



Institute for
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VIA EMAIL

Aida Camacho-Welch
Secretary of the Board
State of New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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Docket No.: QO20020184 - In the Matter of a Solar Successor Incentive Program Pursuant to P.L. 2018, C. 17

Re: Comments of Institute for Policy Integrity on Solar Successor Program Staff Straw Proposal

Dear Ms. Camacho-Welch,

The Institute for Policy Integrity at New York University School of Law (Policy Integrity)¹ appreciates the opportunity to submit this brief response regarding the April 7, 2021 New Jersey Board of Public Utilities (BPU) Solar Successor Program Staff Straw Proposal (Proposal). Policy Integrity is a non-partisan think tank dedicated to improving the quality of government decisionmaking through advocacy and scholarship in the fields of administrative law, economics, and public policy.

In Question 37, BPU asks: *Should the administratively set incentive program include an adder for projects that benefit environmental justice communities? For the competitive solicitation? If so, should there be criteria to select the projects with the highest benefits? How can “benefits” for these communities be quantified?*

Policy Integrity commends BPU for considering the inclusion of an environmental justice (EJ) adder and encourages BPU to explore an adder that would deliver material benefits to EJ communities.

¹ This document does not purport to present New York University School of Law’s views, if any.

Deploying distributed energy resources (DERs) can yield substantial and readily quantified local air quality benefits, depending on their location and operational profiles.² Linking an EJ adder to the air quality benefits of a project in a meaningful way would require an analysis of how much a recipient solar PV installation would displace the operation of emitting resources upwind of one or more EJ communities.³ Such an analysis would have to identify the displaced upwind emitting resource(s) and estimate the extent to which its operation would be displaced.⁴ However, it is important to note that solar PV installations that could bring the most air-quality benefits to EJ communities might not be located in an EJ community.⁵

There are also other harder-to-quantify benefits of solar PV installations can bring to EJ communities, such as employment opportunities, and improved individual or community resilience to outages. These benefits, unlike improvements to local air quality, are more likely to accrue if solar PV is installed within or close to an EJ community. Thus, it would be difficult for a single adder to capture both these benefits and the benefit of improved air quality. Further, some of these local community and resilience benefits might be better captured with direct incentive programs instead of a per-kWh adders.

We recommend that BPU adopt an EJ incentive structure that can reflect these different types of benefits, such as a two-part structure that is explicitly linked to different benefit streams.

Respectfully,

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² See generally MATT BUTNER, ILIANA PAUL & BURCIN UNEL, INST. FOR POL'Y INTEGRITY, MAKING THE MOST OF DISTRIBUTED ENERGY RESOURCES: SUBREGIONAL ESTIMATES OF THE ENVIRONMENTAL VALUE OF DISTRIBUTED ENERGY RESOURCES IN THE UNITED STATES (2020), <https://policyintegrity.org/publications/detail/making-the-most-of-distributed-energy-resources>.

³ For Policy Integrity's methodology for assessing whether and how much DEs offset emissions from centralized generation resources, see JEFFREY SHRADER, BURCIN UNEL & AVI ZEVIN, INST. FOR POL'Y INTEGRITY, VALUING POLLUTION REDUCTIONS (2018), <https://policyintegrity.org/publications/detail/valuing-pollution-reductions>.

⁴ *Id.* at 6–18 (describing how to identify generation resources displaced by DERs and how to compare emissions rates of that generation to the rates of the DERs that displace them).

⁵ For a summary that emphasizes the importance of location to all costs and benefits of DERs, including emissions avoidance, see JUSTIN GUNDLACH & BURCIN UNEL, INST. FOR POL'Y INTEGRITY, GETTING THE VALUE OF DISTRIBUTED ENERGY RESOURCES RIGHT 29–31 (2019), https://policyintegrity.org/files/publications/Value_of_DER_Report.pdf.