

Proceeding Questions for Stakeholder Comment

Updated 11.27.17

INSTRUCTIONS

To ensure that the 2017 Solar Generic Proceeding generates input that is comprehensive and relevant, the New Jersey Board of Public Utilities (“Board” or “BPU”) directed Staff (“Staff”) to undertake a Stakeholder Process to develop a set of TOPICS and QUESTIONS for discussion at the Generic Proceeding. The Generic Proceeding is the public’s opportunity to provide substantive responses to the final questions.

Three hearing dates have been scheduled in the Northern, Central, and Southern regions of the State. A schedule is provided below, please note the change in time from the preliminary schedule provided previously. Stakeholder comments on responses to the Generic Proceeding questions should be submitted to publiccomments@njcleanenergy.com and are due by Friday, December 15, 2017.

- **Central Jersey** – December 4, 2017, 8:00 am – 10:45 am
New Jersey Department of Environmental Protection Agency
401 East State Street
First Floor Public Hearing Room
Trenton, NJ 08625
- **North Jersey** – December 5, 2017, 9:00 – 11:30 am
Hackensack City Hall, Council Chambers
65 Central Avenue
Hackensack, NJ 07601
- **South Jersey** – December 8, 2017, 1:00 – 3:30 am
Stockton University
Campus Center Board of Trustees Room
101 Vera King Farris Drive
Galloway, NJ 08205-9441

QUESTIONS FOR STAKEHOLDERS TO ADDRESS

I. Policy Goals and Objectives:

- i. The Board found the following goals and objectives appropriate for evaluating various policy approaches in the “Solar Transition” Proceeding from 2006/07 (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.

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

- ii. The September 22, 2017 Board Order (I/M/O the Board’s Establishing a Generic Proceeding To Review The State Of the Solar Market – Staff’s Update, BPU Docket No. QX17090949) establishing this Generic Proceeding describes a thriving solar market in New Jersey that far exceeds what market participants had predicted. Given that a robust and diverse solar market has been established, what should be the focus of the State’s solar policy?
- iii. What is the role of solar energy in meeting the State’s overall Clean Energy objectives? How important is achieving the percentage requirements set-aside for Solar Renewable Energy Certificates (“SRECs”) in the Renewable Portfolio Standards (“RPS”)?
- iv. Are other goals more appropriate? Have low and moderate income consumers been provided sufficient access to the incentives that make solar adoption affordable in New Jersey or should the Board explore means to increase access to low and moderate income consumers? Should the Board institute consumer protection safeguards for solar consumers, for hosts of third party owned solar projects, for investors in solar projects, or for ratepayers? Should energy storage market development be linked in some way to the existing solar policies and if so, how?

II. Solar Economics and Incentives:

- i. Are the current State/BPU policies sufficient to meet the State’s solar goals. These policies include: retail net metering; streamlined interconnection of customer-sited

solar; SREC eligibility for customer-sited solar connected to the distribution system serving NJ; SREC eligibility for utility-scale grid supply project; and state and local tax incentives? If not sufficient, 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)? Given the maturity of the New Jersey market, are these metrics still meaningful? If these targets are outdated, what financial targets should be used in modeling to inform policy choices?
- iv. How should or can any proposed changes in the State’s solar incentive policies account for changes in the future solar and electricity markets such as the federal imposition of module import tariffs, more widespread adoption of electric vehicles, or increased costs from other priorities such as offshore wind, microgrids or storm hardening?
- v. Should the Board consider providing more oversight to the market to ensure that the SREC market and the Electric Distribution Companies’ (“EDCs”) auction of SRECs are competitive and that no conditions could lead to market manipulation? Are the current practices for reporting installed capacity sufficient to ensure timely and accurate information in support of market transparency? If not, what improvements should be made?

III. RPS Design Elements & Eligibility Criteria:

- i. Should the RPS be phased out?
- ii. Should the RPS be restructured to set goals specific to each market segment (residential, commercial & industrial (“C&I”) and grid supply connected to NJ distribution)? 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?
- iii. 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? Is the award of

fractional SRECS or NJ Class I REC multipliers a feasible means to level the economic incentives needed by different scale solar generation facilities?

- iv. 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 “on-site generation” projects eligible for SRECs; 15-year Qualification Life; 15-year Solar Alternative Compliance Payment (“SACP”) schedule; 5-year SREC vintage/bankability?
- v. Are the EDC SREC-based Finance programs still necessary (i.e., PSE&G’s Solar Loan III, PSE&G Solar for All Extension II, and the ACE, JCP&L and RECO SREC-II competitive solicitations for ten year contracts)?
- vi. Has the Board’s shared implementation of Subsection t of the Solar Act of 2012, N.J.S.A. 48:3-87(t), with the New Jersey Department of Environmental Protection (“NJDEP”) been sufficiently effective at siting solar generating facilities on marginal lands such as landfills and brownfields? If not, how could it be improved?

IV. Net Metering & Interconnection Design Elements & Eligibility Criteria:

- i. Are the Board’s current net metering and interconnection rules consistent with the State’s policy goals as expressed in the statute and RPS, objectives, design, eligibility criteria, etc.?
- ii. Currently, net metered installations in New Jersey are restricted in size based on historic annual electricity consumption. Should there be an overall capacity cap for net metered project sizing? If so, how should it be structured?
- iii. Should larger C&I 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?
- iv. Currently, net metered installations in New Jersey are compensated at the full retail value of electricity, including generation, delivery and variable rate surcharges on a monthly basis over an annualized period. Is full retail net metering still required for all customer-sited solar installations? Do utility scale customer-sited and “on-site generation” facilities still require full retail net metering to be cost effective?

- v. What is the impact on the distribution grid of additional installations of distributed solar facilities? If upgrades are needed beyond those required to be paid for by individual customer-generators, who should pay for them?
- vi. Have the aggregated net metering rules been effective at motivating publicly sited solar generation facilities? If not, what changes could improve adoption?

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? Should a condition of SREC eligibility for ground mounted solar facilities of a certain size include compliance with industry best practices such as those specified in rules promulgated by the State Agricultural Development Committee.