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VIA ELECTRONIC DELIVERY & HAND DELIVERY

Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
Post Office Box 350  
Trenton, NJ 08625-0350  
[solar.transitions@bpu.nj.gov](mailto:solar.transitions@bpu.nj.gov).

RE: New Jersey Solar Transition Staff Straw Proposal ("Straw Proposal")

Dear Secretary Camacho-Welch:

Trinity Heating & Air, Inc. dba Trinity Solar ("Trinity") appreciates the opportunity to provide comments on New Jersey's Solar Transition Staff Straw Proposal. We are especially grateful for the hard work the Board and Governor Murphy's Administration have done to stabilize the solar industry in New Jersey while continuing to push the end goal of a 100% renewable energy future for New Jersey.

Upon review of the Staff Solar Straw Proposal, Trinity is particularly appreciative of development and acknowledgement of the "SREC Transition Principles". In particular, we are happy to see the balance struck by the Board in maximizing solar's benefits to ratepayers at the lowest cost while honoring the investments made in prior solar projects and supporting the continued growth of the industry. These concepts are crucial to the continued evolution of New Jersey's solar program. While we see a cogent path forward, our comments in this document address a few concerns we have about the transition.

**1. Implement the Transition program as expeditiously as possible**

Residential solar installations have a relatively short timeframe from the first customer contact to obtaining the utilities' PTO or "permission to operate" – normally less than 90 days. Because of this short timeframe, market uncertainty will first be felt in this sector and will threaten business continuity if projects are delayed from achieving PTO. For this reason, we believe there is a need to set forth the details of the transition plan as soon as possible. Time is of the essence as we continue to install projects to meet the 5.1% RPS threshold. In doing so, we need transparency as to when the current program will

close, when the program will move into the transition phase, and how SRECs will be valued during this phase.

## **2. Set a revised RPS level and related SACP level at a rate that continues to drive solar adoption**

As part of the transition and until a successor program is implemented, an interim RPS level should be adopted to ensure business continuity. In setting the RPS, the level should be consistent with historical build rates. Further, we recommend fixing the effective SACP value<sup>1</sup> at \$175/MWhr for a period of 10 years. This represents a reduction of nearly \$100/MWhr from the current program ACP level for EY19 and is below the EY28 ACP. The result is a significant reduction in ratepayer costs while ensuring incentives levels are sufficient to continue to drive all solar segments including residential. Because construction costs differ across segments, on average, it would be challenging to maintain the current build rate if the SACP levels were set below \$175/MWhr.

## **3. Create a residential set-aside within the Transition**

A short-lived transition program has the potential to create a gold-rush mentality where residential projects are crowded out by large-scale solar projects. To ensure the residential segment is not negatively impacted during the transition period, we recommend the Board staff consider a minimum RPS set aside of 35% for residential construction. This value represents the historic average of residential build out and would maintain the current levels of residential jobs. Without such a mechanism in place, we would expect to see similar results as occurred in Massachusetts with their early attempt to transition from an SREC I to SREC II program. Large-scale solar projects quickly swamped the RPS and the Massachusetts program was halted to create a residential set aside. This concept or a similar one is absolutely essential to establishing an effective transition program.

In closing, we are pleased with the Board staff's direction in creating this straw proposal and look forward to working with you on the transition details going forward. This document was prepared in anticipation of the first Stakeholder meeting. Trinity may posit additional comments related to the questions asked in the December 26, 2018 Straw Proposal Notice.

Respectfully Submitted,



Ed Merrick

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<sup>1</sup> There may be other options to setting the SACP level, but we believe the end result should be an equivalent SACP level of around \$175/MWhr.