MSSIA ANNUAL MEMBERSHIP MEETING

New Jersey Report:
February 21, 2023

Lyle Rawlings, P.E.
President
Topics:

1. Regulation news

2. Legislation news

3. Federal (IRA) news
2. Regulation (1 of 3)

TREC Extension Motion for Reconsideration

- Motion was filed jointly by several attorneys representing several companies that were harmed. The entire class of entities that were harmed was included in the Motion.
- BPU has pushed hearing on the motion to March.
- Attorney Bill Potter is suggesting further action, but the appetite for further action on the part of harmed parties is uncertain.
2. Regulation (2 of 3)

Grid Modernization Proceeding

• A proposed new interconnection regulation has been published. It’s the first major overhaul of the interconnection process

• Several important advancements:
  + higher thresholds for interconnection levels
  + Preliminary applications for cost estimates on a fast track ("PAVE")
  + Improved hosting capacity maps
  + Methods to increase hosting capacity
  + Introduction of “low hanging fruit” –
    - Reverse flow through substations
    - Inverter reactive power
    - Use of batteries to increase hosting
    - (possibly) predictive ramp-down

• Socialization of the cost of grid modernization to be considered.

• Working groups to be formed by topic

Slide deck from last week’s stakeholder meeting should be posted shortly on NJ Clean Energy website.
3. Infrastructure/Interconnection

ACE

JCP&L

PSE&G
2. Regulation (3 of 3)

Permanent Community Solar Program
- Straw proposal expected “soon”.

Battery Incentive Program
- Initial straw proposal and stakeholder process are complete.

Dual Use (agrivoltaics) Program
- Straw proposal expected “soon”.
2. Legislation (1 of 2)

**S2938 – New RPS bill:**

- 100% “Clean Energy” by 2035, but nuclear (38%) counts toward that.
- 50% of what’s left must be in-state – where does that leave solar? → 100% - 38%[nuclear] = 62%; ½ of 62% = 31% in-state clean energy

The state’s current plan for offshore wind by 2035 could take up that whole 31%, with nothing left for solar.

- “Clean Energy” may be very broad, including fossil fuel plants with CCS
- Rumor that BPU staff may support keeping the solar growth schedule in the current EMP

**S3123 – Community Solar Program**

- Increases the Community Solar Program to 225 MW for the next two years, and then returns to 150 M per year.
- Passed out of Senate committee last week.

**Clean Energy Equity Act and Clean Energy Jobs Act**

- Being broken into several bills. Two coalitions working together.
2. Legislation (2 of 2)

Critical Renewable Microgrids Act

- Would expand Community Solar Program for solar connected to critical microgrids
- Draft complete, but BPU voicing “questions”. Introduction uncertain.
2. Federal (IRA) (1 of 2)

Inflation Reduction Act - Highlights

1. ITC is now 30% if project is <1MW, or if project >1MW and it meets prevailing wage & apprenticeship requirements

2. Stand-alone ITC for batteries

3. 10% adder for domestic content (federal regs. Title 49 Part 661.5 - “Buy America”)

4. 10% adder for location in “energy communities”
   - located on brownfield
   - Closed coal mine or coal power plant
   - Community with employment/tax revenue from fossil fuel operations

5. LMI adders— 10% for location in a low-income census tract
   or 20% for location on a low-income residential building or a “Low Income Economic Benefit” project

6. Now ITC can be sold directly to non-system owners, but depreciation stays with system owner.

7. For government entities and non-profits, the ITC is available as refundable credit.
2. Federal (IRA) (2 of 2)

Inflation Reduction Act – Guidance

Treasury has issued guidance on:

- Prevailing wage and apprenticeship requirements (November)

- Low-income ITC credit adders (last week – further guidance expected)

- “Advanced Energy Project” credit – includes projects in locations where a coal mine or coal plant has been closed.
## 2. Federal (IRA) (2 of 2)

**Treasury Guidance, Low-income ITC credit adders**

<table>
<thead>
<tr>
<th>Category</th>
<th>MW</th>
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</thead>
<tbody>
<tr>
<td>Category 1: Located in a Low-Income Community</td>
<td>700</td>
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<tr>
<td>Category 2: Located on Indian Land</td>
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</tr>
<tr>
<td>Category 3: Qualified Low-Income Residential Building Project</td>
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</tr>
<tr>
<td>Category 4: Qualified Low-Income Economic Benefit Project</td>
<td>700</td>
</tr>
</tbody>
</table>

- Applications accepted starting 3Q ‘23 for Categories 3 and 4, then Cat. 1&2
- Allocations made by lottery, with scoring incl. several factors. No prorating.