March 1, 2019

Via Electronic Mail
Aida Camacho, Secretary
44 South Clinton Avenue, 3rd Floor, Suite 314
CN 350
Trenton, NJ 08625

Re: Comments of the Mid-Atlantic Renewable Energy Coalition on the New Jersey Solar Transition Staff Straw Proposal

Dear Secretary Camacho:

The Mid-Atlantic Renewable Energy Coalition ("MAREC") appreciates the opportunity to comment on the Straw Proposal of the staff of the Board of Public Utilities ("BPU" or "Board") New Jersey Solar Transition Staff Straw Proposal ("Straw Proposal").

MAREC is a nonprofit organization that was formed to help advance the opportunities for renewable energy development primarily in the region where the Regional Transmission Organization, PJM Interconnection, operates. MAREC's footprint includes New Jersey and eight other jurisdictions in the region. MAREC members include utility scale wind and solar developers, wind turbine manufacturers, non-profit organizations dedicated to the growth of renewable energy technologies. MAREC members have developed, owned, and operated thousands of megawatts of renewable energy serving the PJM territory, including projects serving customers in New Jersey.

MAREC makes the following comments on the Straw Proposal. First, the BPU should strongly resist the Staff's Straw Proposal's statement on page 4 of the December 26, 2018 Notice that "the Board could exercise its authority to reduce the Class I RECs in the event the of the caps being exceeded." The BPU has already chosen to adversely impact the Class I REC market in its

Revised BGS Order for 2019 dated December 21, 2019[1] by reversing course and subsuming the solar obligation into the consideration of the overall compliance requirement of Class I, where in the past the solar obligation was distinctly treated as a separate requirement. MAREC has filed a Motion for Reconsideration and Clarification filed on January 14, 2019 in Docket No. ER18040356 and Docket No. EO18111250. of this decision. It is just contrary to New Jersey policy to have the decision to reduce the Tier I obligation to be the first meaningful (non-offshore wind regulatory) action by the BPU in furtherance of the Clean Energy Act ("Act"). This action by the BPU has and will weaken the intent of the Act by reducing the level of Class I RECs required in New Jersey and the region for several years by an amount less than the requirement under the former statutory authority. To provide the avenue in the Straw Proposal to target the Class I REC market for even further reductions, is so antithetical to the strong steps New Jersey took through the legislation to reduce its carbon footprint. The action already taken to in effect reduce the Tier I REC requirements will already cause a substantial weakening of the REC market and make it less likely that enough new lower cost renewable resources be developed in the PJM region that would benefit the citizens of New Jersey. Further actions of this sort could be exponentially worse.

MAREC believes that it is essential for the BPU focus directly on the program that is creating the excessive costs for ratepayers; that is the SREC program. As referenced in the Legislative Fiscal Estimate that was attached to A3723, in 2017 solar cost was $496M while Class I was only $95M.[2] Changes must be designed in a manner that are cost effective. A significant reduction in the cost of these programs, without substantially diminishing demand for development for solar projects in New Jersey, needs to be a key element of any BPU rule and not the reduction of any further Class I REC requirements.

In lieu of a mechanism to sufficiently create a workable cost-effective solar program, MAREC strongly suggests that there needs to be a concerted effort to amend the recently enacted Act by all parties interested in maintaining an effective solar market; and those wanting to obtain the benefits of a low-cost regional REC program to reduce carbon and generate the most cost-effective way to produce renewable energy. MAREC suggests that one or more of the following amendments could be made to achieve a common goal of reducing carbon emissions and maintaining a vibrant in-state solar market:

[1] http://www.bgs-auction.com/documents/BPU_Order_Approving_Allocation_of_Renewable_Portfolio_Standards_Obligations_-_Revised_(December_28_2018).pdf
[2] Page 7 of Fiscal Estimate to A3723: https://www.njleg.state.nj.us/2018/Bills/A4000/3723_E1.PDF

- Lowering the SACP to a point that continues to make projects viable and profitable. New Jersey currently has some of the highest SACPs in the nation. For instance, the SACP in Maryland is currently $150 in 2019 but will drop to $50 in 2024. If new legislation supported by the industry passes this year the SACP in Maryland will drop to $45 in 2024 and reduced further in 2027 to $25 far lower than the New Jersey SACP in those years. The New Jersey SACP is $188 in 2027 as the chart below shows.

- Increase the level of cost caps from the 9% and 7% levels that were enacted as part of the Act.

- Remove the solar obligation and/or the Class I REC requirements from the cost cap calculation.

- Offer a fixed price for solar facilities that are eligible for the existing program of 5.1% attainment, such as: $150/SREC or 70.4% of ACP.

Energy Year	New ACP	Fixed Price	Total Cost	% of ACP
2019	268	188.73	$ 608,661,972	70.4%
2020	258	181.69	$ 667,711,268	70.4%
2021	248	174.65	$ 668,028,169	70.4%
2022	238	167.61	$ 641,091,549	70.4%
2023	228	160.56	$ 614,154,930	70.4%
2024	218	153.52	$ 564,190,141	70.4%
2025	208	146.48	$ 527,323,944	70.4%
2026	198	139.44	$ 470,598,592	70.4%
2027	188	132.39	$ 431,936,620	70.4%
2028	178	125.35	$ 351,612,676	70.4%
2029	168	118.31	$ 272,408,451	70.4%
2030	158	111.27	$ 184,426,056	70.4%
		150.00		

- Decreasing the Solar RPS% to avoid exceeding cost cap.

- Minimize the incentives for the next solar program.

With respect to the questions raised by BPU Staff beginning on page 5 of the Notice, MAREC provides the following comments to selected questions:

1) While MAREC believes that New Jersey has created one of the most vibrant SREC programs, recent history shows that the program as structured has created excessive costs for consumers. For example, if the weighted average cost of NJ SRECs in Vintage 2022 was equal to today's market price of ~$183/SREC, the rate payers would be contributing ~$700M or 100% of the cost cap to older solar facilities with no remaining money for new solar development. As indicated, the program needs to be changed as recognized by the Act, the BPU and interested parties. We once again implore that the BPU not act to reduce the very important increases to the REC program just instituted as part of the recent legislative enactment.

9,10 & 11) While MAREC believes that a banking mechanism would be a good tool to utilize and could be used to delay the imposition of a cap for the first few years, if and when a cap could have been imposed, we think that the key to the a BPU program should be to fix the structural high cost aspects of the SREC program - - essentially reducing the cost of the SRECs and the SACPs.

MAREC would support a program that allows for the cost cap to include some of valuation of associated benefits. With respect to environmental and economic development benefits to New Jersey, assuming these can reasonable be calculated, MAREC believes this could be a reasonable way to offset some of the costs of meeting the State's goal of carbon reduction and economic development without slashing the most meaningful carbon reduction element of the Act, the Tier I REC requirement. Realizing that for every percentage reduction of in-state solar that may be salvaged, it would be necessary to reduce the Tier I percentage by a more than 5 to 1 ratio due to the high cost of the SREC program.

MAREC does not believe there is any benefit in reducing the Class I REC Renewable Portfolio Standards. It seems unfitting that just several months after the enactment of the Act that the idea of reducing the Tier I REC requirements are at the forefront of the Straw Proposal, when it is the in-state solar program causing by far most of the cost. Implicating (again) the Class I REC as a target of the cost reductions is by far the least cost-effective option here, and more importantly, this action would be contrary to the Governor's plan for New Jersey to have 100% of its energy be derived by carbonless energy resources, like wind and solar.

One further point MAREC believes relevant to this discussion we have made in the past and continue to make here is: that although the current REC program (as distinguished from the

SREC program) requiring PJM RECs from qualified renewable energy facilities is a cost-effective way of obtaining deep carbon reductions through renewable energy development, it has been perplexing at best, why the BPU has failed to permit PJM solar (outside of New Jersey) to participate in that REC market with the understanding that these facilities should not compete for New Jersey SRECs. There are no statutory prohibitions to such inclusion. Moreover, there is no plausible reason to exclude these facilities as REC qualifying. The addition of PJM solar facilities to count to help meet the REC requirements for renewable energy would only add another low-cost renewable energy resource to compete with other resources, which could have the effect of reducing ratepayer costs. We urge the BPU to reverse this puzzling determination.

Finally, MAREC again wants to express its appreciation for the opportunity to comment on the Staff Straw Proposal. All attempts should be made to correct the excessively expensive SREC program and not to disrupt the cost-effective Class I REC program, which has the most dramatic impact on carbon reduction efforts, the centerpiece of the Governor's plan.

Sincerely,

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