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**Remarks of Stefanie A. Brand, Director, Division of Rate Counsel,
Regarding S2605 (Directs BPU to establish utility-scale solar energy
development program.)
Submitted to the Senate Environment and Energy Committee Meeting,
July 29, 2020**

My name is Stefanie Brand, and I am the Director of the Division of Rate Counsel. I am submitting these comments on behalf of ratepayers on S2605 (utility-scale solar). While we appreciate the bill's sponsors' goal for this bill and do support utility-scale solar energy, we have concerns about this bill as briefly outlined below and in our attachments.

As you are aware, the Division of Rate Counsel represents and protects the interest of all consumers -- residential customers, small business customers, small and large industrial customers, schools, libraries and other institutions in our communities. Rate Counsel is a party in cases where New Jersey utilities or businesses seek changes in their rates and/or services. Rate Counsel also gives consumers a voice in setting energy, water and telecommunications policy that will affect the rendering of utility services well into the future.

Attached to this testimony is a letter we sent to S2605's sponsors outlining our concerns about the bill as currently written and proposing specific amendments. Our primary concern relates to the fact that the bill does not simply allow utility-scale solar to get Class I Renewable Energy Credits (RECs), but changes the value those credits will represent. Rather than representing the environmental attributes of the solar projects, the proposed utility-scale solar RECs would encompass the energy, capacity and environmental attributes of the project. As set forth in the attached letter, this will significantly increase the cost to ratepayers and transfers the risk posed by recent changes to PJM rules from the solar developers to ratepayers. There is no justification for doing this. Indeed, in a recent letter responding to Rate Counsel's concerns, Dakota Power, a prime proponent of this legislation, does not even attempt to justify this change. If the intent of this bill is to reduce costs to ratepayers by establishing a competitive solicitation for utility scale solar, this aspect of the bill completely undermines that goal. It also could be unfair to other renewable energy developers as Class I RECs are counted toward the overall cap that this Legislature included in the Clean Energy Act. Thus, as explained more fully in the attached letter, any Class I RECs that utility-scale solar projects

are allowed to collect, should be valued in the same way as Solar RECs, Class II RECs and other Class I RECs, *i.e.*, representing the environmental attributes only.

The other issues set forth in the attached letter relate to a concern that letting bidders know what the price cap will be before bidding will undermine the competitiveness of the solicitation and will likely ensure that bids come in just under the cap. New Jersey has used confidential targets as we propose in other renewable energy solicitations and they have resulted in competitive bids. While general cost parameters were disclosed in the Off-Shore Wind solicitation, those were not cost caps as are anticipated here. In other states, except for projects that are much larger than those being discussed here, we have seen disclosure of bid amounts *after* bids are submitted, but not before. This is the best way to ensure that bids are truly competitive.

In addition, Rate Counsel is concerned that the 20 year length of the contract will commit ratepayers to higher costs for too long a period. The costs of solar have continually declined as technology has improved. Thus, committing ratepayers to paying a contract price for 20 years could lock them into paying more than they need to. We believe a 10 year term more fairly balances the need of developers for a committed term and protection

for ratepayers. Finally, Rate Counsel recommends that the Bill utilize AC versus DC as that is what the BPU has traditionally used. If we were to move to utilizing DC for utility-scale solar only, there would have to be a BPU imposed standard formula for calculating the ratio between the two measurements.

Please see the attached letter for more details about the aforementioned issues and specific amendments that are needed to protect ratepayers. I thank you for the opportunity to submit this testimony and urge you to consider making amendments to the bill to protect ratepayers. Please contact our office if you have any questions. Thank you for your consideration.