

CEP Renewables, LLC

20 A South Beers Street

Holmdel, NJ 07733

February 28, 2019

Aida Camacho-Welch
Secretary
New Jersey Board of Public Utilities
Post Office Box 350
Trenton, New Jersey 08625

**Re: Response to New Jersey Solar Transition
Staff Straw Proposal of December 26, 2018**

Dear Ms Camacho -Welch

CEP Renewables, LLC

I am the managing member of CEP Renewables, LLC ("CEP"). CEP is a renewable energy company that acquires and develops grid supply solar farms in New Jersey. In the past three years, we have developed utility scale solar farms in Greenwich, Warren County (10 MWs DC), Old Bridge, Middlesex County (12 MWs DC), South Brunswick, Middlesex County (15 MWs DC) and Quakertown, Hunterdon County (10 MWs DC) all of which have been completed and energized. Currently we have two utility scale solar farms under construction in Holland Township, Hunterdon County (10 MWs DC) and in Washington Township, Warren County (10 MWs DC). The projects under construction have SRP registrations. We also have two Grid supply solar farms that have SRP registrations whose approvals are almost complete, Pohatcong, Warren County (10 MWs DC) and Franklin Township, Warren County (10 MWs DC) and for which construction should start soon. We also have a 15 MW Solar Farm in Monroe, Middlesex County for which a T application has been filed and for which approvals should be complete shortly. We are working on each of the projects diligently and look forward to their energization. We are constantly investigating new opportunities for grid supply solar farms

WHY GRID SUPPLY

Our business plan is to develop grid supply solar farms. We suggest that the Board of Public Utilities should act so as encourage investment in grid supply solar. We believe that given the scale of economies that a grid supply solar farm bears by virtue of capacity, and its unique ability to contribute a large number of MWs DC of solar energy into the grid in furtherance of the State of New Jersey's

renewable energy goals, that grid supply should be an integral part of the renewable energy plan in New Jersey. We believe that a grid supply's farm's ability to deliver material amounts of renewable energy is well recognized and should not require the provision of quantitative data to support the assumption. Further, it is our experience that grid supply solar makes a major contribution to employment in the locales in which it is developed and that that the employment is union scale per statute. It is also self evident that the solar farms, located throughout the State will make material contributions in annual real estate tax proceeds without resulting in much if any negative fiscal impact, providing much needed revenue to the municipalities in which they are located. The latter point should be noted as material as net metered facilities are real estate tax exempt by statute.

GRID SUPPLY SOLAR FARMS ARE NOT THE SAME AS NET METERED SYSTEMS AND SHOULD NOT BE TREATED THE SAME

The time required for the development of a grid supply solar system is about 24 to 36 months. The time frame is self evident as a grid supply solar farm must endure a 4 pronged approval process that is not shared by its cousin, the net metered system.

PJM

The grid supply solar farm must make application to the Pennsylvania Jersey Maryland Interconnection LLC (" PJM") for permission to enter into the grid. The approval process is contractual in nature and takes from 18 to 24 months to complete depending on the time of year application is made. Application Fees will run over \$50,000 for the various studies, the Feasibility Study, the Impact Study and the Facilities Study (\$50,000 alone if you have to do it). The studies result in a Wholesale Market Participation Agreement bearing time frames for performance and milestones that result in termination if missed. Net metered Systems do not apply to PJM.

The Utility Company

As part of the PJM process, the solar developer must navigate an approval process with the utility company that distributes the electricity (the "ED") in the area in which the solar farm is to be developed. The ED charges the Solar Farm developer its costs in developing the interconnection and acquiring any offsite easements required for the interconnection (some companies such as First Energy require solar developers to get their offsite easements, a painful, expensive and time consuming process). Contractual arrangements include the Interconnection Construction Agreement (the "ICA") and the Interconnection Service Agreement (the "ISA") The costs to the ED must be paid currently and will be location dependent. This solar developer has paid its EDs on average more than \$1,000,000 per project. These funds are at risk and nonrefundable. Net Metered Systems are not required to deal with any of the foregoing.

The BPU

At the same time as the foregoing is occurring and sometimes before, the solar developer must make application to the BPU for SREC eligibility. With the paragraph Q and S programs at or near completion, the Solar Developer is left to apply for SREC eligibility under Paragraph R and Paragraph T of the Solar Act. Neither program has yielded the kind of MWs that would be required to meet the Renewable Energy Goals in New Jersey, Paragraph R remains to be implemented and Paragraph T represents a multi agency hurdle that requires the participation of the DEP and the BPU, a time

consuming and expensive process that adds to the time it takes to get to construction (if you are awarded a T approval, 4 to 8 months or more) and requires the creation and implementation of a Solid Waste Plan (if you are in a landfill) or a Soil Remediation Plan (if you are in a brownfield) each adding months and tens of thousands of dollars in application and professional fees.

Net Metered Systems are relatively unregulated under the Solar Acts of 2012 and 2018 and do not have to make application for SREC eligibility in the same manner as a grid supply project.

The Municipal Land Use Act

The Solar developer must make applications to the municipality, the County and the State for permission to develop a ground mounted grid supply solar farm. Every application requires municipal action. At the County, the hurdles are the Soil Conservation District, the County Planning Board and the County Engineering Department, each with independent jurisdiction. At the State the solar developer is routinely dealing with the Department of Environmental Protection for wetland issues and flood hazard issues. If the Solar developer is on a landfill or brownfield, the solar developer is amending the solid waste plan or the soil remediation plan. Application Fees and professional fees to the solar developer are routinely in excess of \$500,000 per project, perhaps double that in some of the projects undertaken by CEP. The time frame for the municipal land use path runs from 18 to 36 months depending on the complexity of the property.

Net Metered projects that are not ground mounted do not have to apply for permitting under the municipal land use act. Net Metered Projects are subject to obtaining building permits from the municipality.

The need for Certainty and Fairness

Grid supply projects should be a part of the renewable energy portfolio. In order to ensure a robust community of grid supply solar developers, there should be regulations that acknowledge the inherent nature of the grid supply system, the timing and the costs. It is imperative that the regulations promote certainty, fundamental fairness and due process.

Request for Comments.

1. We suggest that Net Metered Systems and Grid Supply systems not be treated the same in the transition period and thereafter. Grid Supply Systems that are under construction or are in development approvals as of this date should be treated separately from net metered systems. Given the long time frames inherent in the approval process and the need to budget and contract years ahead of the current date, it is incumbent that grid supply projects be protected from changes in the SREC eligibility rules and accordingly given their own program. A standard that is based solely on energization is totally inappropriate for grid supply given its gestation period. A standard based upon energization would, by necessity, constitute a retroactive application of the standard and change the rules for a project that is years in the making. Grid supply projects, given their critical path of two to three years in the making should be afforded the protection that same can by energized by the rules in which the project is conceived.

2. We would propose that grid supply projects that have entered into wholesale market participation agreements with PJM on or before December 31, 2019 be protected and afforded no change in SREC valuation or allocation. We make that suggestion as a compromise recognizing that a date certain has to be selected.

3. We would propose that grid supply projects that have entered into wholesale market participation agreements with PJM after December 31, 2019 be afforded an opportunity to participate in the new or successor subsidy program that is created thereafter. We would submit that given the larger upfront costs of grid supply solar, that the valuation of the SREC and the allocation of same for grid supply recognize the reality of the manner in which the systems are developed. If there is no successor subsidy program in existence as of January 1 2020, it is proposed that the grid supply project remain SREC Eligible under the current standard until a new program is created.

In closing , in order to encourage a robust grid supply community and as a matter of fundamental fairness and due process we believe that grid supply projects should not be treated the same as net metered projects and that it should be recognized that the long term of maturation and costs of the systems compel that the system be allowed to energize under the same rules in which it was conceived.

Respectfully Submitted

CEP Renewables, LLC



Gary Cicero