



Mid-Atlantic Solar & Storage Industries Association

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MSSIA Quaterly Meeting

June 24, 2021

Rutgers EcoComplex, Bordentown, NJ
and
via Zoom

The BPU Straw Proposal For the Successor Program

The BPU Staff Straw Proposal for the Solar Successor Program divides the solar incentive program into two parts:

- 1. A program for small and medium-sized projects, and community solar projects, with administratively-set incentive levels; and**
- 2. A program for large projects with incentive levels set by competitive solicitations.**

The BPU Straw Proposal For the Successor Program

Both parts of the proposed Successor Program are further divided into tranches or sections:

Administrative Incentive Program:

1. Residential –	150 MW
2. Commercial & Public under 5 MW, other than ground mounted-	110 MW
3. Commercial & Public under 5 MW, ground mounted	40 MW
4. Community Solar	<u>150 MW</u>
Total Administrative Program	450 MW

Competitive Solicitations:

1. Net-Metered Projects over 5 MW –	40 MW
2. Grid-Supply Projects –	130 MW
3. Desired Locations	<u>130 MW</u>
Total Competitive Solicitations	300 MW

MSSIA Proposal For the Successor Program

Administrative Incentive Program:

1. Residential –	150 MW
2. Commercial & Public under 5 MW	170 MW
3. Commercial & Public over 5 MW	40 MW
4. Community Solar	<u>150 MW</u>
Total Administrative Program	450 MW

Competitive Solicitations:

1. Net-Metered Projects over 5 MW –	40 MW
2. Grid-Supply Projects –	130 MW
3. Desired Locations	<u>70 MW</u>
Total Competitive Solicitations	300 MW

MSSIA Comments:

1. MSSIA Modeling vs. the BPU Straw Proposal

- MSSIA has determined the minimum incentives required under the administrative program to achieve a minimum rate of return (7% to 8 %), with the minimum discount needed to incentivize property owners to host projects.
- The proposed BPU incentives are significantly below what is needed to achieve those minimums.

	Commercial & Public <2MW	Commercial & Public 2-5 MW	Community Solar	Residential
Incentive Needed	110	100	105	95
BPU Proposed Incentive	85	85	90	85

MSSIA Comments:

2. TI Program results show that \$91.20 is inadequate

MSSIA analysis of the most recent Clean Energy Program reports indicate that only 13 ground-mount projects have been completed under TI (at \$91.20), compared with 326 rooftop projects (at \$152). Nearly all of the 13 ground mount projects were hold-overs from the SREC program.

Since rooftops need a similar but higher incentive than ground mounts, this analysis shows that very few commercial or public projects, whether roof or ground mounted, can get done at \$91.20, let alone at \$85.

This is evidence from the market that the incentive levels need to be at the levels recommended by MSSIA.

MSSIA Comments:

3. “New Jersey Electricity – Cost, Bills, and Affordability”

Rates: New Jersey ranks **10th** out of the 50 states and D.C. All the other states in the Northeast have higher rates than Jersey, except Maine, which is very slightly lower than Jersey.

Bills: (Per Capita Expenditures on Electricity): **New Jersey ranks 30th** due to its low average usage. Being more *efficient at using* energy helps keep bills low in states like New Jersey and California.

Affordability: (Percent of Personal Income Spent on Electricity): **New Jersey ranks 45th**. The national average percent of personal income spent on electricity is 0.79%. New Jersey’s percent of income spent on electricity is 0.61%, placing it near the bottom of all US states and D.C.

MSSIA Comments:

4. “Costs, Benefits, and Rate Impacts of Green Energy Programs – 2021 to 2050”

Effect of solar only on electric bills:

Including the depression of wholesale costs caused by solar, it is expected that **rates will drop by 0.04 cents per year, and bills will drop by \$0.35 per month**, each year on average between now and 2050.

Effect of other benefits:

The avoided social cost of greenhouse gases and criteria pollutants, and the benefits of jobs, economic growth, etc., **contribute an additional \$3.78 per month per household in 2021, rising to \$71.57 by 2050.**

Effect of all green programs on electric bills + other benefits:

When the further depression of wholesale costs from other renewable sources, and bill reductions due to energy efficiency are included, **bills will drop by \$1.19 per month each year (\$34.57 by 2050). Other benefits contribute an additional \$6.12 per month in 2021, rising to \$161.21 per month by 2050.**

MSSIA Comments:

4. “Costs, Benefits, and Rate Impacts of Green Energy Programs – 2021 to 2050”

“This is good news. It indicates that consumers can not only have a livable world in 2050, but in the process can enjoy reductions in their electric bills and other valuable benefits.”

Other MSSIA Comments:

Desired Locations:

MSSIA recommended that floating solar and “strong” dual use agricultural PV be afforded “desired location” status for the competitive solicitation program, and for the community solar program.

Infrastructure:

ACE Solar Hosting Pilot Program:

MSSIA is an intervenor in the ACE Base Rate Case, which includes the Pilot program. It does not appear likely that the pilot program will survive in the case. MSSIA is considering its response with co-intervenors SEC and SEIA.

BPU:

BPU has selected a consultant to hire to study infrastructure needs. BPU may undertake a generic proceeding to address infrastructure.

Legislature:

Key legislators are interested in playing a role in addressing the infrastructure issues.

Legal Basis:

As part of the ACE case, MSSIA attorney Bill Potter will be drawing upon his 40+ years of involvement in regulation and legislation to craft the legal justification for having utilities invest in renewable-ready infrastructure and including the cost in the rate base.

S2605 – Utility-Scale Solar Bill

The utility-scale solar bill now incorporates the full BPU plan for the Successor Program.

The bill now has dropped MSSIA's amendment to include floating solar and rooftops that are grid-connected.

The bill now includes cost cap language that specifies inclusion of the social cost of carbon, but the formula for calculating it was flawed. MSSIA was able to get some amendments to the formula, but there has been push-back on MSSIA's suggested amendments.