



Competitive Solar Incentive (CSI) Program Stakeholder Meeting #3



June 1, 2022



Welcome

This is the third public stakeholder meeting for the design of the CSI Program under

[Docket # QO21101186](#)

Competitive Solar Incentive (“CSI”) Program
pursuant to P.L. 2021, C.169

In addition, two stakeholder meetings were held on the [Solar Siting Straw Proposal](#)
under the same docket

Covered in this meeting

This meeting will focus on the following part of the CSI Straw Proposal released on April 26, 2022:

- Section IV.B - Project pre-qualification, bid participation fees, and commercial operation date requirements

Webinar Instruction Page

- All attendees will be automatically muted
- Questions? Please use the “Q &A” function in Zoom
- We will address clarifying questions at the end of each section
- Please note that the “Chat” function in Zoom is not available for this meeting
- This meeting is being recorded. A copy of the recording and slides will be made available on the BPU website:

<https://www.nj.gov/bpu/newsroom/public/>

Disclaimer

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All viewers are responsible for ensuring that they rely only on current legal authority regarding the matters covered in the presentation.

Written Stakeholder Comment Guidelines

- The deadline for comments on the CSI Straw is 5:00 p.m. ET on Monday, June 20, 2022.
- Please submit comments directly to Docket No. QO21101186, using the “Post Comments” button on the Board’s Public Document Search tool.
- Comments are considered “public documents” for purposes of the State’s Open Public Records Act and any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3.
- Written comments may also be submitted to:
Carmen D. Diaz
Acting Secretary of the Board
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350
Phone: 609-292-1599
Email: board.secretary@bpu.nj.gov



Competitive Solar Incentive (“CSI”) Program Stakeholder Meeting #3 June 1, 2022




PREPARED BY: DAYMARK ENERGY ADVISORS
PREPARED FOR: NJ BPU
DATE: JUNE 1, 2022



Topics of today's discussion

Topic

Importance

- Project pre-qualification  Ensure projects are eligible for the particular tranche, ensure projects are sufficiently mature and through the development process such that likelihood of completion is high.
- Bid participation fees  Discourage speculative participation in the CSI process, help defray program costs.
- Commercial operation date requirements  Provides requirements to ensure timely completion of projects therefore ongoing progress towards NJ's solar goals at the least cost to ratepayers.

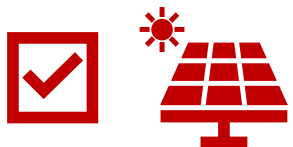
Topics of Today's Discussion



Dealing with uncertainty and extended timelines in the interconnection process, especially on the FERC-jurisdictional (PJM) side



Managing requirements such that CSI Program does not impose excessive barriers and therefore limit participation (to the detriment of competition and ratepayer costs)



Ensure projects get built, produce solar RECs (SREC-IIs), and support NJ's solar goals

Key themes from November stakeholder comments

- Uncertainty for grid supply projects in the PJM queue
- Element of tradeoff regarding queue stage:
 - Advanced stage (e.g. completed Facilities Study) → high degree of certainty regarding interconnection costs and remaining timeline
 - However, reaching such a stage could take several years and large deposits to PJM
- Developers indicated that the earlier the incentive can be provided, the more value to projects navigating interconnection
- Site control as a possible maturity benchmark



Key themes from November stakeholder comments (2)

- Pre-qualification for net metered projects:
 - Letter of intent with host location or
 - Part 1 interconnection agreement with EDC
- Bid participation fees: highly mixed feedback
 - Useful in discouraging speculative projects, but in excess could hurt development
- Two years from SREC-II award to COD was regarded as appropriate, potentially longer for contaminated land projects





Project Prequalification Recommendations

Project Prequalification Recommendations

“At the end of each bidding round, the board shall:

(1) rank all bids received based on the bid price, or, pursuant to subsection b. of this section, based on the bid price within each category;

(2) select bids in ranked order, up to the procurement budget set by the board, or, pursuant to subsection b. of this section, the procurement budget of each category;”

P.L. 2021 c.169 (NJ Solar Act of 2021)



The Board will not evaluate qualitative factors as some other states do



It is important for the projects being ranked to be of some minimum quality and maturity

Elements of Pre-qualification

- Demonstration of tranche eligibility
 - Built environment
 - Contaminated land
- Verification of compliance with siting requirements
 - Location outside prohibited areas
 - Location outside restricted areas or waiver
 - Compliance with caps on farmland, if applicable
- Demonstration of project maturity
- Payment of bid participation fee, if applicable

Project Prequalification Recommendations



Projects would be required to demonstrate compliance with pre-qualification in a process approximately one month before bid submission deadlines

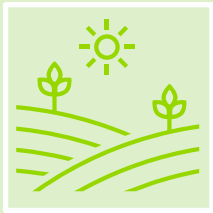


Non-FERC-jurisdictional projects must provide evidence of having filed an interconnection application with the EDC and receiving conditional approval

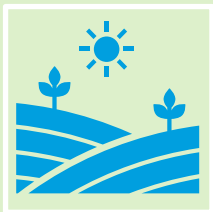


FERC-jurisdictional projects must demonstrate a queue position similar to a Feasibility Study

Side note: Proposed Prequalification for projects sited on covered farmland



Caps do not apply to all projects on farmland—only projects on farmland that is in Agricultural Development Areas and on Prime Soils or Soils of Statewide Importance



Prequalification for projects on farmland in Agricultural Development Areas and on Prime Soils or Soils of Statewide Importance will involve verification that the project

- Is not sited on Preserved Farmland
- Does not by itself cause the 2.5% statewide threshold to be exceeded
- Does not by itself cause the applicable 5% County Concentration Limit to be exceeded

Side note: Screening for covered farmland cap in bid review process

Select pre-qualified bids from lowest cost to higher cost to meet minimum target



Track how selected bids fill up the available covered farmland allowance



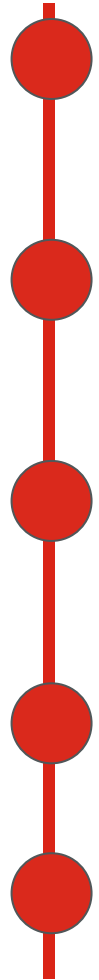
If/when covered farmland allowance is reached, bids utilizing covered farmland will be skipped over in favor of the next most competitive bid

Open issue: How to use PJM interconnection process in project pre-qualification

Considerations:

- Outcome of PJM Queue Reform
- Impact on timing of project construction vs award
- Implications for pool of projects available for initial procurement
- Implications for projects
 - With existing queue positions
 - Not yet in the queue

Status: where the new PJM process proposal is at



A PJM transition proposal gained necessary support in IPRTF late 2021

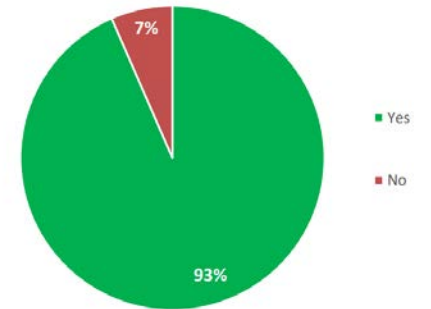
In the intervening meetings, the task force has processed tariff updates

April 2022: Markets & Reliability Committee & Members Committee endorsement

May 2022: transition proposal to be filed with FERC

October 2022: proposed start of new process

Can you support the PJM transition option?
PJM Members Only



Implications for timing of projects now in the PJM queue

- Queues through AD2 continue in current process
- Fast Lane: ~450 projects from queues AE1-AG1 which have upgrade costs \leq \$5 million
- Transition Cycle 1: Re-queued projects from AE1 through AG1
- Transition Cycle 2: Queues AG2 through AH 1

Approx. Queue Date	Estimated Final Agreement
11/2017 – 3/2018	10/2022
4/2018 – 9/2020	9/2024
4/2018 – 9/2020	4/2025
10/2020 – 9/2021	6/2026

Analysis of how queue timing may affect potential CSI projects

- We recognize that the first solicitation will only allow for projects that have already entered into the PJM queue
- Projects **already in the PJM queue** are expected to execute final interconnection agreements between mid-2024 and mid-2026
 - As of May 2022, there are **77 NJ solar projects** active in the queue with a total capacity of **1,645 MW**. **Thirty-five projects** totaling **891 MW** have at least a completed Feasibility Study.
 - Some of these projects may have received awards under the TI Program and therefore would be ineligible to compete in the CSI Program.
 - There also may be projects eligible for the CSI Program that proceed through a non-FERC interconnection process
- **New cycle #1:** Queue open mid-2023 and final interconnection agreements expected to be completed in late 2027.

For discussion: Understanding impacts of PJM Queue Reform



Impacts on projects in the queue



Impacts on projects not yet in the queue



Potential participation from queue-exempt projects



Bid Participation Fee/Escrow Recommendations

Bid participation fee – reference states

State

- New York



Details

Non-refundable according to the schedule below

Nameplate Capacity (MW)	Bid Fee
Less than 5.00 MW	\$5,000
5.00-19.99 MW	\$20,000
20.00 – 49.99 MW	\$50,000
50.00 MW or more	\$100,000

- Massachusetts



\$25 / kW performance guarantee refunded to unsuccessful bidders and selected bidders who meet Program Effective Date requirements

- Illinois



\$10/ kW non-refundable application fee, not to exceed \$5,000 per project

PJM's proposed process – deposits summary

Study Deposit

- Covers study costs
- 10% non-refundable
- Due one time at beginning of study process

Project Size	Study Deposit
0 - 20MW	\$75,000
> 20 – 50MW	\$200,000
> 50 – 100MW	\$250,000
> 100 – 250MW	\$300,000
> 250 – 750MW	\$350,000
> 750MW	\$400,000

Readiness Deposit

- Funds committed based on project size/study results
- Not used to fund studies
- Determined at the time they are due; not refunded or reduced based on later project reductions or cost allocation changes

- Readiness Deposit Calculations
 - RD1 = \$4,000 per MW
 - RD2 = (10% of cost allocation towards required Network Upgrades) – RD1
 - RD3 = (20% of cost allocation towards required Network Upgrades) – RD1 – RD2

Bid participation fee/escrow recommendations



Recommended bid fee of \$1,000/MW



Public entities exempt from bid fees



No escrow/project security deposits



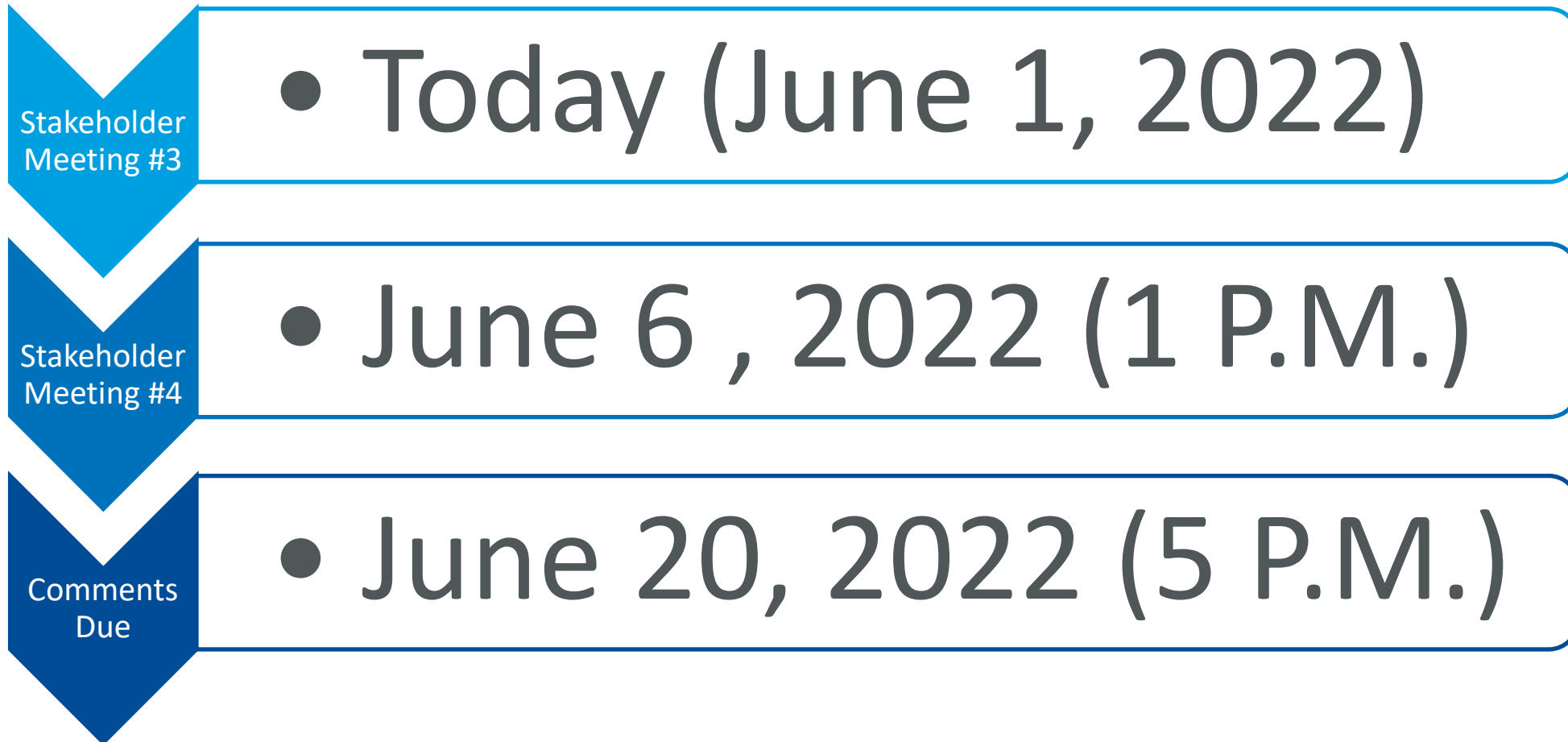
Commercial Operation Date (“COD”) Recommendations

Commercial Operation Date Recommendation

NOTE: Commercial Operation Date requirement needs to fit with PJM queue requirements

- COD Requirements are needed to ensure that the awards are in line with cost structures at the time the projects are built
- Recommend 3-year COD deadline—For awards made in 2023, deadline would be 2026.
- We consider this in line with a pre-qualification requirement of an existing PJM queue position

How to provide stakeholder input



Stakeholder Comments

- Depending on number of registrants, speaking time per person may be limited to 5 minutes—please be respectful of other speakers.
- The next five speakers are posted in the chat. We will call on speakers in order. If your name is not showing (only a phone number), please raise your hand when it is your turn to speak.
- Phone controls for participants
 - The following commands can be entered via DTMF tones using your phone's dial pad while in a Zoom meeting:
 - *6 - Toggle mute/unmute
 - *9 - Raise hand
- At the conclusion of our pre-registered speakers list, we will invite additional speakers to raise their hands to speak.

Thank you

Carrie Gilbert
Louisa Lund

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STAKEHOLDER COMMENTS



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THANK YOU – Let's continue the conversation
veronique.oomen@bpu.nj.gov

