




Mid-Atlantic Solar & Storage Industries Association

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New Solar Energy Incentives Coming - Federal and State MSSIA Quarterly Meeting October 21, 2021

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Topics:

- 1. Proposed New Federal Incentives for solar: The Build Back Better Act**
- 2. New state incentives: The Successor Solar Incentive Program**

1. Proposed New Federal Incentives for solar: The Build Back Better Act

Summary:

A markup for this massive infrastructure bill being included in the budget reconciliation process (to avoid the filibuster) was released recently by the House Ways & Means Committee.

The bill is currently undergoing a very substantial trimming process.

Currently, the bill has some very ambitious new incentives for solar projects, including new and increased ITC provisions, and the ability to elect to receive a refundable tax credit (direct pay). These provisions reportedly have very strong support.

1. Proposed New Federal Incentives for solar: The Build Back Better Act

Subtitle G – Green Energy

Extension And Modification Of PTC Credit

Base rate for “qualified facilities” is lowered to 20% of “increased credit”. The “Increased credit” is for projects meeting prevailing wage and apprentice requirements.

Increase for domestic content - 10 percent of the amount otherwise in effect under such subsection”

1. Proposed New Federal Incentives for solar: The Build Back Better Act

Subtitle G – Green Energy

Extension and Modification Of ITC Credit

1. The base investment tax credit (ITC) is lowered from 26% to 6%
2. An increased ITC of 30% applies for prevailing wage projects with 5% apprentice participation.
3. An additional 10% credit for projects meeting domestic requirements. That means 55% US content for equipment, but “in a manner consistent with obligations of the United States under international agreements”. Most likely that means that goods from countries with whom we have strong trade agreements would qualify.
4. An additional 10% credit for projects under 5 MW located in a low-income community, or 20% for a “low-income economic benefit project”, for which community solar projects seem likely to qualify.
5. The owner can elect to treat the ITC as a refundable credit – whatever cannot be used in the year the project is completed can be refunded by IRS as a cash payment.

2. New state incentives: The Successor Solar Incentive Program

Incentives in \$/megawatt-hour

Project Type	TREC	SuSi	
		Non-Public Entity	With Public Entity Adder (+\$20/MWH) ⁽²⁾
Net metered residential	\$91.20	\$90.00	N/A
Small, net metered non-residential rooftop, carport, canopy, and floating solar (< 1 MW) ⁽¹⁾	\$152.00	\$100.00	\$120.00
Large, net metered non-residential rooftop, carport, canopy, and floating solar (1 MW - 5 MW) ⁽¹⁾		\$90.00	\$110.00
Net metered, non-residential, small ground mount (< 1 MW)	\$91.20	\$85.00	\$105.00
Net metered, non-residential, large ground mount (1 MW - 5 MW)		\$80.00	\$100.00
Community Solar non-LMI	\$129.20	\$70.00	N/A
Community Solar LMI		\$90.00	N/A
Projects in Interim Subsection (t) Program	\$152.00	\$100.00	N/A

Can we afford a clean energy future?

DOE Solar Futures Study, September 8, 2021:

“A renewable-based grid will create significant health and cost savings – Reduced carbon emissions and improved air quality result in savings of \$1.1 trillion to \$1.7 trillion, far outweighing the additional costs incurred from transitioning to clean energy. The projected price of electricity for consumers does not rise by 2035, because the costs are fully offset by savings from technological improvements.”

MSSIA Study, 2012: “The Value of Distributed Solar Electric Generation to New Jersey and Pennsylvania” The **Attribute Value of solar power in NJ is **\$170 per MWH****

MSSIA Mini-study, 2021: “Costs, Benefits, and Rate Impacts of Green Energy Programs – 2021 to 2050” Considered the effect of all green energy and EV programs on electric bills, including electric market and other benefits:

With depression of wholesale costs from renewable sources & bill reductions due to energy efficiency, **bills will be reduced by \$1.19 per month each year (\$34.57 by 2050)**. Transportation cost savings, savings in the social cost of carbon, and savings in the cost of local pollution **provide an additional \$6.12 per month savings in 2021, rising to \$161.21 per month by 2050**. Jobs & economic growth and other benefits would provide additional value.

Can we afford a clean energy future?

MSSIA Mini-study on the affordability of electric power in NJ relative to other states:

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.

Policy Priorities for 2021-2022

- 1. Infrastructure:** Antiquated interconnect standards and lack of distribution system capacity both have to be addressed. Utilities should be expected to do the “make ready” work to host enough solar to meet the state goals; and then recover the cost through the rate base. It’s already the case for electric vehicle infrastructure. Why not for solar?
- 2. Continue to work on TREC & Successor Programs:** Try to get 18 months to complete TREC projects submitted between June 24 and August 27.
- 3. Battery incentives and microgrids:** Encourage BPU to release their battery incentive program, as required by the Clean Energy Act. Create statewide policies to accelerate development of microgrids. Pass NJ Clean Energy Equity Act.
- 4. Drive adoption of SolarAPP+** Instant online permitting for residential solar
- 5. Question:** Should MSSIA get involved in federal policy?