

Justin B. Incardone
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November 20, 2017

Via E-mail (publiccomments@njcleanenergy.com) & UPS

New Jersey Board of Public Utilities
Attn: Scott Hunter, Office of Clean Energy
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Board's Establishing a Generic Proceeding
to Review the State of the Solar Market
Docket No. QX17090949

To BPU Staff:

Please accept this correspondence on behalf of PSEG Energy Resources & Trade ("ER&T") in connection with the above-referenced matter. We apologize for submitting this letter one business day after the requested deadline, but we do believe this should not prejudice the proceeding and, in fact, hopefully will aid the process. ER&T appreciates Board Staff providing the opportunity to comment on Staff's proposed questions related to the Board's generic proceeding to review the state of the solar market, and is committed to working with the Board and all stakeholders to take steps to bring more transparency and competition to the New Jersey SREC market. Consistent with this objective, ER&T respectfully submits the following supplemental questions and comments for Staff's consideration:

Section II – Solar Economics and Incentives

Should the Board consider providing more oversight to the market to ensure that the market remains competitive and that there are no conditions that could lead to market manipulation?

Section III – RPS Design Elements and Eligibility Criteria

Are the current practices of reporting installed capacity to the Office of Clean Energy, as well as in the registration of installed capacity and creation of SRECs in PJM GATS, sufficient to ensure that such information is timely available and adequately supports the need for market transparency? If not, how can this be improved?

Additionally, ER&T respectfully requests that Staff consider the following revisions to two of its questions so as to avoid any concerns later about this process being arbitrary or capricious, and to ensure the questions are framed objectively and without a presumption toward a perceived market outcome or condition:

III. RPS Design Elements & Eligibility Criteria

ii. Should there be different SREC treatment for utility-scale, grid supply solar as distinct from SRECs awarded for residential and C&I market segments?

IV. Net Metering & Interconnection Design Elements & Eligibility Criteria

iii. Is the existing net metering and interconnection process sufficient or should there be separate interconnection procedures for large interconnections and smaller interconnections?

Once again, ER&T appreciates the opportunity to participate in this stakeholder process and to comment on Staff's proposed questions. We thank Staff for its consideration of our submission.

Respectfully submitted,

By: s/ Justin B. Incardone
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Cc: Irene Asbury, Secretary of the Board (via e-mail and regular mail)
Joseph Roenbeck, Sr. Energy Trader – Green Products, PSEG ER&T



5100 Harding Highway
Mays Landing, NJ 08330

An Exelon Company

VIA ELECTRONIC MAIL
publiccomments@njcleanenergy.com

November 17, 2017

Irene Kim Asbury, Esquire
Secretary of the Board
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350

**Re: In the Matter of the Board's Establishing a Generic Proceeding to Review the State
of the Solar Market**

BPU Docket No. QX17090949

Dear Secretary Asbury:

Please be advised that Atlantic City Electric Company ("ACE") has reviewed the "Staff Proposed Proceeding Questions for Stakeholder Discussion" as they relate to the above referenced generic proceeding. ACE has nothing to add to the questions/discussion topics as written, but reserves the right to comment more fully once the final list of questions is released for public comment on or about November 27, 2017.

It is ACE's understanding that responses to the questions, once posted, will be accepted until 5:00 P.M. on Friday, December 15, 2017. We look forward to bringing our substantial solar experience to this proceeding and being an important contributor to the process.

Sincerely,

A handwritten signature in black ink, appearing to read "Joshua Cadoret". The signature is fluid and cursive, with a large loop at the end.

Joshua Cadoret, Senior Business Analyst



Joint Comments on Staff Proposed Proceeding Questions for Stakeholder Discussion

Submitted by:

The Solar Energy Industries Association and the New Jersey Solar Energy Coalition

Date: November 17, 2017

DRAFT QUESTIONS

I. Policy Goals and objectives

i. Are the goals established by the Board in the “Solar Transition” Proceeding for New Jersey solar market incentives from 2006/07 still relevant (I/M/O Energy Portfolio Standards – Alternative Compliance Payments and Solar Alternative Compliance Payments, BPU Docket No. EOO6100744, Order dated September 19, 2007)?

- Sustained Orderly Market Development
- Minimize Ratepayer Impact
- Minimize Transaction Costs
- Support other policy goals including environmental and public health, equity to all ratepayer classes, job growth, improved reliability and security.

RESPONSE: The Solar Energy Industries Association and New Jersey Solar Energy Coalition (“SEIA and NJSEC”) agree this is an appropriate question, however, we point out that the phrasing “equity to all ratepayer classes” also involves improving access to the benefits that solar provides to all New Jersey customers. A question about ways to improve access should be added to the list of questions for consideration.

ii. Is the most important goal for the State’s solar policy the achievement of the percentage requirements set-aside for Solar Renewable Energy Certificates (“SRECs”) in the Renewable Portfolio Standards (“RPS”)?

RESPONSE: It is first important to remember the purpose of the solar-specific targets in the RPS. Solar energy systems face a different set of project economics than other renewables technologies, and are often deployed on the distribution grid level (ie. on-site residential and commercial systems) which is atypical for other renewable electricity sources. The State’s solar policy has played a major role in facilitating the growth a local solar industry that reduces solar adopters’ grid energy consumption, turned the State into a leading solar market, and currently supports more than 6,000 full-time jobs. These are how the percentage set-asides for SRECs are met, and should not be overlooked when measuring the effectiveness of the State’s solar policy.

With current analysis showing that existing solar projects will meet the 4.1% RPS target significantly ahead of the current timeframe in the statute, a better question is not only whether achieving the set aside is the most important goal, but also whether the overall target is still appropriate and what a new target for solar installations should be. Several solar industry associations and organizations – including SEIA and NJSEC -- support S.2276/A.3918 which provides for a new target 5.3% to Energy Year (“EY”) by 2020. This bill would also reduce the period solar projects are eligible for SRECS from 15 years to 10 years and provides for a phase out of the current SREC program in favor of new to-be-determined incentive program.

iii. Are other goals more appropriate? Should the Board institute consumer protection safeguards for solar consumers, hosts for third party owned solar projects, or investors in solar projects?

RESPONSE: The most recently published staff recommendations regarding consumer protection clearly resolve many of the concerns we had with the original proposal.

In general, however, we urge the Board to consider the extensive body of existing federal and state consumer protection law to avoid duplication of provisions. Furthermore, we urge the Board to base any future decisions on

new consumer protection on hard data and evidence, rather than on unsubstantiated reports or weak evidence of broader consumer protection problems. An evidence-based approach would help the Board clearly pinpoint a problem that would need to be solved, establish a targeted policy response, and avoid establishing new potentially burdensome measures in the name of consumer protection that serve only to increase transaction costs for solar companies, create new barriers for solar firms, stifle innovation and hamper solar growth. We also believe that the privacy rights of the parties to these contractual agreements be respected and that market cost, financial, and statistical data collected by the Board in the process of obtaining these disclosure documents be respected.

II. Solar Economics and Incentives

i. Are the current State/BPU policies including: retail net metering and streamlined interconnection of customer-sited solar, SREC eligibility for solar connected to the distribution system serving NJ, utility-scale grid supply project eligibility in the SREC market, federal, state and local tax incentives, sufficient to meet the State's solar goals? If not, what changes should be considered?

RESPONSE: Once again, given that the out-year RPS targets will be reached shortly, a better question is whether these are the right policies for a solar future with different targets, and whether additional policies such as the authorization of community solar, or the expansion of virtual net metering, should also be considered. These policies all directly affect solar system economics, and the viability of the market. Policy reforms should be dealt with thoughtfully and with comprehensive research.

ii. If changes to the existing framework of incentives are recommended, please estimate the impact on NJ solar market economics and the cost and benefits to ratepayers.

RESPONSE: SEIA and NJSEC strongly support including the "benefits to all ratepayers" from additional solar installations along with the costs of those incentives. Evidence continues to show that the net benefits to society from solar installations outweighs the costs of incentive programs.

iii. Are the financial targets used to inform policy choices in the "Solar Transition" referenced above still relevant (i.e. 12% Internal Rate of Return ("IRR"), < 10 year payback)?

RESPONSE: It is important to recognize that the policies needed to start a solar market are markedly different the polices needed maintain and grow an existing market. Therefore, an important corollary to this question is whether the financial targets used in modeling to inform policy choices by the Board will maintain and expand solar employment and economic development across New Jersey. New Jersey is currently home to more than 6,000 solar jobs across market segments. Further policy action should be viewed from the lens of what actions need to be taken to build on the market's current success.

III. RPS Design Elements & Eligibility Criteria

i. Should the RPS be restructured to enable each market segment (residential, commercial & industrial ("C&I") and grid supply connected to NJ distribution) to contribute to the States goals? Can the NJ Class I provisions in the RPS be modified to enable more cost effective achievement of solar and other renewable energy goals. If so, how?

RESPONSE: SEIA and NJSEC agree this question deserves consideration in part due to the fact that the solar projects have already reached the RPS target and adding MW for grid supply projects at this stage would only exacerbate an existing oversupply problem. Furthermore, SEIA AND NJSEC agree that the second question deserves consideration, as the current BPU regulations – not the RPS statute – that exclude out of state solar from Class I should be fixed to allow out of state solar into Class I, which enables the state to more cost-effectively meet its renewable energy goals. Naturally, due consideration needs to be also given to balancing the benefits of achieving a more cost-effective way

to meet New Jersey’s Class I renewable energy goals with the goal of creating in-state jobs and the further development of Class I resources in New Jersey.

ii. Should the utility-scale, grid supply solar segment continue to get SRECs since left unfettered this segment with its economies of scale and relatively lower priced SREC requirements can crowd out residential and C&I market segments?

RESPONSE: SEIA and NJSEC agree this question is relevant given the current RPS constraints however we point out that an updated RPS target would allow for growth across market sectors.

iii. Are the design concepts developed in the Solar Transition and modified by subsequent statutes still relevant? Should the Board consider changes to any of the following policies: The lack of a size limit on net metered project capacity, net metered “onsite generation” projects eligible for SRECs, 15 year Qualification Life, 15-year Solar Alternative Compliance Payment (“SACP”) schedule, five year SREC vintage/bankability, are the EDC SREC-based Finance programs still necessary, etc.?

RESPONSE: SEIA and NJSEC agree the design concepts are still relevant but highlight the fact that they need to be considered in light of larger solar goals than currently exist.

IV. Net Metering & Interconnection Design Elements & Eligibility Criteria

i. Should the net metering and interconnection policy goals, objectives, and design be made more consistent with the RPS policy goals, objectives and design, eligibility criteria, etc.?

RESPONSE: SEIA and NJSEC caution the Board not to conflate RPS policy with other beneficial policies that benefit all distributed energy resources. Streamlined interconnection policies for distributed energy resources that encourage bringing diverse resources onto the electric grid should be a public policy objective on its own. Along these lines, net metering policy is a critical rate design policy that offers solar generators fair compensation for the electricity they bring to the system. These policies are separate and distinct from RPS policy.

ii. Should there be a capacity cap for net metered project sizing in addition to the current limit based on historic electricity consumption? If so, how should it be structured?

RESPONSE: SEIA and NJSEC disagree this question is relevant. It is not clear what objective the policy is intended to achieve and appears contrary to the goals stated above.

iii. Should larger commercial and industrial sized solar projects be treated differently than residential projects due to their ability to crowd out smaller projects from interconnecting on constrained distribution circuits and their competitive advantage in the SREC market?

RESPONSE: See previous responses. Similar to our response regarding consumer protections, SEIA and NJSEC believe that the BPU should first seek if there is any evidence that points to a market issue rather than assuming that such an issue exists without evidence.

V. Land Use Implications

i. How can the State minimize impact of solar development on open space, wooded, and farmlands?

RESPONSE: The Board should consider reframing this question along the lines of “how can NJ use incentives to encourage solar development on desirable locations and avoid impacts to environmentally sensitive areas?”

ii. In an effort to minimize the impact of solar development on open space, where and how should the State encourage solar development?

RESPONSE: SEIA and NJSEC agree this question is relevant and encourages the Board to consider recognizing that revisiting the rules regarding Class I RECs is also a tool to help the state meet its RPS goals while avoiding potential open space impacts.

iii. What changes to its policies, if any, should the Board consider related to its goal of protecting open space?" Can tools like the NJDEP Solar Siting Analysis be used to inform incentive approval decisions?

RESPONSE: No response at this time.

About SEIA:

The Solar Energy Industries Association (SEIA®) is the driving force behind solar energy and is building a strong solar industry to power America through advocacy and education. As the national trade association of the U.S. solar energy industry, which now employs more than 260,000 Americans, we represent all organizations that promote, manufacture, install and support the development of solar energy. SEIA works with its 1,000 member companies to build jobs and diversity, champion the use of cost-competitive solar in America, remove market barriers and educate the public on the benefits of solar energy.

About NJSEC:

The New Jersey Solar Energy Coalition is composed of a diverse group of firms involved in all facets of the solar industry. Our members include accounting firms, engineering firms, and law firms specializing in this renewable energy resource along with SREC market traders, project developers, material vendors, and firms that provide both the capital and financing to make it all work. NJSEC seeks to provide public policy support for New Jersey's solar industry through legislative and regulatory advocacy, outreach, education, and the development of policy alternatives that align with the fiscal and social circumstances unique to New Jersey. NJSEC has worked successfully to help develop public policy that works for New Jersey by understanding the rhythms of the state and the careful balances that must be achieved.



300 Madison Avenue
P. O. Box 1911
Morristown, NJ 07962-1911

November 17, 2017

Via email to publiccomments@njcleanenergy.com

B. Scott Hunter
New Jersey Board of Public Utilities
Office of Clean Energy
44 South Clinton Avenue
P.O. Box 350
Trenton, New Jersey 08625

Re: Generic Solar Proceeding – Stakeholder Input on Questions

Dear Mr. Hunter:

Jersey Central Power & Light Company (“JCP&L” or the “Company”) is pleased to submit its input to the Board of Public Utilities (“BPU”) Staff (“Staff”) regarding the proposed topic areas and questions upon which stakeholders will provide written or oral comment in this matter. JCP&L thanks the BPU for allowing the Company to have the opportunity to comment on this review of the state of the solar market.

The Company has reviewed the draft questions provided by Staff and intends to provide comments that it hopes will be useful in this proceeding. In the context of the draft questions, the Company believes it may address the topics it believes are relevant to this review and looks forward to the distribution of the final questions upon which to comment.

The Company appreciates the opportunity to participate in this proceeding and provide its input, and hopes to continue to work with and be helpful to Staff as it carefully considers this timely solar market review. If there are any questions, please contact me.

Very Truly Yours,

A handwritten signature in cursive script that reads "Thomas R. Donadio".

Thomas R. Donadio



November 17, 2017

New Jersey Clean Energy Program
New Jersey Board of Public Utilities
44 S. Clinton Avenue, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

Re: Comments of Sunrun Inc. on NJCEP's Consumer Protection Proposal

Dear New Jersey Clean Energy Program Staff:

Sunrun, Inc. (Sunrun) respectfully submits the following comments on the New Jersey Clean Energy Program's (NJCEP) Consumer Protection Proposal presented during the November 9, 2017 webinar regarding the New Jersey Board of Public Utilities' (NJBP) Generic Solar Proceeding. At the outset, Sunrun commends the NJCEP for its ongoing commitment to collaboration with solar energy stakeholders to ensure that consumers are protected while moving the solar industry forward. Since the initial information session on the proposed consumer protection standards on March 3, 2017, the NJCEP has consistently sought and been receptive to stakeholder input. As a result, NJCEP's current Consumer Protection Proposal presents a balanced approach to helping consumers understand the solar power purchase agreements and leases that they sign.

As you know, Sunrun engaged in discussions with the NJCEP, throughout the process, regarding the development of consumer protection best practices. In addition to participating in the stakeholder sessions, Sunrun and other solar providers, communicated with the NJCEP about how e-signature programs work and provided a demonstration of an executed contract using DocuSign. Sunrun appreciates this opportunity to comment on the NJCEP's Consumer Protection Proposal, as reflected in the November 9 webinar, which establishes reasonable standards that will ensure a positive experience for all New Jersey solar customers.

NJCEP's Consumer Protection Proposal

E-Signatures

Instead of requiring wet signatures, e-signatures would be allowed so long as: The e-signature system prohibits robo-signing, and the submission includes a digital certificate certifying: 1) the number of times each signature/initials appears in the document; and 2) the email address to which the document was sent for signature, the IP Address at which



and the date on which, the document was received by the signer and the date of signature. NJCEP has determined that Docusign meets these requirements.

Contract Waiting or Rescission Period

The current proposal replaces the originally proposed five business day waiting period before a contract becomes effective with a five business day contract rescission period allowing the customer to cancel the contract within five days of when it is signed. The proposal requires a more customer-friendly rescission process, including the possibility of rescinding through a toll-free telephone number, website or email as the customer prefers.

Disclosure Statements

The current proposal requires solar contractors to provide customers with an approved form of disclosure statement. The proposal changes the SREC registration rules to require a copy of the disclosure statement signed by both the customer and contractor acknowledging that the customer understands the terms of the contract. This requirement to submit signed disclosure statements would apply only to smaller customers with a peak load of 50 kilowatts or less. Also, instead of requiring the use of specified disclosure forms, NJBPU staff or the Program Administrator would create and maintain a list of approved forms.

Sunrun Comments

Sunrun agrees with the NJCEP's current Consumer Protection Proposal as reflected in the November 9, 2017 presentation. NJCEP's decision to allow for e-signature programs that do not auto-populate contracts is reasonable and properly reflects the broader financial services industry's common practice of use of e-signatures for contracts. Sunrun further agrees that Docusign is an effective tool which provides certification of customer initials and signatures. Elimination of the five business day waiting period for contract execution while providing consumers with practical vehicles for contract rescission is also reasonable. This recommendation reflects Sunrun's current practice of allowing customers to cancel contracts as they wish using several means including by telephone and email. Sunrun supports standardizing these practices to benefit all New Jersey solar consumers. Finally, Sunrun agrees with the creation of a list of approved disclosure forms. Sunrun requests that NJCEP provide further information regarding the process for approving disclosure forms submitted by solar providers. Sunrun has further concerns regarding the potential exposure of confidential information on the disclosure forms to public consumption. Therefore, Sunrun recommends that the NJCEP and NJBPU allow for the redaction of sensitive information on the forms that are submitted as part of the SREC registration process.

Thank you for your consideration of these comments. Sunrun will remain engaged in the process of implementing these proposed standards. Please do not hesitate to contact us if you have any questions regarding this submission.



Sincerely,

/s/ Nicole Sitaraman

Nicole Sitaraman
Senior Manager, Public Policy
Sunrun, Inc.
Email: nicole.sitaraman@sunrun.com



State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P. O. BOX 003
TRENTON, NEW JERSEY 08625

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Director

November 17, 2017

By Hand Delivery and Electronic Mail

Honorable Irene Kim Asbury, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: I/M/O the Board's Establishing a Generic Proceeding to Review the State of the Solar Market and I/M/O the Implementation of L. 2012, c. 24, the Solar Act of 2012, BPU Docket No. QX17090949

I/M/O I/M/O the Implementation of L. 2012, c. 24, the Solar Act of 2012, N.J.S.A. 48:3-87(q) (r) and (s) – Proceedings to Establish the Processes for Designating Certain Grid-Supply Projects as Connected to the Distribution System, BPU Docket No. EO12090832V

I/M/O the Implementation of N.J.S.A. 48:3-87(r), Designating Grid-Supply Projects and Connected to the Distribution System – Order Implementing Certain Provisions of N.J.A.C. 14:8-2.4(g) for Energy Year 2018, BPU Docket No. QO16020130

Dear Secretary Asbury:

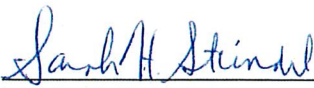
Please accept this original and ten copies of Comments submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in connection with the above-captioned matter. We are enclosing one additional copy of the comments. Please stamp and date the extra copy as "filed" and return it in our self-addressed stamped envelope.

Honorable Irene Kim Asbury, Secretary
November 17, 2017
Page 2

Thank you for your consideration and assistance.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: 

Sarah H. Steindel, Esq.
Assistant Deputy Rate Counsel

SHS

c: publiccomments@njcleanenergy.com
Sherri Jones, BPU
B. Scott Hunter, BPU
Thomas Walker, BPU
Cynthia Covie, BPU
Rachel Boylan, BPU
Caroline Vachier, DAG
Michael Ambrosio, AEG

STATE OF NEW JERSEY

BEFORE THE BOARD OF PUBLIC UTILITIES

In the Matter of the Board's Establishing a Generic Proceeding to Review the State of the Solar Market))))	
In the Matter of the Implementation of <u>L.</u> 2012, <u>C. 24</u> , The Solar Act of 2012))))	BPU Docket No. QX17090949
In the Matter of the Implementation of <u>L.</u> 2012, <u>C. 24</u> , the Solar Act of 2012, <u>N.J.S.A.</u> 48:3-87(Q)(R) and (S) – Proceedings to Establish the Processes for Designating Certain Grid-Supply Projects as Connected to the Distribution System; and))))))))	BPU Docket Number EO12090832V
In the Matter of the Implementation of <u>N.J.S.A.</u> 48:3-87(R), Designating Grid-Supply Projects as Connected to the Distribution System – Order Implementing Certain Provisions of N.J.A.C. 14:8-2.4(G) For Energy Year 2018))))))))	BPU Docket Number QO16020130

COMMENTS OF THE
NEW JERSEY DIVISION OF RATE COUNSEL
ON STAFF'S DRAFT QUESTIONS FOR GENERIC SOLAR PROCEEDING

November 17, 2017

Introduction

On September 22, 2017 the Board of Public Utilities (“BPU” or “Board”) issued an order directing BPU Staff (“Staff”) to convene a generic proceeding (the “Solar Generic Proceeding”) to review the state of the solar market. The Board also directed Staff to develop a list of topic areas and questions upon which stakeholders are to provide oral and written comments. A webinar was held on October 27, 2017 to explain the context of the Solar Generic Proceeding and provide a review of the current state of the New Jersey solar market. Prior to the webinar, October 25, 2017 Staff circulated a draft of the questions to be to be considered in in the Generic Solar Proceeding. Staff has requested stakeholders to provide input on the draft questions with the purpose of developing and refining a set of final question. Staff will release the final questions in advance of the first Generic Proceeding hearing date of December 4, 2017.

Rate Counsel appreciates the opportunity to provide input into this process. Rate Counsel reviewed Staff’s draft questions and has prepared a revised set of questions. This revised set of questions follows the general format and content of Staff’s draft questions. However, Rate Counsel felt that some questions needed further explanation for clarity or to provide background information that might not be apparent to stakeholders who are less familiar with the background and history of the State’s solar market and policies. In addition, Rate Counsel believes it is important to specifically request comment on how current market conditions should affect the State’s solar energy policies, and on the proper role of solar energy in achieving the State’s overall Clean Energy goals. Also, Rate Counsel reorganized the questions in the “Solar Economics and Incentives” section and moved those questions to other relevant sections.

**Rate Counsel Suggested Revision of Staff Proposed Questions for
Consideration in 2017 Solar Generic Proceeding**

I. Policy Goals and Objectives

- i. In the 2006-07 “Solar Transition” Proceeding the Board found the following criteria appropriate for evaluating and assessing various market models:
- Sustained Orderly Market Development
 - Minimize Ratepayer Impact
 - Minimize Transaction Costs
 - Support other policy goals including environmental and public health, equity to all ratepayer classes, job growth, improved reliability and security.

Are these goals still relevant? Please explain why or why not.

- ii. The Board Order establishing this proceeding describes a thriving solar market in New Jersey that far exceeds what any market participants had ever predicted. Now that a robust and diverse solar market has been established, what should be the focus of the State’s solar policy?
- iii. N.J.S.A. 48:3-87(1) (1) states that the Board should implement its responsibilities to “place a greater reliance on competitive markets, with the explicit goal of encouraging and ensuring the emergence of new entrants that can foster innovations and price competition.” How important is compliance with this legislative intent to move toward a competitive market? How might this be achieved?
- iv. What is the role of solar energy in meeting the State’s overall Clean Energy objectives? How important is achieving the percentage requirement set-aside for Solar Renewable Energy Certificates (“SRECs”) in New Jersey’s Renewable Portfolio Standards (“RPS”) to achieving the State’s overall goals?
- v. What is the role of storage in achieving the State’s Clean Energy goals? Are any changes needed to encourage the integration of solar energy with storage?
- vi. What is the impact on the distribution grid of additional installations of distributed solar facilities? If upgrades are needed, who should pay for them?
- vii. How important are safeguards for solar consumers? What types of safeguards should be considered?

- viii. How important are safeguards for third-party owned solar projects or project investors? What types of safeguards should be considered?
- ix. How important are safeguards for ratepayers? What types of safeguards should be considered?

II. RPS Design and Eligibility

- i. Should the RPS be phased out?
- ii. Should the RPS be restructured to set goals specific to market segments (i.e., residential and small commercial; large commercial and industrial; and grid supply)?
- iii. The utility-scale, grid supply segment of the solar market typically has lower installation costs, greater economy of scale and thus lower-priced SREC requirements. Should this segment continue to receive SRECs?
- iv. Should changes be made to the current solar RPS design concepts, specifically:
 - a. 15-year qualification life;
 - b. 15-year Solar Alternative Compliance Payment (“SACP”);
 - c. Five-year SREC vintage/bankability?
- v. What financial targets should be used to inform policy choices (i.e., internal rate of return, payback period)? How should financial targets differ between market segments (i.e., residential and small commercial; large commercial and industrial; and grid supply)?
- vi. Are the current EDC SREC-based financing programs still necessary (i.e., PSE&G’s Solar Loan III, PSE&G’s Solar 4 All, SREC-II Based Financing)?

III. Net Metering and Interconnection

- i. Are the Board’s current net metering and interconnection rules consistent with the State’s Clean Energy policy goals and objectives? If not what changes should be considered?
- ii. Currently, net metered installations in New Jersey are restricted in size based on historic electricity consumption. Should there be an overall capacity cap on net metered projects? How would this be structured?

- iii. Larger commercial and industrial projects have a competitive advantage in the SREC market and could potentially crowd out smaller projects from interconnecting on constrained distribution circuits. Should net metered larger commercial and industrial solar projects be treated differently from residential and smaller commercial projects?
- iv. Currently, net metered installations in New Jersey are compensated with credits at the full retail value of electricity, including generation, delivery, and surcharges, for the production over and above what is used on-site. Do these credits need to continue at this value?

IV. Land Use Implications

- i. How can the State minimize impact of solar development on open space, wooded, and farmlands?
- ii. In an effort to minimize the impact of solar development on open space, where and how should the State encourage solar development?
- iii. What changes to its policies, if any, should the Board consider related to its goal of protecting open space? Can tools like the NJDEP Solar Siting Analysis be used to inform incentive approval decisions?

DRAFT QUESTIONS – suggested edits in red

- I. Policy Goals and objectives
 - i. Are the goals established by the Board in the “Solar Transition” Proceeding for New Jersey solar market incentives from 2006/07 still relevant (I/M/O Energy Portfolio Standards – Alternative Compliance Payments and Solar Alternative Compliance Payments, BPU Docket No. EOO6100744, Order dated September 19, 2007)?
 - Sustained Orderly Market Development
 - Minimize Ratepayer Impact
 - Minimize Transaction Costs
 - Support other policy goals including environmental and public health, equity to all ratepayer classes, job growth, improved reliability and security.
 - ii. Is the most important goal for the State’s solar policy the achievement of the percentage requirements set-aside for Solar Renewable Energy Certificates (“SRECs”) in the Renewable Portfolio Standards (“RPS”)?
 - iii. Are other goals more appropriate? Should the Board institute consumer protection safeguards for solar consumers, hosts for third party owned solar projects, or investors in solar projects?

- II. Solar Economics and Incentives
 - i. Are the current State/BPU policies including: retail net metering and streamlined interconnection of customer-sited solar, SREC eligibility for solar connected to the distribution system serving NJ, utility-scale grid supply project eligibility in the SREC market, federal, state and local tax incentives, sufficient to meet the State’s solar goals? If not, what changes should be considered?
 - ii. If changes to the existing framework of incentives are recommended, please estimate the impact on NJ solar market economics and the cost and benefits to ratepayers.
 - iii. Are the financial targets used to inform policy choices in the “Solar Transition” referenced above still relevant (i.e. 12% Internal Rate of Return (“IRR”), < 10 year payback)?

- III. RPS Design Elements & Eligibility Criteria
 - i. Should the RPS be restructured to enable each market segment (residential, commercial & industrial (“C&I”) and grid supply connected to NJ distribution) to contribute to the States goals? Can the NJ Class I provisions in the RPS be modified to enable more cost effective achievement of solar and other renewable energy goals. If so, how?

- ii. Should the utility-scale, grid supply solar segment continue to get SRECs since left unfettered this segment with its economies of scale and relatively lower priced SREC requirements can crowd out residential and C&I market segments?
 - iii. Are the design concepts developed in the Solar Transition and modified by subsequent statutes still relevant? Should the Board consider changes to any of the following policies: The lack of a size limit on net metered project capacity, net metered “onsite generation” projects eligible for SRECs, **aggregated net metering**, 15 year Qualification Life, 15 year Solar Alternative Compliance Payment (“SACP”) schedule, five year SREC vintage/bankability, are the EDC SREC-based Finance programs still necessary, etc.?
- IV. Net Metering & Interconnection Design Elements & Eligibility Criteria
- i. Should the net metering and interconnection policy goals, objectives, and design be made more consistent with the RPS policy goals, objectives and design, eligibility criteria, etc.? **How could it be made more consistent?**
 - ii. Should there be a capacity cap for net metered project sizing in addition to the current limit based on historic electricity consumption? If so, how should it be structured?
 - iii. Should larger commercial and industrial sized solar projects be treated differently than residential projects due to their ability to crowd out smaller projects from interconnecting on constrained distribution circuits and their competitive advantage in the SREC market? **How could they be treated differently?**
 - iv. **Why have projects not utilized the aggregate net metering program? How could it be restructured to make it more useful?**
- V. Land Use Implications
- i. How can the State minimize impact of solar development on open space, wooded, and farmlands?
 - ii. In an effort to minimize the impact of solar development on open space, where and how should the State encourage solar development?
 - iii. What changes to its policies, if any, should the Board consider related to its goal of protecting open space? Can tools like the NJDEP Solar Siting Analysis be used to inform incentive approval decisions?



November 16, 2017

Mr. Scott Hunter
Office of Clean Energy
New Jersey Board of Utilities
44 South Clinton Avenue
Trenton, NJ 08625

Subject: Review of the Solar Market of New Jersey

On September 22, 2017, the New Jersey Board of Public Utilities (“the Board”) directed staff to review the state of the solar market and seek input from industry stakeholders. The Conti Group (“Conti”) submits these comments as a developer and builder of solar facilities. Based in Edison, NJ, Conti is a 111-year old, family-owned company that employs over 400 people and is active in every major solar market in the United States, as well as select international markets. New Jersey’s market made it possible for us to found, sustain, and grow our solar division, which has repeatedly been ranked as a top provider of Solar Engineering, Procurement, and Construction services in the U.S. We have installed 127 MW in New Jersey, currently own 10MW of generating solar assets in New Jersey, and have 26MW of projects under development in the state. We look forward to continuing to participate in New Jersey’s solar market, and are pleased to take part in this stakeholder proceeding.

The state’s solar policy should strive to balance important priorities: continued growth in the solar market, stability and predictability for investors, and healthy competition that minimizes the charge to ratepayers. We believe that a balanced solution will allow for continued growth in the residential, commercial, and grid-supply sectors. Conti offers the following specific answers to the questions raised by Board staff:

1) Policy Goals and Objectives

We believe that the four goals outlined in the 2006/2007 BPU Docket are just as relevant today as they were when originally developed, and that these priorities should drive policy in the state. While achievement of the percentage set-aside should be a central focus of policymakers, it need not compromise other state solar policy goals. In short, the state solar policy can meet its percentage requirements in a competitive market that does not excessively charge its ratepayers.

Implementing reasonable safeguards for consumers, developers, and financiers can be appropriate measures, but should be considered a means to ensure “orderly market development”.

2) Solar Economics and Incentives

While current Board policies have gone a long way in supporting the growth of solar energy in New Jersey, they should be adjusted to encourage the reasonable addition of grid-supply solar projects in the state.

The recent developments in grid-supply project eligibility have prevented the goal of “sustained orderly market development”. The Subsection (r) process has caused significant stranded development assets in the State, which undermines a main goal of the SREC program. Developers relied on the initial Board guidance regarding Subsection (r) in 2015 and 2016, which gave developers a roadmap to obtain SRECs for their projects under Subsection (r) in 2016, starting with the Expression of Interest process. Developers invested significant capital into projects to align the timing of their projects with the Subsection (r) guidance. The Board’s recent suspension of the Subsection (r) process has caused these projects to be stranded, and developers currently have no line of sight to complete these projects.

Grid-supply projects have been a valuable part of New Jersey’s SREC market. They do not require the “net metering” subsidy, and can help reduce the price of wholesale power in the state. We believe that new grid-tied projects should qualify for a reduced SREC basis. The result will be increased clean energy production with less ratepayer-supported subsidies. In particular, we recommend the following changes:

- Provide SREC eligibility under Subsection (r) for the 144MW of stranded solar projects which submitted Expressions of Interest under the initial Subsection (r) proceeding in 2016.
- Allow certification of future grid-supply projects for SRECs based on 75% of their energy production. The ICF Analysis shows that grid-supply projects are viable with SREC prices that are at least 25% lower than smaller projects. Using this reduced basis will maintain market balance and prevent SREC prices from dropping to levels that are not sustainable for residential and C&I projects.

In order to manage effects to the SREC market, the Board should implement one of the two following measures. In either case, the Board should require that developers post a security deposit and have binding site control and an executed Interconnection Agreement to prevent SREC certifications for projects that are not viable.

- Use a declining “block” system, similar to the structure successfully employed by the NY-Sun Program. In this structure, when a grid-supply capacity block (100 MW, for instance) fills up, the grid-supply SREC basis would drop to the lesser percentage as “Block 2” opens.
- Hold an annual solicitation for grid-supply projects. Bidders would provide a percentage SREC basis, and the Board would accept the lowest bids until it fills its capacity goal.

3) RPS Design Elements and Eligibility Criteria

To date, all three segments of the market (residential, C&I, and grid-supply) have contributed to the state's goals under the same SREC program. We recommend that all three segments continue to participate in the SREC program.

While larger projects tend to have lower build costs and benefit from economies of scale, they also receive less non-SREC revenue than residential and commercial projects. While the latter two categories generally earn revenue at a small discount to relatively expensive retail electricity rates, grid-supply projects receive the much lower wholesale power revenue. Additionally, obtaining "hedges" or long-term contracts for wholesale power is particularly difficult for an individual solar project. The lower and more volatile wholesale power revenues counteract the economies of scale that are achieved by utility scale projects, ultimately leveling the playing field across the utility, residential, and commercial segments.

In our response to Question 2, we recommended that grid-supply projects be eligible for SRECs for a percentage of their nameplate capacity. We believe that this factor, when combined with the significantly lower wholesale energy revenue, will strike the proper balance between the different segments.

4) Net Metering & Interconnection Design Elements and Eligibility Control

We believe that capacity caps for net-metered projects are unnecessary. The rigorous interconnection process managed by the state's EDCs ensures grid reliability.

These larger C&I customers generally pay significantly less for energy and delivery, with a large portion of the bill consisting of demand charges. Accordingly, developers must provide lower solar PPA prices to provide energy savings. This reduced energy revenue offsets the lower per unit build costs that are achieved through economies of scale with larger C&I projects. Residential and C&I projects have both contributed to the state's solar set-aside, and the creation of separate programs seems unnecessary.

We also recommend an expansion in New Jersey's "aggregated net metering" program. Currently, only public entities can participate in this program, and must interconnect behind-the-meter, with additional energy production receiving net metering credits at the wholesale rate. We recommend two changes to this program:

- Allow private entities that have multiple meters in a utility's service territory to participate in the program.
- Allow "grid-supply" remote net-metered projects.
- For capacity that is not offsetting on-site load, EDCs should value the net metering credit at the commodity/generation charge (excluding any delivery charge).

5) Land Use Implications


New Jersey's solar Brownfield incentives have been extremely effective and have focused development on underutilized sites. We encourage the Board to continue its subsection (t) program to incentivize development on these sites.

Some of New Jersey's military bases contain Brownfield sites that are ideal locations for solar development because they have no other beneficial use. And while closed landfills on military bases have been certified under subsection (t), we understand that the New Jersey Department of Environmental Protection ("NJDEP") is reluctant to consider SREC approval for Brownfield sites that are located on military bases. The Board should encourage development and SREC certification of these projects and encourage NJDEP to recognize their Brownfield status.

We believe that the NJDEP's Solar Siting Analysis is an excellent reference for developers and local permitting authorities. However, permitting authorities should have autonomy in determining the inherently subjective attribute of "open space".

Conti appreciates the opportunity to participate in this stakeholder process and looks forward to working with the Board to design the best solar policy for customers and ratepayers alike. Please do not hesitate to contact me with any questions or concerns.

Best Regards,



Eric K. Millard
Vice President
Conti Solar, LLC