheduled to open for prequalification on October 1, 2023, and close to bids on December 31, 2023 at 11:59:59 pm EST. Through this Order, the Board delays the opening of the second CSI Program solicitation until November 27, 2023; the solicitation window will remain open until 11:59:59 PM on February 29, 2024.

BACKGROUND

On June 9, 2021, Governor Murphy signed into law the Solar Act of 2021 (hereafter “Solar Act” or “Act”).² The Act directed the Board to establish a program to incent the development of 3,750 MW of solar by 2026 by establishing a new program for incentivizing solar in New Jersey through the mechanism of Solar Renewable Energy Certificates (“SREC-IIs”). SREC-IIs represent the value of the environmental attributes produced by the solar electric power generation facility. The Act directs the Board to create both a solar facilities program for smaller projects, with

¹ In re Competitive Solar Incentive (“CSI”) Program Pursuant to P.L. 2021, c.169, 2022 N.J. PUC LEXIS 367, BPU No. [QO21101186](http://www.nj.gov/bpu/), (Dec. 7, 2022).

² L. 2021, c. 169.

administratively set incentive values, and a solicitation process for awarding contracts for grid supply solar facilities and net metered solar facilities greater than five (5) MW.

The Board took a major step forward to implementing the Solar Act on July 28, 2021, voting unanimously to create the Successor Solar Incentive (“SuSI”) Program.³ The SuSI Program sets the State on a path to double its solar capacity by 2026. This target reflects both New Jersey’s 2019 Energy Master Plan and Governor Murphy’s goal of achieving 100% clean energy by 2050.⁴

The SuSI Program is divided into the Administratively Determined Incentive (“ADI”) and CSI Programs. The ADI Program, opened to new registrants on August 28, 2021, offers a fixed incentive in the form of New Jersey SREC-IIs for net metered residential projects, net metered non-residential solar projects of five (5) MW or less, and community solar programs. Incentive values are set administratively, following comprehensive modeling of costs and multiple rounds of stakeholder involvement. Incentive values vary by market segment; in some cases, they vary according to project size and siting.

On December 7, 2022, the Board approved the establishment of the CSI Program.⁵ The CSI Program covers all qualifying grid supply solar projects (i.e., those selling into the wholesale markets) and net metered non-residential projects above five (5) MW in size. The Order also laid out stringent siting criteria for CSI-eligible facilities and closed the interim Subsection (t) segment of the ADI Program. Rules establishing the CSI Program and addressing accompanying siting criteria were approved by the Board on December 7, 2022 for publication in the New Jersey Register at 55 N.J.R. 127(a) for a 60-day comment period on February 6, 2023, and a notice of correction was issued on March 20, 2023 at 55 N.J.R. 523(a). The public comment period closed for the notice of proposal on April 7, 2023 and for the notice of correction on May 19, 2023.

The CSI Program awards SREC-IIs through a competitive solicitation, with separate solicitations for four market tranches: basic grid supply, grid supply on the built environment; grid supply on contaminated sites and landfills; and net metered non-residential projects greater than five (5) MW. The prequalification window of the first solicitation of the CSI Program opened on February 1, 2023 and bid submission closed on March 31, 2023. During the pre-qualification period, projects provided evidence that they met maturity requirements and specific tranche eligibility criteria; applications were administratively reviewed by the solicitation manager. Eligible CSI projects then submitted a bid for an SREC-II award in their tranche, specified in dollars per MWh of solar electricity production; pre-qualified projects competed on bid price only.

By Board Order on July 12, 2023, the Board announced the results of the CSI Program first solicitation, declining to make any awards as all bids were higher than the price caps. The Board directed Staff to perform an in-depth analysis of the specific financial assumptions and external factors that were used to determine the price caps, which would inform the setting of any confidential price caps for the next solicitation. The Board directed the next solicitation in the CSI

³ In re A Solar Successor Incentive Program Pursuant to P.L. 2018, c.17, 2021 N.J. PUC LEXIS 300, BPU no. [QO20020184](#) (July 28, 2021).

⁴ 2019 New Jersey Energy Master Plan: Pathway to 2050, nj.gov, https://nj.gov/emp/docs/pdf/2020_NJBPU_EMP.pdf

⁵ In re Competitive Solar Incentive (“CSI”) Program Pursuant to L. 2021, c. 169, 2022 N.J. PUC LEXIS 367, BPU No. [QO21101186](#) (Dec. 7, 2022).

Program to open on an expedited timeline, opening to prequalification on October 1, 2023, and closing to bids on December 31, 2023 at 11:59:59 PM.⁶

STAFF RECOMMENDATIONS

In the first solicitation of the CSI Program, the Board received a vigorous response from the solar industry, with submissions totaling over 300 MW of solar generation – proving sufficient market potential to fulfill the goals of the program by evidencing numerous competitive projects with sufficient maturity in development. During the solicitation, the Board also received stakeholder feedback that suggested registration requirements for the Program presented an obstacle to potential projects competing, and took steps alleviate the obstacle by modifying the registration requirements by Board Order. When the Board made no awards in the first solicitation because all bids received were above the incentive level price caps determined for the first solicitation, the Board directed Staff to perform a comprehensive post-award analysis utilizing recent market-based data and to consider any modifications to the CSI Program that would increase the likelihood of a successful solicitation while promoting the fiscal responsibility for the State, including changes to the proposed rules for the program.

After consideration of the market data, the complexities of setting the confidential price caps at an appropriate level, and other additional analysis, and in recognition of the need to thoughtfully and carefully design a process that will balance a thriving solar industry with diverse jobs and industry growth with protection of New Jersey ratepayers, Staff recognizes that more time than that given in the July 12 Order to review the first solicitation would be beneficial. Staff recommends that the Board take additional time to consider all feedback from the first solicitation, including the financial analysis and program design. In keeping with this recommendation, Staff further recommends that the Board postpone the opening date for the second solicitation for the CSI Program until November 27, 2023; Staff recommends that the solicitation window remain open to bids until 11:59:59 PM on February 29, 2024. This adjusted timeframe will allow the Board to finalize program rules and further consider market expectations. Staff remains confident that even with a two-month postponement, the Board will stay on track to achieve Governor Murphy's Clean Energy goals for the State.

Staff recommends that the total procurement for the second solicitation remains 300 MW; the megawatt procurement targets per tranches are listed below and are unchanged from the first solicitation. A fifth tranche allows for storage in combination with a grid supply solar award from tranche 1, 2 or 3. To compete in tranche 5, a solar plus storage project provides a two-part bid: a solar-only SREC-II price (eligible to compete in tranches 1, 2 or 3) and a storage adder price that is considered separately in the storage tranche for award.

Tranche	Target (MW)
1. Basic Grid Supply	140
2. Grid Supply on the Built Environment	80
3. Grid Supply on Contaminated Sites & Landfills	40
4. Net Metered Non-residential above 5 MW	40
TOTAL	300
5. Storage Paired with Grid Supply Solar	160 MWh

⁶ In re Competitive Solar Incentive (“CSI”) Program Pursuant to P.L. 2021, c.169, BPU No. [QO21101186](#), (July 12, 2023).

FINDINGS AND CONCLUSIONS

The Board anticipates that competition among CSI-eligible solar development projects will prove robust and that SREC-II prices will provide the funding needed to enable development, without over-incentivization, to the benefit of New Jersey's ratepayers. Moreover, the Board anticipates that taking the time to consider the lessons of a prior solicitation and integrate needed changes demonstrates a level of responsiveness that serves stakeholders and ratepayers alike. The Board remains committed to the success of its solar agenda, and in this instance that commitment requires taking the time necessary to make the optimal refinements to the CSI Program and processes. In addition, the Board notes that the statute provides that the second solicitation must occur within 18 months of the first CSI Program solicitation. The Board **FINDS** that delaying the opening of the second solicitation by two months keeps the timing of the solicitation compliant with the statute.


The Board **HEREBY APPROVES** the postponement of the second solicitation of the CSI Program. The Board **DIRECTS** that Staff open a new solicitation for pre-qualification on November 27, 2023 and close the solicitation to bids on February 29, 2024 at 11:59:59 PM for the MW targets specified in the Staff's Recommendations section of this Order.

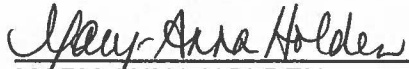
The Board reminds those interested in participating to determine whether the project(s) for which they wish to submit bids are sited in areas requiring a waiver and if a waiver(s) is needed, to submit petitions for applicable waivers as soon as possible.

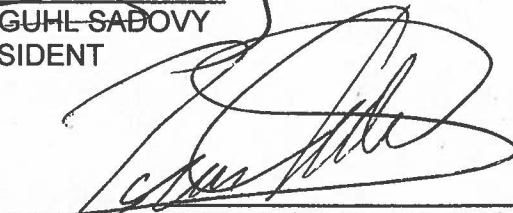
The effective date of this Order is September 30, 2023.

DATED: September 27, 2023

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER

ATTEST:


SHERRI L. GOLDEN
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE COMPETITIVE SOLAR INCENTIVE (“CSI”) PROGRAM PURSUANT TO P.L. 2021, C.
169 – PRICE CAP DETERMINATION

DOCKET NO. QO21101186

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