September 16, 2019

Via Electronic Mail
New Jersey Energy Master Plan Committee
emp.comments@bpu.nj.gov

Comments of the Mid-Atlantic Renewable Energy Coalition
on the Draft 2019 New Jersey Energy Master Plan

The Mid-Atlantic Renewable Energy Coalition ("MAREC") appreciates the opportunity to comment on the Draft 2019 New Jersey Energy Master Plan ("EMP" or "Plan").

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 (including offshore wind) and solar developers, wind turbine manufacturers and 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 members are committed to the growth in renewable energy technologies in New Jersey and the immediate region to support economic development and enhance environmental quality.

MAREC supports the Plan's goal of moving away from reliance on fossil fuels as New Jersey's primary source of energy. A commitment to clean energy is the cornerstone of a policy to avoid the worst effects of global warming and other harmful emissions. MAREC believes that a future of renewable energy coupled with energy storage and other clean energy, carbon free technologies is achievable and will also lead New Jersey forward as a state that is investing in its green economy; thus, bringing jobs, manufacturing and a new offshore wind industry to the State. This vision includes New Jersey as a major hub for the offshore wind and solar energy industries.

Our general focus of these comments will be on Strategy 2: "Accelerate Deployment of Renewable Energy and Distributed Energy Resources." While we applaud the State's work on the EMP and its vision to combat global warming, we do have several areas of divergence with the EMP and the State's current efforts to deploy renewable energy. We are concerned as to the lack of weight in the EMP given to utility-scale solar and onshore wind from the PJM region outside of New Jersey to meet the goals of 50%

renewable energy by 2030 and 100% clean energy by 2050. We totally agree that a significant emphasis should be given to in-state resources, like in-state solar and offshore wind. However, conversion to clean energy from fossil fuels should also require purchases of utility-scale solar and onshore wind emanating from outside of New Jersey.

While the Draft acknowledges that there are some benefits of out-of-state renewable energy (through Renewable Energy Credit purchases) helping meet the renewable portfolio standards, it misses the main benefit of these resources: their cost. In fact, one of the main points made in the Plan is the importance of its affordability; acknowledging the need to uphold "the NJPBU's mission to provide a safe, reliable, resilient and ***affordable*** energy system for the citizens of New Jersey."[1] (emphasis added). The EMP acknowledges that 51.6 %[2] of New Jersey's energy mix is generated by natural gas. In order to reach 50% renewable resources by 2030, most of the natural gas generation in New Jersey will need to be dramatically reduced, assuming that the 42.5% carbon free nuclear power share noted in the EMP[3] continues to generate electricity. From a cost standpoint, replacing almost all the natural gas generation with in-state renewable resources is unrealistic and certainly would lead to significantly higher costs for ratepayers. Because New Jersey is part of the PJM Interconnection grid, it benefits from the competition provided by resources throughout the entire region. The reliance of the State on strictly in-state resources would significantly increase prices for New Jersey consumers because there would be geographical and practical limitation to siting enough resources (and in a timely manner) to keep costs for new renewable energy projects competitive. MAREC believes the EMP should recognize the cost benefits of a diverse portfolio of renewable resources derived from both in- and out-of-state.

Although the EMP does not specifically address this currently ongoing issue, MAREC believes it is critical for the EMP to recognize that solar renewable energy credits ("RECs") from projects sited in the PJM region (but outside of New Jersey) be eligible for retirement as Class I RECs. This tool will help keep energy prices affordable as New Jersey moves to electric generation that is entirely carbon free. Currently, the Board of Public Utilities ("BPU") has determined that solar cannot compete with other resources for Class I RECs. However, there is no statutory basis for excluding solar generated from projects sited outside NJ, but in the PJM region, from qualifying as Class I RECs. The current REC program (as distinguished from the SREC program), is a cost-effective way of obtaining deep carbon reductions through renewable energy development throughout the PJM region. Excluding out-of-state solar RECs from participating in the state's Class I REC market needlessly limits the supply of Class I RECs without any benefit to NJ ratepayers in clear contradiction to the statute. Such out-of-state solar RECs, *while properly excluded from the state's SREC market*, provide substantially similar environmental, climate and health benefits as other forms of generation in the region. There is no statutory basis for excluding these resources, nor is there any environmental benefit to New Jersey to reject them. The incorporation of PJM solar facilities as eligible to help meet the REC requirements for renewable energy would add another low-cost renewable energy resource to compete with other resources, reducing ratepayer

[1] EMP at 9.
[2] *Id* at 42.
[3] *Id.*

costs. We urge that the EMP recognize this and have the BPU reconsider this policy in light of clear concerns regarding the cost impacts of RPS compliance on ratepayers and to gain the benefits of continuing price declines in PJM solar generation.

Finally, we believe the Plan should recommend that the BPU reverse its recent decision to make the solar requirements a carve-out within Class I of the RPS, as opposed to the BPU's previous long-term interpretation that the solar requirements were additive to Class I. This determination actually has the effect of reducing the compliance requirements of the RPS in the early years of the Clean Energy Act of 2018, P.L. 2018 c. 17 ("the Act"), which was enacted with the express purpose of increasing these requirements. The action taken by the BPU here actually serves to inhibit renewable energy development and contradicts the intent of the legislation by reducing the Class I RPS requirements to a point below where they would have been under the previous standard; whereas it would take until 2021 for total RPS demand to eventually finally reach the 2018 levels. The state in effect is taking a step backwards in its effort to combat global warming during the first few years after the Act's enactment.

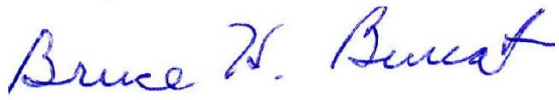
MAREC believes that it is essential for the BPU to focus directly on the program that is creating the excessive costs for ratepayers; that is the SREC program. As referenced in the Legislative Fiscal Estimate that was attached to the Act, in 2017 solar cost was $496M, while Class I was only $95M.[4] We recommend that modifications of the state's RPS be focused on achieving the Act's (and EMP's) policy goals in an optimally cost-effective manner. A significant reduction in the cost of these programs, without substantially reducing demand for development for solar projects in New Jersey, needs to be a key focus of any BPU program, not the reduction of any further Class I REC requirements.

MAREC would support appropriately adjusting in a more cost-effective manner the Alternative Compliance Payments suppliers must make when they fail to retire sufficient Solar RECs in the state. New Jersey currently has some of the highest Solar Alternative Compliance Payments (SACPs) in the nation. Solar projects could continue be viable and profitable while significantly reducing SACPs. For instance, under legislation recently passed by the Maryland General Assembly and supported by the clean energy industry[5], the SACP in Maryland will drop to $45 in 2024 and further decline in 2027 to $25 – far lower than the New Jersey SACP in those years. By comparison, the New Jersey SACP is $188 in 2027.

[4] Page 7 of Fiscal Estimate to A3723: https://www.njleg.state.nj.us/2018/Bills/A4000/3723_E1.PDF
[5] Maryland Clean Energy Jobs Act of 2019, Senate Bill 516 / House Bill 1158, http://mgaleg.maryland.gov/webmga/frmMain.aspx?pid=billpage&stab=01&id=sb0516&tab=subject3&ys=2019RS

MAREC appreciates this opportunity to comment on the Draft Energy Master Plan and this important process. It is our recommendation that New Jersey revise the EMP to reflect the important concerns that we raised in these comments in order to design a workable program that ensures that New Jersey will combat global warming in an efficient, reliable and affordable manner.

Sincerely,



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