



State of New Jersey
DIVISION OF RATE COUNSEL
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CHRIS CHRISTIE
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STEFANIE A. BRAND
Director

August 16, 2011

By Overnight Delivery Service and Electronic Mail

Honorable Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: New Jersey Clean Energy Program Net Metering and Interconnection Working Group—Comments on Solar Alliance and Interstate Renewable Energy Council Interconnection Rule Proposals

Dear Secretary Izzo:

Enclosed please find an original and ten copies of comments submitted on behalf of the New Jersey Division of Rate Counsel in connection with the above-referenced matter. These comments are being submitted by electronic mail to the Board's Office of Clean Energy, and copies are being provided to the Board's Net Metering and Interconnection listserv.

We are enclosing one additional copy of the comments. Please stamp and date the extra copy as "filed" and return it to us in the enclosed self-addressed, stamped envelope.

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Thank you for your consideration and assistance.

Respectfully submitted,

STEFANIE A. BRAND
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**Comments of New Jersey Division of Rate Counsel on
Comments on Solar Alliance and Interstate Renewable Energy Council
Interconnection Rule Proposals**

August 16, 2011

These comments are submitted on behalf of the New Jersey Division of Rate Counsel (“Rate Counsel”) in response to Comments of the Solar Alliance (“SA”), dated April 29, 2011, and Comments of the Interstate Renewable Energy Council (“IREC”), dated July 8, 2011, in which the SA and IREC proposed various amendments to the Board of Public Utilities’ (“Board’s”) Net Metering and Interconnection rules. Following the July 22, 2011 meeting of the Net Metering and Interconnection Standards Working Group, the Board’s Office of Clean Energy (“OCE”) requested comments on the SA and IREC proposals, to be submitted no later than August 16, 2011.

Proposed Rule Amendments

The SA and IREC proposals seek rule changes that would allow the installation of larger solar facilities under less stringent technical requirements. The Board’s current rules provide for three levels of review for applications to interconnect a solar or other class I renewable energy source that generates electricity on the customer’s side of the meter. N.J.A.C. 14:8-5.2. Both proposals request increases in the sizes of individual generating units that qualify for the less stringent “Level 1” and “Level 2” review procedures, and both request increases in the aggregate amount of solar generating capacity permitted on each distribution circuit. SA further proposes that solar generators that do not export to the grid be allowed to generate up to 50% of peak load on a circuit. In addition, both SA and IREC request that electric distribution utilities be required to install real-time load monitoring equipment on any distribution circuit where proposed (and existing) distributed generation equals a specified percentage of the circuit’s peak load. The

purpose of such monitoring would be to allow implementation of a new standard allowing solar generation and other distributed generation to meet 50% (IREC) or 75% (SA) of the circuit's minimum load during times when solar generation is operational.

Rate Counsel has serious concerns about both the potential operational impact of the SA and IREC proposals, and the likely rate impact of these proposal on other utility customers. In addition, Rate Counsel has suggestions for improving the transparency of the process for considering amendments to the Board's rules.

Operational and Rate Impacts

As noted, the SA and IREC comments would permit the installation of larger solar facilities with less stringent review. Rate Counsel believes that these proposals are based on an overly simplistic view of the impacts of solar and other distributed generation on the operation of the utilities' distribution systems. SA and IREC appear to assume that adverse impacts are mitigated by simply limiting the amount of solar and other distributed generation on a circuit to a specified percentage of load. This view does not fully consider the complexities of operating a circuit that includes distributed generation.

Solar generation in particular can create operational issues due to its intermittent nature. As an example, solar facilities can generate at near-peak levels during the "shoulder" months in the spring and fall, when electric loads, especially in residential areas, are well below the peak loads that occur during the summer. Further, solar generation is subject to sudden fluctuations such as, for example, when the sun is blocked by passing clouds. This can result in excessive voltage levels, and voltage fluctuations, that require the installation of costly equipment to monitor and control voltages on affected circuits. These types of issues can be created by all solar generation, including facilities that do not export to the grid. The SA and IREC proposals

do now allow for adequate consideration of the operational impacts of the larger facilities proposed to be allowed at less stringent levels of review, nor do they address the appropriate allocation of the increased costs that are likely to result.

SA and IREC also do not adequately address the costs of their proposal to require the utilities to implement real-time load monitoring. This proposal would require utilities to install monitoring equipment, and also collect, store and analyze the resulting data. The SA and IREC comments contain no analysis of the feasibility or cost of such an undertaking. SA has proposed to allow a charge of \$15,000 per Megawatt on applicants for interconnection on circuits where the aggregated solar and other distributed generation has reached 15% of peak load to offset the costs of real-time monitoring. However, SA does not address the details of such a charge, or the legality of charging such a fee based on when an application was filed, and it does not present any analysis of the adequacy of such a charge to cover the costs of implementing real-time monitoring.

In summary, the SA and IREC proposals raise significant issues that require further study. The Board should not proceed further with these proposals without a complete analysis of their potential operational effects, costs and impacts on other ratepayers.

Procedural Issue

Rate Counsel also has concerns about the procedures being followed by OCE to solicit input on possible changes to the Board's Net Metering and Interconnection rules, N.J.A.C. 14:8-4 and 8-5. Rate Counsel is providing comments on the SA and IREC proposals that were circulated to the Net Metering and Interconnection Working Group and posted on OCE's website. Rate Counsel's July 29, 2011 response to an OCE Staff "Straw Proposal" was also

posted for comment.¹ However, Rate Counsel does not know whether Staff has received other input on proposed rule changes. In order to enhance the transparency of Staff's process for considering rule changes, all input should be automatically distributed to the Renewable Energy Committee and the Net Metering and Interconnection Working Group. In addition, all input should be posted on the Board's website, where it will be accessible to the general public.

¹ A comment submitted by Bloom Energy was circulated on August 12, 2011. Rate Counsel understands that no deadline has been established for responses to the Bloom Energy comment, and Rate Counsel reserves its right to respond to this comment at a later date.