NAIOP NJ Webinar: New Revenue Streams Through Solar Development

May 12, 2020
12 pm
Welcome

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NAIOP NJ CEO
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NAIOP
Commercial Real Estate Development Association
New Jersey Chapter
Upcoming NAIOP Programs

June 11 Webinar: Regulatory, Legislative & Legal Update, 9 AM – 11 AM. Registration opening soon.

June 23-25 ICON Virtual, Registration open on NAIOP.org.

July 9 Webinar: Public Policy Symposium (Rescheduled), 9 AM – 11 AM. Registration opening soon.

Sep 9 33rd Annual CRE Awards Gala, The Palace at Somerset Park.

Sep 21 Golf Classic, Trump National, Bedminster.

Nov 2 President's Awards, Hall of Fame & 50th Anniversary Celebration Dinner, Teaneck Marriott at Glenpointe.
Solar Development Panel

Jim Clemo
SVP, Real Estate Operations

Shaun Keegan
Co-Founder & CEO

Barbara Koonz
Partner

Jeff Milanaik
Partner, Northeast Region
Shaun Keegan
Co-Founder & CEO
For Discussion Today

• Shaun Keegan
  • How solar lease deals work
  • Considerations for protecting the roof
  • Community partnerships

• Barbara Koonz
  • Community solar and NJ’s energy program
  • Change in solar incentives, why this matters

• Jeff Milanaik
  • Experience integrating solar with Bridge Development’s properties

• Jim Clemo
  • Enacting CRE sustainability initiatives
  • Success in NJ’s program in round 1
Rooftop Lease for Community Solar

PROPERTY OWNER
Receives a quarterly lease payment for hosting a community solar project. Lease terms are typically +20 years. No investment or requirement to purchase energy.

SOLAR LANDSCAPE
As your rooftop tenant, we own and operate a community solar project. We regularly maintain the system to protect against roof damage, and we're fully insured through the term of the lease.

LOCAL COMMUNITY BENEFITS
Subscribers will save 10% on electricity usage costs, and 51% of power sold to low to moderate income households. Subscribers are a mix of residential, public sector, non-profit and businesses.
Experience in Round 1

- Won 8 projects or ~50% of roof-top projects in round 1
- +1,800,000 SF of community solar projects under construction in New Jersey.
- New Jersey based and focused on community partnerships
Barbara Koonz
Partner

BARBARA KOONZ
Greenbaum, Rowe, Smith and Davis LLP

• Chair Energy, Renewable Resources & Sustainable Development Practice Group.
• Represent commercial property owners, tenants and solar developers.
• Advise on key legal & regulatory challenges to developing solar projects (e.g., compliance with NJBPU requirements; subsidy eligibility; Investment Tax Credit (ITC)).
• Preparation and negotiation of appropriate legal documents. (property/rooftop leases, EPC contracts, power purchase agreements (PPA), etc.).
Solar in New Jersey

*Clean Energy Act set goal is to achieve 50% of energy from renewables (20% solar) by 2030. Currently at 5.1%.*

- NJ is a top solar state. Since 2000 state has sponsored rebates and subsidy programs.
- NJ Clean Energy Act (CEA) of 2018 also established a Community Solar Program, termination of current solar renewable certificate (SREC) program and implementation replacement program.
- The Energy Master Plan establishes policies to implement CEA, including a plan for continued development of solar.
- Encourages utilization of rooftops, brownfields, landfills, and parking lots rather than green fields.
How Community Solar Works

• Any energy user can “subscribe” to a solar project installed nearby
• Makes renewable energy available to low and moderate income (LMI) households
• Creates significant opportunities for the use of commercial rooftops for solar.
• Customers enter into a “subscriber” agreement with a provider to “purchase” solar energy at a contract rate
• Utility provides a bill “credit” to the “subscriber” for each solar kilowatt hour delivered on their behalf
• “Subscriber” pays the CS provider for their portion of generation
Current Status of Community Solar Program

- Currently in the second year of a 3-year pilot program. Round 2 should open mid-2020.
- Round 1 awarded over 75MW out of 650MW applications (45 of 252 proposed projects approved)*.
- Winning projects were awarded to those who could demonstrate community benefits, including selling 51% to LMI subscribers.
- After round 3, permanent CS program will be implemented.
• Own and manage 155+ million SF in more than 500 warehouse/distribution properties in 20 U.S., including almost 8 million SF in New Jersey.
• Enterprise value of over $15B
• Early 2019, announced plan to deliver $1B of LEED-certified logistics properties over the next three years.
• We have a strong commitment to the communities in which we do business which is why this opportunity was a perfect fit for our corporate responsibility goals. We strive to build better, more efficient buildings as well as community-driven amenities within our development projects.

JIM CLEMO
Duke Realty
Jeff Milanaik
Partner, Northeast Region

JEFF MILANAIK
Bridge Development Partners

• Joined Bridge Development Partners in 2014 and is responsible for Bridge’s acquisition and development activities throughout the Northeast Region. Since joining the company, he has successfully completed transactions on nearly 9 million square feet of industrial real estate with a value in excess of $2 billion.
• Previously served as President/Partner of Heller Industrial Parks Inc., one of the nation's largest privately held owner/developers of industrial real estate and holds over 30 years of experience in commercial real estate.
Other Considerations Supporting Commercial Rooftop Solar

- BPU approval of Transition Incentive (TI) Program to replace SREC Program
- TI awards transition renewable energy certificates (TREC) for each MWh of solar generation.
- TREC paid over 15 years at $152 per TREC, subject to factoring.
- Commercial rooftop projects receive 100% of TREC value.
- CS projects receive 85% of TREC value.
- TREC program will be replaced by “Successor Program” under development.
- Federal Investment Tax Credit – 26% for commercial projects 2020 (stepdown continues)
Key Consideration: Protecting Your Roof

**Structural**
- The solar panel installation will add 2-5lbs PSF to the building’s structural weight load capacity.
- Ballasted racking
- Verify site-conditions and create design specifications for DOB approval.

**Waterproofing**
- Solar panels will not void roof manufacturer’s leak warranty.
- Ability to remove panels for repair
- Established best practices to avoid damage during the install.

**Non-invasive Construction**
- No building interior work is required, minimal
- Loading/staging areas are coordinated with property management in advance
- Labor-intensive installation is typically less than 8 weeks.
- Only Light tools are used to assemble nut and bolt systems

**Safety First**
- Hard rail fall protection set up around the perimeter of the roof
- Job specific safety plans
- Safest inverters are specifically designed for flat roof commercial solar installations.
Questions?
Speaker Contact Information

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