

Dakota Power Partners Comments on the Draft 2019 Energy Master Plan

I. Overview of Dakota Power Partners

Dakota Power Partners, LLC (“Dakota”) is one of the most experienced developers of large-scale renewable energy projects in the United States. Dakota Power Partners and its investors have been direct participants in developing and funding over 10,000 MW of large-scale solar and wind projects now in operation nationwide. Dakota is currently developing a thousand megawatts of utility-scale solar and solar + storage systems in New Jersey. Dakota expects to achieve commercial operations on its first projects in New Jersey by 2021.

II. Need for Programs to Encourage Utility-Scale Solar in New Jersey

In order to achieve New Jersey’s ambitious 50% renewables by 2030 goal as well as Governor Murphy’s goal of 100% clean energy by 2050 with a *minimal* impact to New Jersey ratepayers, the state should utilize an “all of the above” approach for qualifying resources. Today, utility-scale solar is the least-cost renewable resource available in the region. What’s more, utility-scale solar is tried and tested within the US, with thousands of megawatts getting commissioned each year all over the country. It can be developed and built rapidly, yet the state has no program to encourage investment in these resources in New Jersey.

Dakota estimates that the market potential exists for approximately 3,000 MW of in-state utility-scale solar by 2030 and that, with the near-term adoption of a properly designed competitive long-term contracting program, this resource could be procured at a lower cost to ratepayers than what is likely under the current programs that result in the majority of Class-1 RECs being procured from out-of-state renewable generators. The adoption of such a program would also create thousands of in-state construction jobs and drive billions of dollars in investment in communities throughout New Jersey that would not occur under current programs.

With the impending phase out of the federal solar investment tax credit (“ITC”), it is imperative that New Jersey launch such a program no later than 2020 in order to encourage investment in in-state utility-scale solar in time to allow New Jersey ratepayers to fully benefit from the solar 30% ITC, which will not be available to solar projects that cannot achieve commercial operations by 2023, and to keep on track for achieving the 2030 and 2050 goals.

III. Recommendations

1. The Final EMP should recognize utility-scale solar located both in New Jersey and in other PJM states as a resource that qualifies for Class-1 RECs. The BPU’s current position is that utility-scale solar does not qualify for Class-1 RECs. Therefore, even a

utility-scale solar project located in New Jersey would not count towards the state's renewable energy goals.

2. The Final EMP should recognize utility-scale solar as the least-cost source of renewable energy in New Jersey today and should recognize the need to incent utility-scale solar in order to meet the state's ambitious renewable energy goals in a cost-effective manner.
3. More specifically, the Final EMP should establish a goal of achieving 3,000 MW of utility-scale solar in New Jersey by 2030. This would represent approximately 14% of the state's 2030 renewable goal and would offset the need to purchase Class-1 RECs from out-of-state renewable resources.
4. To achieve this 3,000 MW target, the state should explore incentives to encourage the development of utility-scale solar in New Jersey, including the use of long-term contracts and regularly scheduled competitive procurements. The long-term contracting program should utilize aspects of the offshore-wind long-term contracting program, but should establish a cap on pricing that is equivalent to the Board's forecast of the market price of energy, capacity, and Class-I RECs over the period of the long-term contract to ensure that the new program will have no negative impact on ratepayers.