



Agenda Date: 01/07/2021
Agenda Item: 8E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE COMMUNITY SOLAR ENERGY PILOT PROGRAM)	ORDER
)	
)	DOCKET NO. QO18060646
)	
IN THE MATTER OF THE COMMUNITY SOLAR ENERGY PILOT PROGRAM YEAR 2 APPLICATION FORM AND PROCESS – PSE&G INTERCONNECTION STUDY WAIVER)	
)	
)	DOCKET NO. QO20080556

Party of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

This Order addresses a concern that the Board’s Community Solar Energy Pilot Program (“Pilot Program”) Program Year 2 (“PY2”) Application Form requires, in some circumstances, that applicants obtain an initial interconnection analysis in order to have an application considered for PY2. It has come to the Board’s attention that this interconnection analysis may not be available to projects located in the service territory of Public Service Electric and Gas Company (“PSE&G”). To provide clarity to potential applicants to the Pilot Program, the Board is proactively waiving compliance with this requirement to affected projects located in the PSE&G service territory.

BACKGROUND

Pursuant to the Clean Energy Act, L. 2018, c. 17, the Board adopted rules establishing the Community Solar Energy Pilot Program on January 17, 2019. The adopted rules were filed with the Office of Administrative Law and published in the New Jersey Register on February 19, 2019. This Pilot Program enables New Jersey electric utility customers to participate in a solar energy project that may be remotely located from their properties and receive a credit on their utility bills. Community solar therefore enables greater access to clean energy generation for all utility customers, including those currently unable to place solar generation directly on their own properties. The Board has placed special emphasis on ensuring that low- and moderate-income (“LMI”) customers are able to access the benefits of community solar. The rules provide the framework necessary for the development and implementation of community solar in New Jersey

during each of the Pilot Program's three Program Years. In particular, N.J.A.C. 14:8-9.3(c) enumerates the annual application process requirements and conditions.

On October 2, 2020, the Board approved and released the PY2 Application Form. The PY2 application period opened on October 2 and is set to close on February 5, 2021. The Application Form is structured in multiple parts and was designed, in part, to balance two key objectives: on the one hand, ensure that projects are sufficiently far along in the development process to provide reasonable assurances that, should a project be selected by the Board, it is likely to reach commercial operation, and, on the other hand, ensure that the maturity requirements are not so high or onerous that they would risk excluding potential applicants (particularly small developers, community organizations, or municipalities).

One of the Application Form's requirements pertains to interconnection capacity. In the Program Year 1 ("PY1") Application Form, applicants were required to "[consult] the hosting capacity map of the relevant [Electric Distribution Company] and determin[e] that, based on the capacity hosting map as published at the date of submission of the Application, there [was] sufficient capacity available at the proposed location to build the proposed community solar facility." Any application in which the hosting capacity map at the proposed location did not show sufficient available capacity was deemed incomplete and was not considered for PY1.

On July 9, 2020, the Board issued a request for comments regarding lessons learned from PY1. A stakeholder meeting was held remotely on July 27, 2020, and written comments were received through August 10, 2020. During the public comment process, some stakeholders indicated that the PY1 hosting capacity map requirement *de facto* precluded applications for some projects that may have been viable, particularly in cases where the developer was prepared to pay interconnection upgrade costs. This requirement was therefore adjusted in the PY2 Application Form (section B.VIII, question 5). As in PY1, applicants must consult the hosting capacity map provided by the relevant EDC to determine whether the map shows sufficient capacity available at the identified location to build the proposed community solar facility. If the hosting capacity map shows insufficient capacity, the application can still be submitted if the applicant provides 1) a letter from the relevant EDC indicating that the hosting capacity map is incorrect in that location or 2) an assessment from the relevant EDC of the cost of the interconnection upgrade that would be required to enable the interconnection of the proposed system and a commitment from the applicant to pay those upgrade costs if the project were to be selected by the Board. The PY2 Application Form states that, if applicants cannot provide such a letter or assessment, the Board will not consider the application.

Additionally, Appendix C of the PY2 Application Form contains a chart with the evaluation criteria that the Board will consider in evaluating PY2 applications. The Board included a "Project Maturity" requirement worth 5 points, which includes consideration of whether a project has completed an interconnection study.

STAFF RECOMMENDATIONS

Since the Board's approval of the PY2 Application Form on October 2, 2020, it has come to Staff's attention that PSE&G is currently unable to perform requested interconnection cost assessments for community solar projects. PSE&G states that it is experiencing staffing constraints and a general uptick in interconnection study requests that has strained resources. PSE&G also states that it does not currently have a process for providing applicants with high-level "feasibility" assessments that might be faster and easier than full interconnection studies. Therefore, PSE&G would be conducting full interconnection studies for each potential PY2 applicant. Several

developers have reached out to Staff requesting guidance on this matter after being unable to secure interconnection studies from PSE&G.

As a result of these conversations, and in the interest of continuing to support the development of community solar projects, Staff recommends that the Board waive the requirement that a PY2 applicant *must* provide an interconnection study or other assessment of the cost of the interconnection upgrade in order for its project to be considered. This waiver extends only to PY2 applications located in PSE&G's service territory where the hosting capacity map shows insufficient available capacity for the proposed community solar project.

With respect to project eligibility, PY2 applications for projects in PSE&G service territory for which the hosting capacity map shows available capacity must still provide a copy of the hosting capacity map as required in the Application Form. However, for PY2 applications for projects in PSE&G service territory for which the hosting capacity map shows insufficient capacity, Staff recommends that the Board waive the requirement that an applicant engage with PSE&G to perform the initial interconnection study, since PSE&G does not currently offer that service.

Instead, Staff recommends that such applicants provide either: 1) a letter from PSE&G indicating that the hosting capacity map is incorrect in that location or 2) a letter from the applicant explaining why the applicant believes that the proposed project is likely to be viable and feasible from an interconnection perspective. The applicant's letter should include quantitative and qualitative assurances that the applicant has anticipated interconnection upgrade costs for the proposed project and is prepared to pay those upgrade costs if the project were to be selected by the Board.

With respect to project evaluation, PY2 Applications for projects in PSE&G service territory will be judged based on the information submitted as part of their applications regarding the maturity of their proposed project. Staff notes that the inability to provide a complete interconnection study for projects in PSE&G service territory will not advantage or disadvantage any project since the application process is structured such that projects are scored based on the Evaluation Criteria presented in Appendix C, then are ranked against other projects in the same EDC service territory. The Board will select the highest scored projects from each EDC service territory until the capacity allocated to each EDC is filled. In other words, projects located in PSE&G service territory are competing against other PSE&G projects. Because the evaluation criteria applied to each PSE&G project is consistent, no project will be unfairly advantaged or disadvantaged in this regard.

Staff is only recommending that this relief be considered in the context of the rapidly approaching deadline for PY2. Staff strongly believes that reliable and timely interconnection studies are key to the long-term success of community solar, that EDC cooperation is necessary, and that PSE&G will need to establish an appropriate screening process prior to future community solar solicitations.

FINDINGS AND DISCUSSION

The Board has reviewed the circumstances of the PY2 application process and Staff's recommendations. In light of the pending PY2 application deadline, the Board **FINDS** that Staff's recommendations are appropriate and supportive of the Pilot Program.

For projects applying to PY2 that are proposed in PSE&G service territory and for which the hosting capacity map shows insufficient capacity available at the planned location, the Board **HEREBY WAIVES** the application requirement to provide an interconnection study per question

5 in Section B.VIII of the PY2 Application Form. The Board instead requires that such applicants provide a letter from PSE&G indicating that the hosting capacity map is incorrect at the proposed site location or provide a letter explaining why the applicant believes that the proposed project is likely to be viable and feasible from an interconnection perspective. The applicant's letter must include quantitative and qualitative assurances that the applicant has considered anticipated interconnection upgrade costs for the proposed project and is prepared to pay those upgrade costs if the project were to be selected by the Board. The Board **NOTES** that, where the hosting capacity map shows sufficient capacity available at the proposed PY2 site, applicants must provide a copy of the hosting capacity map as currently required in the PY2 Application Form.

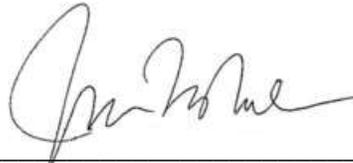
The Board **EMPHASIZES** that the waiver granted herein is limited to PY2 and therefore **DIRECTS** PSE&G to consider how to improve its interconnection study process for community solar projects prior to Program Year 3 of the Pilot Program and the permanent community solar program.

The Board **FURTHER NOTES** that this waiver in no way eliminates or modifies the requirement that all community solar projects granted conditional approval as part of PY2 complete a full interconnection study with the relevant EDC. This study is to be completed in a timely manner following the usual process developed by the EDCs at the Board's direction.

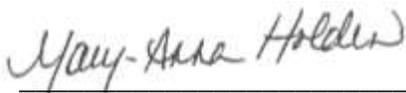
The effective date of this Order of January 17, 2021.

DATED: January 7, 2021

BOARD OF PUBLIC UTILITIES
BY:



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PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



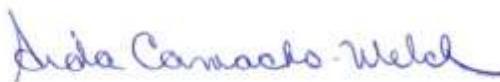
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SECRETARY

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APPLICATION FORM AND PROCESS
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Publication on Clean Energy Program
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