Solar Landscape LLC
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May 27, 2021

Re: Comments regarding Docket No. QO20020184, Solar Successor Program – Schottinger, Solar Landscape

Dear Board Secretary:

Solar Landscape respectfully offers the attached comments to Docket QO20020184, as updated on April 26, 2021.

Solar Landscape is an Asbury Park, New Jersey-based solar company specializing in medium- and large-scale solar project development, design, installation, and long-term asset management. In Year 1 of the Community Solar Pilot Program, Solar Landscape was awarded eight projects, totaling approximately twenty megawatts. Today, those eight projects are in various stages of development and operation—including the first two operational Community Solar projects in New Jersey—with a large number of customers already subscribed.

Thank you for continuing to promote clean and equitable energy access for all New Jersey residents.

Sincerely,

Mark Schottinger
General Counsel

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RESPONSES TO SPECIFIC QUESTIONS POSED BY STAFF

1. Please comment on the benefits and consequences of this suggested division. Does this program design provide a pathway to maximizing solar development while minimizing ratepayer costs and supporting the industry? Please explain and include alternative suggestions if you believe there is a better approach that Staff should consider.

   SOLAR LANDSCAPE RESPONSE:

   No comment.

2. Please comment on the proposed breakdown of market segments in the administratively set program (e.g., net metered residential, net metered non-residential rooftop and canopy, net metered non-residential ground mount, community solar, and LMI community solar). Would you suggest any changes, and if so, why?

   SOLAR LANDSCAPE RESPONSE:

   Within the Community Solar segment, rooftop projects should be further prioritized and incentivized because, as compared to other types of Community Solar projects, rooftop projects: (a) are the most likely to be constructed and turned on in a timely manner; and (b) are least likely to fail post-award for unforeseen reasons that often affect landfills, brownfields, and parking lots (e.g., environmental and permitting issues).

3. As currently proposed, all net metered projects in the administratively set program would qualify for an incentive of $85/MWh for the first three-year period (EY 2022-2024); community solar projects would qualify for an incentive of $70/MWh, and community solar LMI projects would receive an incentive of $90/MWh. Please comment on these proposed incentive levels and if you disagree, please reference specific concerns with the modeling or historic performance assumptions used to develop the proposed levels.

   SOLAR LANDSCAPE RESPONSE:

   With respect to Community Solar, Solar Landscape is more concerned about the small capacity allocation (i.e., 150 MW per year, when there is currently more than 650 MW of excess pipeline) than the proposed value of the Successor RECs. At scale—i.e., with substantially more capacity allocated to Community Solar—these proposed Successor REC values would work for Solar Landscape. The problem we see is that the current proposed Community Solar capacity of 150 MW per year does not enable scale. We recommend doubling the allocation for Community Solar to 300 MW per year and reducing the allocation to Grid Supply to make this possible. (We understand from the stakeholder meetings that the Grid Supply pipeline is only roughly 200 MW, which makes the proposed allocation of 260 MW per year unnecessarily excessive.)

   At 300 MW per year, Community Solar developers could develop projects with a real expectation that their work will pay off in the form of an award, which would make these lower Successor REC values more palatable from a risk-appetite perspective. By contrast, with 150 MW of capacity, there is extreme risk in developing Community Solar projects, because the demand exceeds the available capacity by a long shot. For example, in PY2, the 150 MW allocation entails that only 18.75% of the 800 MW worth of applied projects will be awarded; and in the context of that extreme risk, it is easy to see why so many stakeholders have been speaking about needing a higher Successor REC

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value – i.e., a higher Successor REC value on the small number of awarded projects would offset the substantial losses from developing projects that are not awarded.

4. The Straw proposes that selected projects would receive a 15-year qualifying life, consistent with the TI Program. Staff seeks comments on whether this is the appropriate term due to the nature of heavily discounting outer-year incentives, as well for consistency with the proposed competitive solicitation program. Please comment on this proposal and explain any alternative suggestions.

SOLAR LANDSCAPE RESPONSE:

Solar Landscape supports the 15-year Successor REC. This is important for project-financing purposes.

5. Staff proposes to establish annual capacity allocations for each market segment on an annual basis, as discussed in the Cost Cap section. The annual program capacity allocation would be divided (by four) into a quarterly allocation. Developers would then be able to reserve a spot within each quarter's capacity allocation.

    a. Staff proposes to allow projects to reserve capacity against the quarterly capacity allocation on a first-come, first-served basis. Please provide any comments on this proposal.

SOLAR LANDSCAPE RESPONSE:

With Respect to Community Solar, Solar Landscape recommends that projects continue to be awarded based on a competitive (i.e., non-first-come-first-served) process. Please see response to Question 39 below for more on this.

    b. Staff anticipates that there may be situations in which a quarter's allocation becomes over-subscribed. How should the Board handle over-subscription?

SOLAR LANDSCAPE RESPONSE:

If Community Solar is moved to a first-come-first-served process, this anticipated problem is a virtual certainty; and if the annual community solar capacity is capped at 150 MW, this problem will continue for many years to come. The best way to deal with over-subscription is to prioritize the best projects, which is accomplished through a competitive (non-first-come-first-served) process. That said, if the Board chooses to move to a first-come-first-served process, imposing high, easily verifiable, objective requirements for receiving an award would be key. For example, projects that meet the following criteria should be prioritized:

- *LMI.*
- *Preferred siting.*
- *Signed EPC contract.*
- *Developer has a jobs training program.*
- *Developer has no history of prior awarded community solar projects failing.*
- *At least three letters of local support (either from local non-profits, schools, or government officials).*
- *Project maturity requirements (similar to those required for PY2 applications) (e.g., signed site control agreement, non-ministerial permits, some form of interconnection assessment either through the utility or a third party, and a commitment to bear costs of necessary interconnection upgrades up to some reasonable amount).*

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c. What different or additional measures could the Board take to ensure that there is sufficient opportunity to participate in the incentive program throughout the year?

SOLAR LANDSCAPE RESPONSE:

As noted above, the Board should increase the allocation for Community Solar because there is such high excess demand in the Community Solar category.

6. Concern of "ghost projects" or "queue-sitting" threatens the productive functioning of the incentive program. Please comment generally on the slate of project maturity requirements as proposed on page 13 of the Successor Straw or suggest alternative bidding requirements, including minimum criteria to demonstrate project maturity, site control, or escrow amounts to discourage speculation.

SOLAR LANDSCAPE RESPONSE:

With respect to Community Solar, this is one of the major reasons that the Board should continue with a competitive application process, rather than a first-come-first-served process. The competitive process allows for the best (i.e., most likely to succeed in a timely manner) projects to be prioritized. A first-come-first-served process has a high risk of devolving into a lottery, which will entail bad (i.e., destined to miss deadlines and/or fail) projects being awarded and clogging up valuable capacity in the Community Solar program and on the grid in the interim between award and failure.

7. Staff proposes that projects awarded within a quarterly window pay a fee to the program administrator to cover the costs of administering the program. The fee would vary based on project size (under 25 kW, between 25 kW and 500 kW, and over 2 MW). Please comment on what fee should be required for the three project sizes.

SOLAR LANDSCAPE RESPONSE:

With respect to Community Solar, in order to maintain a competitive application process for Community Solar, Solar Landscape recommends that each developer be charged a substantial fee per application submitted, and that such fees be used to fund additional Staff positions that would alleviate the additional workload caused by a competitive application process as compared to a first-come-first-served application process. In other words, to the extent Staff is inclined to move to a first-come-first-served process because the competitive application process is overly burdensome, we recommend shifting the cost of that burden to the developers.

8. Staff proposes that developers seeking an extension beyond the initial 12-month deadline must submit a deposit, refundable upon project completion, equal to 10% of the project cost and not to exceed a value determined with stakeholders. Please comment on how Staff should determine the deposit fee for a deadline extension request.

SOLAR LANDSCAPE RESPONSE:

Solar Landscape favors any deposit system that keeps developers honest and ensures that only viable projects are submitted to the Community Solar program. The fee should be high so that only viable projects apply to the project. That said, Solar Landscape suggests basing the deposit amount on a pre-determined rate that applies equally to everyone (e.g., a $/kW amount), rather than basing the amount on project costs; and that developers be allowed to meet any required deposits with a bond or letter of credit.

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9. Staff proposes to set incentives every three years to provide market certainty. However, using an administratively set incentive risks the potential for market under or over performance in any particular sub-market. What measures could be used to stop an overheated market and prevent inefficient use of incentive funds? Should the Board consider implementing measures such as a declining block structure, downward adjustments on the quarterly capacity allocation for the market segment, or others? How should the Board consider and assess market underperformance?

SOLAR LANDSCAPE RESPONSE:

If there is excess / unused capacity in a market segment, other market segments that have higher demand should be allowed to use that excess capacity. For example, it seems highly likely that there will be excess capacity in the Grid Supply category because (a) 260 MW per year far exceeds the foreseeable pipeline and (b) Grid Supply projects will take a long time to reach commercial operations, which will lead to unused capacity in the first two to three years of the Successor REC program. That unused portion of the cost-cap should be reallocated to other sectors that have excess demand and that can reach commercial operations more quickly (particular, Community Solar, where the demand extremely exceeds the proposed capacity allocation, and more particularly, Community Solar rooftop projects, which reach commercial operations most quickly).

10. – 18.

SOLAR LANDSCAPE RESPONSE:

No comment.

19. Should additional siting restrictions be established for dual-use projects, for example, by limiting dual-use projects only to farms that meet certain soil characteristics or that are used for a certain type of herding, grazing, or crop type?

SOLAR LANDSCAPE RESPONSE:

The rules for dual-use farm projects should be carefully crafted after separate stakeholder meetings specifically focused on dual-use farm projects. New Jersey residents are sensitive about losing what little green / farm space remains in the state, and the rules for dual-use projects should ensure that this category does not become a backdoor for traditional ground-mounted projects to get approved by (for example) hiring a goat or two to graze around the system.

20. What rules and regulations should be established to ensure either no loss, or a reasonable loss, of agricultural productivity for dual-use projects? What should be considered a "reasonable loss" of agricultural productivity?

SOLAR LANDSCAPE RESPONSE:

See answer to Question 19 above.

21. Are there additional solar technologies or use cases for which this Successor Straw has not yet considered that may be considered for the Successor Program, either now or in the future? Please explain.

SOLAR LANDSCAPE RESPONSE:

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There should be an adder for solar + storage in the Community Solar and non-residential behind-the-meter categories, because storage adds benefits that are shared by many. But we understand that this issue is going to be taken up in a separate set of meetings.

22. Please comment on Staff's proposed methodology for (a) limiting solar development on the areas specified on page 20 and (b) establishing a path forward for projects seeking to be developed on desired land uses that fall within otherwise prohibited siting areas.

SOLAR LANDSCAPE RESPONSE:

With respect to Community Solar, Solar Landscape supports the Board's focus on preferred siting and suggests further incentivizing and prioritizing rooftops because, as compared to other types of Community Solar projects, rooftop projects: (a) are the most likely to be constructed and turned on in a timely manner; and (b) are least likely to fail post-award for unforeseen reasons that often affect landfills, brownfields, and parking lots (e.g., environmental and permitting issues). In other words, rooftop projects are the least likely to cause unused capacity and queue squatting.

Staff should also clarify that solar projects are allowed on rooftops and parking lots that already exist upon an otherwise prohibited category of land. E.g., if a building already exists within one of the preservation areas identified on page 20 of the straw proposal, solar should be allowed on the roof of that building.

23. – 28.

SOLAR LANDSCAPE RESPONSE:

No comment.

29. Please comment on Staff's proposed megawatt targets for the first year (EY 2022) (see page 22).

SOLAR LANDSCAPE RESPONSE:

Community Solar should have a substantially larger annual allocation.

The numbers on this speak for themselves: 800 MW of Community Solar projects applied for PY2, which has only 150 MW of capacity. Additionally, Solar Landscape has over 100 MW of prospective community solar projects in the late-stage pipeline (i.e., either under contract or likely to be under contract before the next application round) (i.e., above and beyond what Solar Landscape submitted in PY2). Thus, going into the next Community Solar application round, there should be at least 750 MW of applications (i.e., the 650 MW excess from PY2 plus at least 100 MW of additional projects from Solar Landscape) (and in fact, the number should be higher, because presumably other developers are also developing new projects). With only 150 MW of annual Community Solar capacity allocation, it would take 5 years to use up this existing pipeline (and that ignores the reality that additional projects will continue to be developed during each of those years, meaning that in reality, there will be excess demand well beyond that 5-year period).

By contrast, it was revealed in one of the recent stakeholder meetings that there is only roughly 200 MW of pipeline for the Grid Supply category; but Grid Supply nonetheless has been allotted 260 MW of annual capacity. This is far more capacity than is needed for Grid Supply based on (a) the existing pipeline and (b) the fact that some of that 260 MW is apparently earmarked for rooftop projects, which is not realistic. To the latter point, New Jersey property owners are extremely

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unlikely to lease their rooftops based upon a speculative Successor REC that would be determined through an auction, that would not be known at the time of the lease, and that would in any event be less than the Successor REC available if the property owner did a Community Solar project or a behind-the-meter project.

Accordingly, Solar Landscape recommends taking capacity away from the Grid Supply category and instead allocating that capacity to the Community Solar category. Specifically, Solar Landscape recommends allocating 300 MW of annual capacity to Community Solar.

There is also an argument to be made for taking allocation from the behind-the-meter categories and reallocating that capacity to Community Solar. Specifically, in our experience, most large property owners prefer the Community Solar lease opportunity over the behind-the-meter opportunity. From their perspective, a Community Solar lease eliminates the risks associated with a behind-the-meter project (i.e., risks caused by uncertainty over who will be the tenant under the roof and the amount of electricity that will be used under the roof for the next twenty years). And residential behind the meter is a less cost-effective and less equitable proposition than Community Solar.

At a minimum, Community Solar should be allowed a substantially larger (e.g., 300 MW) annual allocation for the first three years of the Successor REC program, so that the existing Community Solar pipeline can be reduced.

This is very much a "bird in hand" situation. If Community Solar is limited to 150 MW so that other segments with substantially lesser pipeline can hope to fill their allotments, we're sacrificing the bird in hand for the hope of two in the bush. The existing Community Solar pipeline would be an enormous (almost 1GW) step toward New Jersey's renewable energy mandate, would create numerous jobs, would bring discount green electricity to LMI residents throughout the state, and would cement New Jersey as the leader in Community Solar.

30. Staff proposes to include the total amount of expenditures by electricity customers on annual retail bills and the costs associated with all net metered and other solar projects – whether host owned or third-party owned – when calculating the denominator of the cost cap, as to accurately reflect the total amount of money paid by New Jersey customers for electricity (see details beginning on page 24 for details).

    a. Do you agree with Staff's proposed categories for inclusion? Should any category be omitted? Has Staff overlooked a category that should be included?

SOLAR LANDSCAPE RESPONSE:

Solar Landscape agrees with the categories included in the denominator of the cost cap calculation. Our understanding is that the "Total Paid for Electricity by All Customers in the State" calculation based on EIA Form 861 is meant to include the rate-based cost of SRECs, TRECs and Successor RECs and the REC cost to ratepayers is thereby included in the denominator. By also including BTM host-owned systems' build costs, i.e. expenditures on generation assets that do not earn revenue but instead generate savings, Staff appear to be capturing the key parts of the equation.

    b. Please comment on the sources of information, calculations, and assumptions underlying the categories?

SOLAR LANDSCAPE RESPONSE:

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Total Paid for Electricity: Solar Landscape proposes assuming an immediate return to 2019 pre-COVID "Total Paid" levels as the base assumption for 2021 "Total Paid". Otherwise, Staff risks undershooting the 2021 levels of economic activity and electricity consumption and underestimating the head room under the cost cap. In the first year of the new REC design, this would be an unfortunate outcome—worse in our opinion than overshooting the cost cap in the initial years and then adjusting back in future years.

Solar Landscape is also wary that the "Total Paid" figure in the denominator is susceptible to much faster growth than the Staff's cost cap tool currently assumes, for reasons rightly pointed out by Staff including EV adoption, continued cost of clean energy subsidies and possible increase of electricity use due to more extreme weather in winter and summer. Solar Landscape proposes that a growth rate assumption may be closer to 1.0% than 0.5%, before considering any potential shift in inflation rates versus the last two decades.

Getting the 20-year annualized growth rate exactly right is not of primary importance given Staff's proposal to revisit incentive levels and capacity targets every 3 years. The more immediate concern is getting the denominator estimate right—or at least not too low—in the first year of the new program.

OREC: Solar Landscape agrees with the analysis presented by Gabel Associates in one of the stakeholder webinars that Staff underestimated the offshore wind capacity factor in the cost cap denominator calculation. 50% is a better assumption given the actual BPU award, capacity factors of current offshore wind technology and the steady technological gains being made in this space.

BTM Host-Owned: For calculating cost of host-owned BTM systems, Solar Landscape understands that the Staff assumption of $100,000/MW per year for 10 years was meant to account for REC payments received by the host and that this value is therefore a net financing cost value. If this was meant to account for all-in costs, this is not an accurate value and should be reconsidered.

Note on Inflation: Solar Landscape considered proposing higher growth rate assumptions for Total Paid for Electricity given the current chatter on inflation. Instead, we landed on the suggestion that Staff assume low/stable inflation in the base case, but remain cognizant in the 3-year revisits to the possibility that incentive levels may not decrease if inflation in the preceding period was higher than in recent historical levels to date.

31. Please consider the benefits and consequences of using the moving three-year average of annual electricity demand versus annual amounts in calculating and forecasting the annual cost cap percentage.

SOLAR LANDSCAPE RESPONSE:

This approach works for eliminating noise, but lags in picking up a new trend that is taking shape. Between EV adoption, climate change, and other major societal changes, Solar Landscape believes we are at a moment more of the latter than the former and proposes using the annual electricity demand to calculate the cost cap percentage. This would also put the 2020 COVID blip squarely in the past more quickly.

32. For the purposes of forecasting future electric costs to estimate the cost cap in later years, Staff proposes using a 0.5% growth factor based on consumption patterns, presumptive expenditures for future and continued clean energy incentives, such as energy efficiency programs, ORECs, and ZECs, as well as

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increased demand due to vehicle electrification in particular, and cost declines due to increasing energy efficiency. Please comment on Staff's assumptions.

SOLAR LANDSCAPE RESPONSE:

Please see response to Question 30(b).

33. Staff proposes to include the following elements in calculating the numerator of the cost cap to reflect the cost of incentives paid by ratepayers: the annual costs of SRECs, TRECs, and Class I RECs, minus the DRIPE benefits of solar (see section beginning on page 29 for details).

    a. Do you agree with Staff's proposed categories for inclusion? Should any category be omitted? Has Staff overlooked a category that should be included?

SOLAR LANDSCAPE RESPONSE:

Solar Landscape believes the environmental and health benefits of clean energy that the Straw Proposal mentions should be included and have been sufficiently quantified by the science to do so. We support Staff using the $14/MWh calculated in the Straw Proposal based on EPA social cost of carbon calculations and EIA's average emissions profile for New Jersey.

Moreover, during the stakeholder meetings, Staff explained that the rationale for excluding the environmental and health benefits from the numerator of the calculation is that at least one other New Jersey statute specifically calls for inclusion of environmental and health benefits, whereas the statute at issue here does not. However, the assumption underlying that conclusion (i.e., that the legislature's omission in one place and inclusion in another is deliberate and meaningful) is not a hard-and-fast rule of statutory interpretation and can often (as here) lead to counterintuitive results.

A similar method of statutory interpretation would conclude that if the legislature wanted to exclude something that one would reasonably expect to be included, they would have specifically spelled out the exclusion. In other words, an alternative explanation is that the legislature did not specifically address the environmental and health benefits in the statute at issue because they assumed the inclusion of same to be so obvious as to go without saying. Such an assumption by the legislature would be reasonable given that the entire rationale for promoting clean energy in New Jersey is the environmental and health benefits.

    b. Please comment on the calculations and assumptions underlying each of the components of the cost cap.

SOLAR LANDSCAPE RESPONSE:

No comment beyond what is already stated above.

    c. How should the Board consider the assumed annual value of SRECs, which is not fixed?

SOLAR LANDSCAPE RESPONSE:

Solar Landscape believes the 75% levelized assumption is reasonable.

34. Please comment on the Staff proposal that, following the close of this stakeholder process, the Board will issue an Order directing Staff to close the Transition Incentive Program within 30 days. After that

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30-day period, the administratively set program will open immediately. The competitive solicitation is targeted to commence in the second half of 2021. Staff notes that there will be a seamless transition for residential, community solar, and net metered projects at 2 MW or less, but there will likely be a gap between the end of the TI Program and the start of the competitive solicitation that will affect large net metered and grid supply projects.

SOLAR LANDSCAPE RESPONSE:

It would be helpful for financing purposes if the Staff would clarify as soon as possible whether PY1 and PY2 projects will maintain their TREC qualification as long as they are in compliance with the Community Solar rules.

For example, for PY1, the current TREC deadline is October 30, 2021; but many PY1 projects will presumably seek a second 6-month extension for reaching Commercial Operation, which (if granted) would give those projects until December 31, 2021 to reach commercial operations. In that example, would projects that achieve commercial operations after October 30, 2021 and before December 31, 2021 receive TRECs? This is an important issue that is affecting financing of existing PY1 projects.

Similarly, the Board order saying that PY2 projects would receive TRECs conditioned that receipt on compliance with the TREC program, which only allows 12 months to reach commercial operations from the date of registration. Twelve months is not a feasible timeline for reaching commercial operations for most community solar projects. Presumably, that is why the Board has proposed extending the Community Solar commercial operations deadlines to 18 months, with the possibility of a 6-month extension. Will PY2 projects receive TRECs as long as they comply with the 18-month deadline (and if applicable, the 6-month extension)? Please note that even though PY2 projects have not yet been announced, companies are having to make financial and scheduling decisions for the coming year based on conservative assumptions about the results of PY2. Not knowing whether, in order to receive the TRECs, those PY2 projects will have 12 months or 18 months (with the possibility for 24 months) to reach commercial operations is an enormous x-factor.

We respectfully request that the Board clarify these issues with respect to PY1 and PY2 as soon as possible.

35. Should "adders" or "subtractors" be used to further differentiate incentives by project attributes in both the administratively set incentive program and the competitive solicitation, only one program, or neither? Explain why.

SOLAR LANDSCAPE RESPONSE:

Adders would probably be complicated to administer, but ignoring that reality, adders could be useful for incentivizing various differentiating factors. For example, an adder for Community Solar projects that reach commercial operation within 18 months would further incentivize developers to build and turn on their projects as quickly as possible, rather than relying on the possible 6 month extension; and an adder for Community Solar projects that subscribe master-metered housing authorities could incentivize developers to subscribe master-metered housing authorities, despite that those entities pay substantially lower commercial rates (which would be to the benefit of the LMI residents of those housing authorities to whom the savings would be passed).

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36. Would adders make the administratively set incentive program too complex when coupled with the anticipated differentiation envisioned for residential, non-residential roof, non-residential ground, community solar LMI, and community solar non-LMI? How could they be used most effectively?

SOLAR LANDSCAPE RESPONSE:

Adders would probably be complicated to administer. In the context of Community Solar, the additional cost of implementing adders could be paid for by charging a non-refundable fee for each application.

37. Should the administratively set incentive program include an adder for projects that benefit environmental justice communities? For the competitive solicitation? If so, should there be criteria to select the projects with the highest benefits? How can "benefits" for these communities be quantified?

SOLAR LANDSCAPE RESPONSE:

An adder for projects benefiting environmental justice communities would be good. In the context of Community Solar, this is an example of where a competitive application process is better than a first-come-first-served application process, because vetting whether a proposed project would benefit an environmental justice community would be difficult without a meaningful review of the application.

38. How else could the Board consider designing the program to encourage broader participation among traditionally underrepresented groups?

SOLAR LANDSCAPE RESPONSE:

With respect to Community Solar, the Board could offer adders for projects that benefit traditionally underrepresented groups; but again, vetting whether a proposed project would provide such benefits would likely require a competitive application process where Staff conducted a meaningful review of the evidence of such benefits.

39. Please comment generally on whether the Board should consider maintaining the competitive solicitation for community solar projects in the Permanent Program, or if it should adopt strict qualifications and otherwise establish a first-come, first-served model (detailed as Option 1 and Option 2 on pages 40-41).

SOLAR LANDSCAPE RESPONSE:

The Board should maintain the competitive solicitation for Community Solar projects. The alternative (a first-come-first-served process) is likely to devolve into a lottery; and a lottery will entail that good projects (i.e., those most likely to be built and turned on in a timely fashion and those most likely to provide the greatest benefits to the communities they serve) will inevitably lose out to bad projects (i.e., those prone to failure/delay and/or unlikely to follow through on their commitments to the community). Accordingly, to the extent a first-come-first-served process results in bad projects being awarded, it will cause backlogs in the interconnection queue, fewer operating projects, fewer NJ residents benefiting from Community Solar (including LMI residents), and distrust of the Community Solar program among both residents and site hosts.

Solar Landscape recognizes that a competitive program is costly and time consuming to administer. Accordingly, we recommend charging a meaningful, non-refundable fee per application (e.g.,

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$1,000 per application), which fees could be used to fund additional Staff positions to manage and review applications. We also recommend moving to a bi-annual application process, so as to disperse the intense workload of a single annual submission.

We encourage Staff to look skeptically at pleas from developers to switch to a first-come-first-served process. Many of these developers are out-of-state companies that are not willing to spend the time and money it takes to develop a competitive Community Solar application in New Jersey; and it stands to reason that a company unwilling to invest in developing a competitive application (e.g., by forging meaningful relationships in the local community, committing to serve LMI residents, and performing jobs-training) will also cut corners if awarded an application through a first-come-first-served process. Simply put, the developers that stand to gain from a first-come-first-served process (i.e., those unwilling to make an adequate investment into the New Jersey market to succeed in the competitive application process) are more likely to fail to perform if awarded a project. This could be avoided by maintaining the competitive solicitation.

To date, the competitive application process has ensured that "Community" is not a meaningless word in "Community Solar." New Jersey's Community Solar program is a leader in the country, and we should not aim to fix something that is not broken.

All of that said, if the Board decides to move to a first-come-first-served program, it should carefully implement high barriers to entry that prioritize better projects through objectively verifiable criteria. For example, projects that meet the following criteria should be prioritized:

- *LMI.*
- *Preferred siting.*
- *Signed EPC contract.*
- *Developer has a jobs training program.*
- *Developer has no history of prior awarded community solar projects failing.*
- *At least three letters of local support (either from local non-profits, schools, or government officials).*
- *Project maturity requirements (similar to those required for PY2 applications) (e.g., signed site control agreement, non-ministerial permits, some form of interconnection assessment either through the utility or a third party, and a commitment to bear costs of necessary interconnection upgrades up to some reasonable amount).*

A first-come-first-served program should also come with a meaningful, non-refundable fee per application, so as to discourage bad applications.

That said, even if the above requirements were implemented, a first-come-first-served process would largely cause New Jersey's Community Solar program to devolve into a lottery in which bad projects would be awarded. Accordingly, the Board should continue with the competitive solicitation process.

40. Please comment on the Pilot Program rules (detailed beginning on page 41) and discuss which, if any, the Board should consider modifying for the Permanent Program, and why.

SOLAR LANDSCAPE RESPONSE:

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Solar Landscape refers to and incorporates herein its comments to the proposed rules for PY2, which Solar Landscape submitted on January 15, 2021 (Docket Number QX20090577). To briefly reiterate our position as stated therein:

- *Solar Landscape recommends amending the rules to allow a "check-the-box" LMI verification method, by which subscribers could qualify for LMI status by simply self-attesting to their income levels during the enrollment process.*
- *With respect to the proposed rule change at NJAC 14:8-9.8, Solar Landscape recommends: (1) the use of block groups rather than census tracts; and (2) that 50% of households in a block group, rather than 80% of households, should be required to earn less than 80% of an area's median income for qualification purposes.*

Solar Landscape also refers to and incorporates herein its comments regarding Consolidated Billing, which Solar Landscape submitted on April 9, 2021 (Docket Number QO18060646). To briefly reiterate our position as stated therein:

- *Solar Landscape recommends a consolidated bill provided by the applicable EDC.*
- *Solar Landscape recommends that non-payment risk be shifted to the utility, where it could be socialized (which is where the risk sat prior to Community Solar).*

Additionally, Solar Landscape recommends the following rule adjustments, which were not addressed in our January 15 and April 9 comments:

- *Solar Landscape recommends that the rule regarding a project's banking of unused Community Solar bill credits be amended to allow for such banking to occur for 12 months from the end of the month in which the bill credit is created. (By contrast, our understanding of the current rule is that it only allows for banking of unused bill credits for 12 months running from the project's commercial operation date, such that unused bill credits in the 12th month would have no runway for later allocation if not allocated in that 12th month.) We believe this would not require substantial additional work for the EDCs. That said, if EDCs or the Board object to this proposed approach, another intermediate solution would be to allow an extended 24-month banking cycle for the first two years of a Community Solar project's operation (during which time attrition and subscription sizing adjustments are more likely to lead to imperfect bill-credit allocation and thus to bill-credit banking).*
- *We recommend somehow adding to either the bill credit value for master-metered housing authorities or adding to the Successor REC value for projects that subscribe a certain percentage of their capacity to master-metered housing authorities, in either case so as to incentivize inclusion of master-metered housing authorities (which are on commercial rates substantially lower than residential rates) in the Community Solar program.*

41. Currently, community solar projects must be sited in a single location and are not permitted to include aggregated rooftops.

    a. Should the Board consider revising this policy to allow aggregation of rooftop projects, up to the 5 MW capacity limit? Please comment on this general policy, and if you agree, what kind of limitations should the Board set with respect to the proximity of the rooftops, site control or ownership, etc.

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SOLAR LANDSCAPE RESPONSE:

We think this would add an unnecessary level of complication and could open the door for gaming the Community Solar application process. Specifically, we would oppose this approach if it meant that residential projects could be aggregated and submitted to the Community Solar program. Residential projects already have their own separate capacity allocation and should not be allowed to take away Community Solar's capacity allocation through this contemplated rule. (Please note that Community Solar stakeholders other than Solar Landscape seem to understand that this proposed rule is not meant to allow a backdoor for residential solar to take Community Solar capacity. Accordingly, if this is meant to be a backdoor into Community Solar for the residential sector, comments from Community Solar stakeholders supporting this proposed rule should be read in the context of that misunderstanding. I.e., stakeholders seem to understand this proposal as a means to merely eliminating the requirement for submitting multiple applications for co-located projects, for example; and presumably, those stakeholders would not support the rule if they thought it was a backdoor for the residential sector to take Community Solar capacity.)

Furthermore, this proposed rule could complicate the process of verifying community support. E.g., if a developer aggregated four rooftop, each from a different town, into a single application, that application should not receive credit as having "local community support" by virtue of having community support in just one of those four locations.

b. What should the Board consider with respect to the competing value of rooftop space, particularly on multi-unit residential and small commercial buildings, in locating HVAC or other equipment necessary for future energy efficiency and building decarbonization measures?

When negotiating a solar roof lease, property owners have every incentive to carefully contract around their rights to install and maintain HVAC and other rooftop equipment; so this is best left to the property owners.

Bonus Question

42. Staff is seeking feedback on its proposal to call the Successor Renewable Energy Certificate a "UREC" to differentiate it from the Solar Renewable Energy Certificate (SREC) and the Transition Renewable Energy Certificate (TREC). In the alternative, please provide additional acronyms or program names for consideration.

SOLAR LANDSCAPE RESPONSE:

We like "UREC." People will inevitably ask what the "U" stands for, so it might make sense to assign a word to the U (e.g., "ultimate").

Thank you!