



# MSSIA 4th Quarter Meeting

Rutgers EcoComplex  
October 24, 2019

## NJ SREC Market Closure Order

1. The SREC market will be closed in a state that MSSIA predicts will take the market 20% oversupplied by EY 2022 or 2023. Subsequently, the market is predicted to be 100% oversupplied by EY2026-2028, with oversupply rising rapidly thereafter.
2. MSSIA and other solar entities have met with senior staff, who have expressed a willingness to work on a market balancing mechanism.
3. BPU President Fiordaliso, on August 7 when BPU voted to adopt the Order, stated (twice), “The BPU is committed to maintaining a stable and balanced SREC market”.

Further work needs to be done to follow up on this promise. MSSIA will work with staff to take steps regarding a market-balancing mechanism.



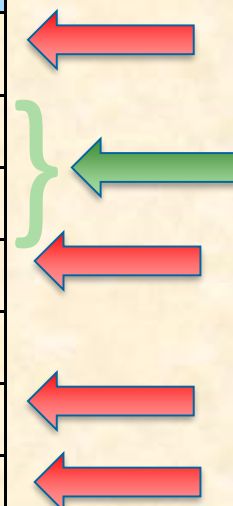
# Transition Incentive Program

- Four stakeholder meetings were held after the BPU Staff Straw Proposal was released.
- Three years of very low SREC prices were proposed in order to stay under the Clean Energy Act cost caps. Could cause difficulty in financing projects.
- Four market sectors, including residential, commercial ground mount, landfill/brownfields, and grid-supply projects, were critically under-incented.
- Many MSSIA members attended stakeholder meetings, and testified.
- MSSIA submitted detailed comments and analysis at each stakeholder meetings, as well as detailed written comments (11 pages with analysis, tables, etc.) last week.

## Transition Incentive Program

**Table 2 – MSSIA Modeled Rate of Return Using Straw Proposal Factors**

Project Type/Size	IRR
Net Metered, <= 25 KW	4.0%
Net Metered, Roof, 250 KW	10.3%
Net Metered, Roof, 1 MW	10.6%
Net Metered, Ground, 2 MW	2.5%
Net Metered, Carport, 500 KW	7.2%
Landfills & Brownfield (subsection t), 3 MW	5.1%
Grid Supply (subsection r), 10 MW	0.3%
Community Solar, Roof, 2 MW	7.5%
Community Solar, Landfill, 5 MW	7.4%



## Transition Incentive Program

**Table 3 – MSSIA Modeled Factor Needed to Achieve 8.5% Minimum Return**

<b>Project Type/Size</b>	<b>Factor per Straw</b>	<b>Factor Required</b>
Net Metered, <= 25 KW	0.50	<b>0.89</b>
Net Metered, Roof, 250 KW	1.00	<b>0.90</b>
Net Metered, Roof, 1 MW	1.00	<b>0.89</b>
Net Metered, Ground, 2 MW	0.50	<b>0.85</b>
Net Metered, Carport, 500 KW	1.00	<b>1.08</b>
Landfills & Brownfield (subsection t), 3 MW	1.00	<b>1.13</b>
Grid Supply (subsection r), 10 MW	0.50	<b>0.87</b>
Community Solar, Roof, 2 MW	0.85	<b>0.90</b>
Community Solar, Landfill, 5 MW	0.85	<b>0.91</b>

## Cost Caps / Legacy Program Cost Reduction

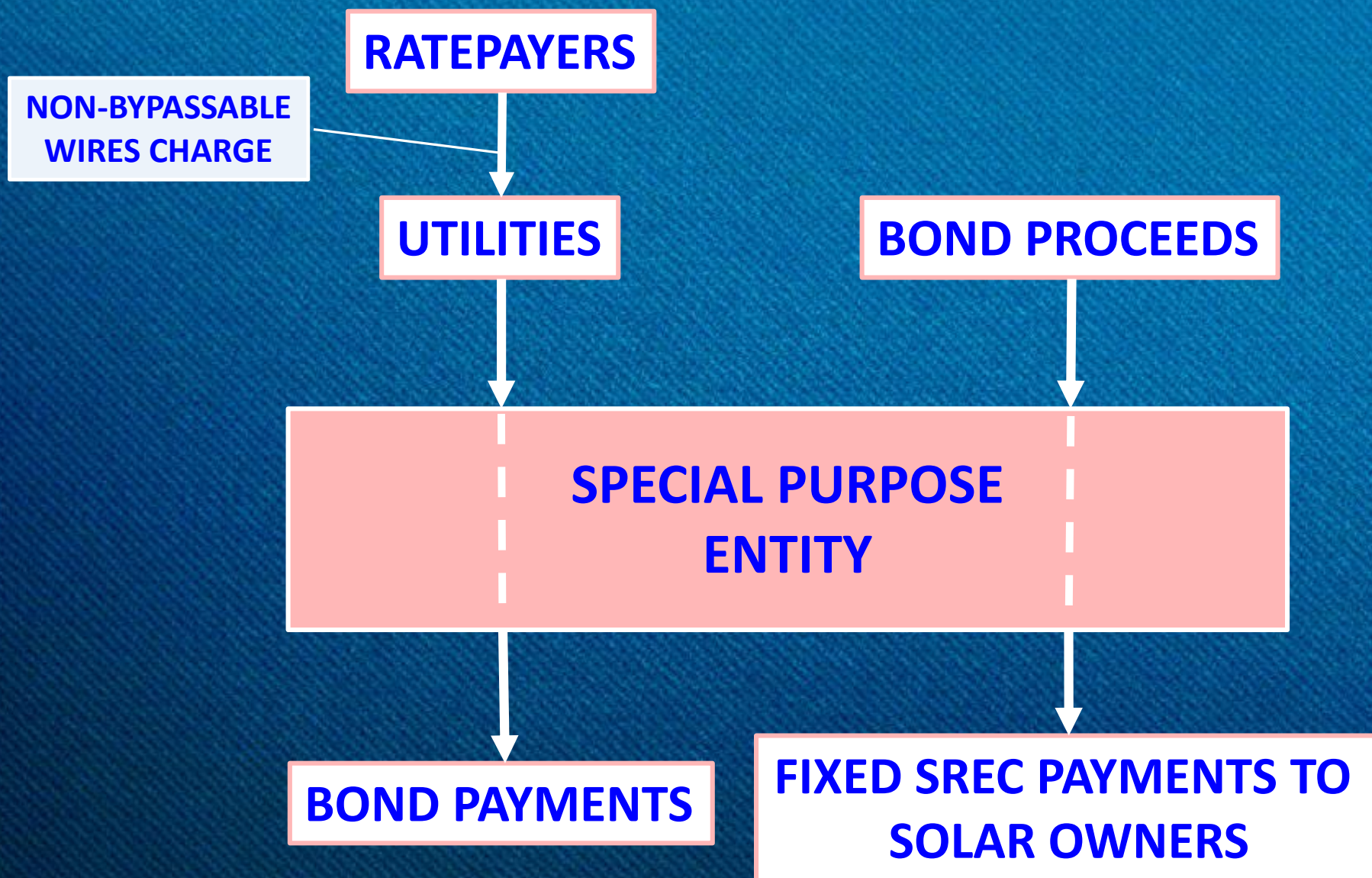
1. Cost Caps keep coming up in every BPU proceeding as a **barrier to healthy incentives and to program size.**
2. MSSIA and other solar entities proposed a solution involving extremely secure,
3. BPU President Fiordaliso, on August 7 when BPU voted to adopt the Order, stated (twice), “The BPU is committed to maintaining a stable and balanced SREC market”.

Further work needs to be done to follow up on this promise. MSSIA will work with staff to take steps regarding a market-balancing mechanism.



# SOLAR INDUSTRY COST REDUCTION PROPOSAL

## Funding mechanism – How It Works (diagram)





# LEGACY COST REDUCTION PROPOSAL

## YEAR-BY-YEAR NPV COSTS

### BUSINESS-AS-USUAL VS. PROPOSED PROGRAM

BUSINESS AS USUAL VS. PROPOSAL COSTS  
(NPV by Year)

