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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

Yes

"Christie signs bill to help stabilize solar sector," NJ SPOTLIGHT, 7-24-12

"Christie hot on solar energy," The Star-Ledger, July 24, 2012

"N.J. orders bigger share of power come from sun," The Press, 7-24-12

"Christie signs bill to boost solar energy," The Record, 7-24-12

"Solar industry to get a boost," Asbury Park Press, 7-24-12

"Christie signs solar-energy measure," Courier-Post, 7-24-12

"Christie Signs Solar Bill Increasing N.J. Energy Requirement," Bloomberg Press, 7-24-12

LAW/RWH

P.L.2012, CHAPTER 24, *approved July 23, 2012*
Senate Committee Substitute (*Fourth Reprint*) for
Senate, No. 1925

1 AN ACT concerning ²**[net]** certain electric customer² metering and
2 solar renewable portfolio standards requirements and amending
3 P.L.1999, c.23.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 3 of P.L.1999, c.23 (C.48:3-51) is amended to read
9 as follows:

10 3. As used in P.L.1999, c.23 (C.48:3-49 et al.):

11 "Assignee" means a person to which an electric public utility or
12 another assignee assigns, sells or transfers, other than as security,
13 all or a portion of its right to or interest in bondable transition
14 property. Except as specifically provided in P.L.1999, c.23
15 (C.48:3-49 et al.), an assignee shall not be subject to the public
16 utility requirements of Title 48 or any rules or regulations adopted
17 pursuant thereto;

18 "Base load electric power generation facility" means an electric
19 power generation facility intended to be operated at a greater than
20 50 percent capacity factor including, but not limited to, a combined
21 cycle power facility and a combined heat and power facility;

22 "Base residual auction" means the auction conducted by PJM, as
23 part of PJM's reliability pricing model, three years prior to the start
24 of the delivery year to secure electrical capacity as necessary to
25 satisfy the capacity requirements for that delivery year;

26 "Basic gas supply service" means gas supply service that is
27 provided to any customer that has not chosen an alternative gas
28 supplier, whether or not the customer has received offers as to
29 competitive supply options, including, but not limited to, any
30 customer that cannot obtain such service for any reason, including
31 non-payment for services. Basic gas supply service is not a
32 competitive service and shall be fully regulated by the board;

33 "Basic generation service" or "BGS" means electric generation
34 service that is provided, to any customer that has not chosen an
35 alternative electric power supplier, whether or not the customer has
36 received offers for competitive supply options, including, but not
37 limited to, any customer that cannot obtain such service from an
38 electric power supplier for any reason, including non-payment for

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted May 24, 2012.

² Assembly ATU committee amendments adopted June 7, 2012.

³ Assembly floor amendments adopted June 21, 2012.

⁴ Senate floor amendments adopted June 25, 2012.

1 services. Basic generation service is not a competitive service and
2 shall be fully regulated by the board;

3 "Basic generation service provider" or "provider" means a
4 provider of basic generation service;

5 "Basic generation service transition costs" means the amount by
6 which the payments by an electric public utility for the procurement
7 of power for basic generation service and related ancillary and
8 administrative costs exceeds the net revenues from the basic
9 generation service charge established by the board pursuant to
10 section 9 of P.L.1999, c.23 (C.48:3-57) during the transition period,
11 together with interest on the balance at the board-approved rate, that
12 is reflected in a deferred balance account approved by the board in
13 an order addressing the electric public utility's unbundled rates,
14 stranded costs, and restructuring filings pursuant to P.L.1999, c.23
15 (C.48:3-49 et al.). Basic generation service transition costs shall
16 include, but are not limited to, costs of purchases from the spot
17 market, bilateral contracts, contracts with non-utility generators,
18 parting contracts with the purchaser of the electric public utility's
19 divested generation assets, short-term advance purchases, and
20 financial instruments such as hedging, forward contracts, and
21 options. Basic generation service transition costs shall also include
22 the payments by an electric public utility pursuant to a competitive
23 procurement process for basic generation service supply during the
24 transition period, and costs of any such process used to procure the
25 basic generation service supply;

26 "Board" means the New Jersey Board of Public Utilities or any
27 successor agency;

28 "Bondable stranded costs" means any stranded costs or basic
29 generation service transition costs of an electric public utility
30 approved by the board for recovery pursuant to the provisions of
31 P.L.1999, c.23 (C.48:3-49 et al.), together with, as approved by the
32 board: (1) the cost of retiring existing debt or equity capital of the
33 electric public utility, including accrued interest, premium and other
34 fees, costs and charges relating thereto, with the proceeds of the
35 financing of bondable transition property; (2) if requested by an
36 electric public utility in its application for a bondable stranded costs
37 rate order, federal, State and local tax liabilities associated with
38 stranded costs recovery or basic generation service transition cost
39 recovery or the transfer or financing of such property or both,
40 including taxes, whose recovery period is modified by the effect of
41 a stranded costs recovery order, a bondable stranded costs rate order
42 or both; and (3) the costs incurred to issue, service or refinance
43 transition bonds, including interest, acquisition or redemption
44 premium, and other financing costs, whether paid upon issuance or
45 over the life of the transition bonds, including, but not limited to,
46 credit enhancements, service charges, overcollateralization, interest
47 rate cap, swap or collar, yield maintenance, maturity guarantee or

1 other hedging agreements, equity investments, operating costs and
2 other related fees, costs and charges, or to assign, sell or otherwise
3 transfer bondable transition property;

4 "Bondable stranded costs rate order" means one or more
5 irrevocable written orders issued by the board pursuant to P.L.1999,
6 c.23 (C.48:3-49 et al.) which determines the amount of bondable
7 stranded costs and the initial amount of transition bond charges
8 authorized to be imposed to recover such bondable stranded costs,
9 including the costs to be financed from the proceeds of the
10 transition bonds, as well as on-going costs associated with servicing
11 and credit enhancing the transition bonds, and provides the electric
12 public utility specific authority to issue or cause to be issued,
13 directly or indirectly, transition bonds through a financing entity
14 and related matters as provided in P.L.1999, c.23 (C.48:3-49 et al.),
15 which order shall become effective immediately upon the written
16 consent of the related electric public utility to such order as
17 provided in P.L.1999, c.23 (C.48:3-49 et al.);

18 "Bondable transition property" means the property consisting of
19 the irrevocable right to charge, collect and receive, and be paid
20 from collections of, transition bond charges in the amount necessary
21 to provide for the full recovery of bondable stranded costs which
22 are determined to be recoverable in a bondable stranded costs rate
23 order, all rights of the related electric public utility under such
24 bondable stranded costs rate order including, without limitation, all
25 rights to obtain periodic adjustments of the related transition bond
26 charges pursuant to subsection b. of section 15 of P.L.1999, c.23
27 (C.48:3-64), and all revenues, collections, payments, money and
28 proceeds arising under, or with respect to, all of the foregoing;

29 "British thermal unit" or "Btu" means the amount of heat
30 required to increase the temperature of one pound of water by one
31 degree Fahrenheit;

32 "Broker" means a duly licensed electric power supplier that
33 assumes the contractual and legal responsibility for the sale of
34 electric generation service, transmission or other services to end-use
35 retail customers, but does not take title to any of the power sold, or
36 a duly licensed gas supplier that assumes the contractual and legal
37 obligation to provide gas supply service to end-use retail customers,
38 but does not take title to the gas;

39 "Brownfield" means any former or current commercial or
40 industrial site that is currently vacant or underutilized and on which
41 there has been, or there is suspected to have been, a discharge of ³a³
42 contaminant ⁴[.]⁴ ³[as included in the "Brownfields
43 Redevelopment Task Force" inventory, developed pursuant to
44 section 5 of P.L.1997, c.278 (C.58:10B-23)]³;

45 "Buydown" means an arrangement or arrangements involving the
46 buyer and seller in a given power purchase contract and, in some
47 cases third parties, for consideration to be given by the buyer in

1 order to effectuate a reduction in the pricing, or the restructuring of
2 other terms to reduce the overall cost of the power contract, for the
3 remaining succeeding period of the purchased power arrangement
4 or arrangements;

5 "Buyout" means an arrangement or arrangements involving the
6 buyer and seller in a given power purchase contract and, in some
7 cases third parties, for consideration to be given by the buyer in
8 order to effectuate a termination of such power purchase contract;

9 "Class I renewable energy" means electric energy produced from
10 solar technologies, photovoltaic technologies, wind energy, fuel
11 cells, geothermal technologies, wave or tidal action, small scale
12 hydropower facilities with a capacity of three megawatts or less and
13 put into service after the effective date of P.L. , c. (C.)
14 (pending before the Legislature as this bill), and methane gas from
15 landfills or a biomass facility, provided that the biomass is
16 cultivated and harvested in a sustainable manner;

17 "Class II renewable energy" means electric energy produced at a
18 **[resource recovery facility or]** hydropower facility with a capacity
19 of greater than three megawatts or a resource recovery facility,
20 provided that such facility is located where retail competition is
21 permitted and provided further that the Commissioner of
22 Environmental Protection has determined that such facility meets
23 the highest environmental standards and minimizes any impacts to
24 the environment and local communities;

25 "Co-generation" means the sequential production of electricity
26 and steam or other forms of useful energy used for industrial or
27 commercial heating and cooling purposes;

28 "Combined cycle power facility" means a generation facility that
29 combines two or more thermodynamic cycles, by producing electric
30 power via the combustion of fuel and then routing the resulting
31 waste heat by-product to a conventional boiler or to a heat recovery
32 steam generator for use by a steam turbine to produce electric
33 power, thereby increasing the overall efficiency of the generating
34 facility;

35 "Combined heat and power facility" or "co-generation facility"
36 means a generation facility which produces electric energy**[,]** and
37 steam[b,] or other forms of useful energy such as heat, which are
38 used for industrial or commercial heating or cooling purposes. A
39 combined heat and power facility or co-generation facility shall not
40 be considered a public utility;

41 "Competitive service" means any service offered by an electric
42 public utility or a gas public utility that the board determines to be
43 competitive pursuant to section 8 or section 10 of P.L.1999, c.23
44 (C.48:3-56 or C.48:3-58) or that is not regulated by the board;

45 "Commercial and industrial energy pricing class customer" or
46 "CIEP class customer" means that group of non-residential
47 customers with high peak demand, as determined by periodic board

1 order, which either is eligible or which would be eligible, as
2 determined by periodic board order, to receive funds from the Retail
3 Margin Fund established pursuant to section 9 of P.L.1999, c.23
4 (C.48:3-57) and for which basic generation service is hourly-priced;

5 "Comprehensive resource analysis" means an analysis including,
6 but not limited to, an assessment of existing market barriers to the
7 implementation of energy efficiency and renewable technologies
8 that are not or cannot be delivered to customers through a
9 competitive marketplace;

10 "Connected to the distribution system" means, for a solar electric
11 power generation facility, ²that² the facility is: (1) connected to a
12 net metering customer's side of a meter, regardless of the voltage at
13 which that customer connects to the electric grid³[;] ³ (2) an on-
14 site generation facility³[;] ³ (3) qualified for ²[virtual]² net
15 metering aggregation as provided pursuant to paragraph (4) of
16 subsection e. of section 38 of P.L.1999, c.23 (C.48:3-87)³[;] ³ ²(4)
17 owned or operated by an electric public utility and approved by the
18 board pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1)² ³[;
19 or] ³ ²[(4)] (5)² directly connected to the electric grid at 69
20 kilovolts or less, regardless of how an electric public utility
21 classifies that portion of its electric grid, and is designated as
22 ³[connected] "connected³ to the distribution ³[system] system"³
23 by the board pursuant to subsections q. through s. of section 38 of
24 P.L.1999, c.23 (C.48:3-87), or ³(6)³ is certified by the board ⁴, in
25 consultation with the Department of Environmental Protection,⁴ as
26 being located on a brownfield ³[², an existing or proposed
27 commercial, retail, industrial, municipal, professional, recreational,
28 transit, commuter, entertainment complex, multi-use, or mixed-use
29 parking lot with a capacity to park 350 or more vehicles where the
30 area to be utilized for the facility is paved, or is an impervious
31 surface,² or a properly closed sanitary landfill facility ², an existing
32 or proposed commercial, retail, industrial, municipal, professional,
33 recreational, transit, commuter, entertainment complex, multi-use,
34 or mixed-use parking lot with a capacity to park 350 or more
35 vehicles where the area to be utilized for the facility is paved, or is
36 an impervious surface.]³ ⁴, on an area of historic fill,⁴ or ⁴on a⁴ a
37 properly closed sanitary landfill facility². Any solar electric power
38 generation facility, other than that of a net metering customer on the
39 customer's side of the meter, connected above 69 kilovolts ²[;]²
40 shall not be considered connected to the distribution system;

41 "Customer" means any person that is an end user and is
42 connected to any part of the transmission and distribution system
43 within an electric public utility's service territory or a gas public
44 utility's service territory within this State;

1 "Customer account service" means metering, billing, or such
2 other administrative activity associated with maintaining a customer
3 account;

4 "Delivery year" or "DY" means the 12-month period from June
5 1st through May 31st, numbered according to the calendar year in
6 which it ends;

7 "Demand side management" means the management of customer
8 demand for energy service through the implementation of cost-
9 effective energy efficiency technologies, including, but not limited
10 to, installed conservation, load management and energy efficiency
11 measures on and in the residential, commercial, industrial,
12 institutional and governmental premises and facilities in this State;

13 "Electric generation service" means the provision of retail
14 electric energy and capacity which is generated off-site from the
15 location at which the consumption of such electric energy and
16 capacity is metered for retail billing purposes, including agreements
17 and arrangements related thereto;

18 "Electric power generator" means an entity that proposes to
19 construct, own, lease or operate, or currently owns, leases or
20 operates, an electric power production facility that will sell or does
21 sell at least 90 percent of its output, either directly or through a
22 marketer, to a customer or customers located at sites that are not on
23 or contiguous to the site on which the facility will be located or is
24 located. The designation of an entity as an electric power generator
25 for the purposes of P.L.1999, c.23 (C.48:3-49 et al.) shall not, in
26 and of itself, affect the entity's status as an exempt wholesale
27 generator under the Public Utility Holding Company Act of 1935,
28 15 U.S.C. s.79 et seq., or its successor;

29 "Electric power supplier" means a person or entity that is duly
30 licensed pursuant to the provisions of P.L.1999, c.23 (C.48:3-49 et
31 al.) to offer and to assume the contractual and legal responsibility to
32 provide electric generation service to retail customers, and includes
33 load serving entities, marketers and brokers that offer or provide
34 electric generation service to retail customers. The term excludes an
35 electric public utility that provides electric generation service only
36 as a basic generation service pursuant to section 9 of P.L.1999, c.23
37 (C.48:3-57);

38 "Electric public utility" means a public utility, as that term is
39 defined in R.S.48:2-13, that transmits and distributes electricity to
40 end users within this State;

41 "Electric related service" means a service that is directly related
42 to the consumption of electricity by an end user, including, but not
43 limited to, the installation of demand side management measures at
44 the end user's premises, the maintenance, repair or replacement of
45 appliances, lighting, motors or other energy-consuming devices at
46 the end user's premises, and the provision of energy consumption
47 measurement and billing services;

1 "Electronic signature" means an electronic sound, symbol or
2 process, attached to, or logically associated with, a contract or other
3 record, and executed or adopted by a person with the intent to sign
4 the record;

5 "Eligible generator" means a developer of a base load or mid-
6 merit electric power generation facility including, but not limited to,
7 an on-site generation facility that qualifies as a capacity resource
8 under PJM criteria and that commences construction after the
9 effective date of P.L.2011, c.9 (C.48:3-98.2 et al.);

10 "Energy agent" means a person that is duly registered pursuant to
11 the provisions of P.L.1999, c.23 (C.48:3-49 et al.), that arranges the
12 sale of retail electricity or electric related services or retail gas
13 supply or gas related services between government aggregators or
14 private aggregators and electric power suppliers or gas suppliers,
15 but does not take title to the electric or gas sold;

16 "Energy consumer" means a business or residential consumer of
17 electric generation service or gas supply service located within the
18 territorial jurisdiction of a government aggregator;

19 "Energy efficiency portfolio standard" means a requirement to
20 procure a specified amount of energy efficiency or demand side
21 management resources as a means of managing and reducing energy
22 usage and demand by customers;

23 "Energy year" or "EY" means the 12-month period from June 1st
24 through May 31st, numbered according to the calendar year in
25 which it ends;

26 "Farmland" means land actively devoted to agricultural or
27 horticultural use that is valued, assessed, and taxed pursuant to the
28 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et
29 seq.);

30 "Federal Energy Regulatory Commission" or "FERC" means the
31 federal agency established pursuant to 42 U.S.C. s.7171 et seq. to
32 regulate the interstate transmission of electricity, natural gas, and
33 oil;

34 ⁴"Final remediation document" shall have the same meaning as
35 provided in section 3 of P.L.1976, c.141 (C.58:10-23.11b);⁴

36 "Financing entity" means an electric public utility, a special
37 purpose entity, or any other assignee of bondable transition
38 property, which issues transition bonds. Except as specifically
39 provided in P.L.1999, c.23 (C.48:3-49 et al.), a financing entity
40 which is not itself an electric public utility shall not be subject to
41 the public utility requirements of Title 48 or any rules or regulations
42 adopted pursuant thereto;

43 "Gas public utility" means a public utility, as that term is defined
44 in R.S.48:2-13, that distributes gas to end users within this State;

45 "Gas related service" means a service that is directly related to
46 the consumption of gas by an end user, including, but not limited to,
47 the installation of demand side management measures at the end

1 user's premises, the maintenance, repair or replacement of
2 appliances or other energy-consuming devices at the end user's
3 premises, and the provision of energy consumption measurement
4 and billing services;

5 "Gas supplier" means a person that is duly licensed pursuant to
6 the provisions of P.L.1999, c.23 (C.48:3-49 et al.) to offer and
7 assume the contractual and legal obligation to provide gas supply
8 service to retail customers, and includes, but is not limited to,
9 marketers and brokers. A non-public utility affiliate of a public
10 utility holding company may be a gas supplier, but a gas public
11 utility or any subsidiary of a gas utility is not a gas supplier. In the
12 event that a gas public utility is not part of a holding company legal
13 structure, a related competitive business segment of that gas public
14 utility may be a gas supplier, provided that related competitive
15 business segment is structurally separated from the gas public
16 utility, and provided that the interactions between the gas public
17 utility and the related competitive business segment are subject to
18 the affiliate relations standards adopted by the board pursuant to
19 subsection k. of section 10 of P.L.1999, c.23 (C.48:3-58);

20 "Gas supply service" means the provision to customers of the
21 retail commodity of gas, but does not include any regulated
22 distribution service;

23 "Government aggregator" means any government entity subject
24 to the requirements of the "Local Public Contracts Law," P.L.1971,
25 c.198 (C.40A:11-1 et seq.), the "Public School Contracts Law,"
26 N.J.S.18A:18A-1 et seq., or the "County College Contracts Law,"
27 P.L.1982, c.189 (C.18A:64A-25.1 et seq.), that enters into a written
28 contract with a licensed electric power supplier or a licensed gas
29 supplier for: (1) the provision of electric generation service, electric
30 related service, gas supply service, or gas related service for its own
31 use or the use of other government aggregators; or (2) if a
32 municipal or county government, the provision of electric
33 generation service or gas supply service on behalf of business or
34 residential customers within its territorial jurisdiction;

35 "Government energy aggregation program" means a program and
36 procedure pursuant to which a government aggregator enters into a
37 written contract for the provision of electric generation service or
38 gas supply service on behalf of business or residential customers
39 within its territorial jurisdiction;

40 "Governmental entity" means any federal, state, municipal, local
41 or other governmental department, commission, board, agency,
42 court, authority or instrumentality having competent jurisdiction;

43 "Greenhouse gas emissions portfolio standard" means a
44 requirement that addresses or limits the amount of carbon dioxide
45 emissions indirectly resulting from the use of electricity as applied
46 to any electric power suppliers and basic generation service
47 providers of electricity;

1 ⁴"Historic fill" means generally large volumes of non-indigenous
2 material, no matter what date they were emplaced on the site, used
3 to raise the topographic elevation of a site, which were
4 contaminated prior to emplacement and are in no way connected
5 with the operations at the location of emplacement and which
6 include, but are not limited to, construction debris, dredge spoils,
7 incinerator residue, demolition debris, fly ash, and non-hazardous
8 solid waste. "Historic fill" shall not include any material which is
9 substantially chromate chemical production waste or any other
10 chemical production waste or waste from processing of metal or
11 mineral ores, residues, slags, or tailings;⁴

12 "Incremental auction" means an auction conducted by PJM, as
13 part of PJM's reliability pricing model, prior to the start of the
14 delivery year to secure electric capacity as necessary to satisfy the
15 capacity requirements for that delivery year, that is not otherwise
16 provided for in the base residual auction;

17 "Leakage" means an increase in greenhouse gas emissions
18 related to generation sources located outside of the State that are not
19 subject to a state, interstate or regional greenhouse gas emissions
20 cap or standard that applies to generation sources located within the
21 State;

22 "Locational deliverability area" or "LDA" means one or more of
23 the zones within the PJM region which are used to evaluate area
24 transmission constraints and reliability issues including electric
25 public utility company zones, sub-zones, and combinations of
26 zones;

27 "Long-term capacity agreement pilot program" or "LCAPP"
28 means a pilot program established by the board that includes
29 participation by eligible generators, to seek offers for financially-
30 settled standard offer capacity agreements with eligible generators
31 pursuant to the provisions of P.L.2011, c.9 (C.48:3-98.2 et al.);

32 "Market transition charge" means a charge imposed pursuant to
33 section 13 of P.L.1999, c.23 (C.48:3-61) by an electric public
34 utility, at a level determined by the board, on the electric public
35 utility customers for a limited duration transition period to recover
36 stranded costs created as a result of the introduction of electric
37 power supply competition pursuant to the provisions of P.L.1999,
38 c.23 (C.48:3-49 et al.);

39 "Marketer" means a duly licensed electric power supplier that
40 takes title to electric energy and capacity, transmission and other
41 services from electric power generators and other wholesale
42 suppliers and then assumes the contractual and legal obligation to
43 provide electric generation service, and may include transmission
44 and other services, to an end-use retail customer or customers, or a
45 duly licensed gas supplier that takes title to gas and then assumes
46 the contractual and legal obligation to provide gas supply service to
47 an end-use customer or customers;

1 "Mid-merit electric power generation facility" means a
2 generation facility that operates at a capacity factor between
3 baseload generation facilities and peaker generation facilities;

4 ²"Net metering aggregation" means a procedure for calculating
5 the combination of the annual energy usage for all ³[solar electric
6 power generating]³ facilities owned by a single customer where
7 such customer is a State entity, school district, county, county
8 agency, county authority, municipality, municipal agency, or
9 municipal authority, ³and which are served by a solar electric power
10 generating facility³ as provided pursuant to paragraph (4) of
11 subsection e. of section 38 of P.L.1999, c.23 (C.48:3-87)^{2 3;3}

12 "Net proceeds" means proceeds less transaction and other related
13 costs as determined by the board;

14 "Net revenues" means revenues less related expenses, including
15 applicable taxes, as determined by the board;

16 "Offshore wind energy" means electric energy produced by a
17 qualified offshore wind project;

18 "Offshore wind renewable energy certificate" or "OREC" means
19 a certificate, issued by the board or its designee, representing the
20 environmental attributes of one megawatt hour of electric
21 generation from a qualified offshore wind project;

22 "Off-site end use thermal energy services customer" means an
23 end use customer that purchases thermal energy services from an
24 on-site generation facility, combined heat and power facility, or co-
25 generation facility, and that is located on property that is separated
26 from the property on which the on-site generation facility,
27 combined heat and power facility, or co-generation facility is
28 located by more than one easement, public thoroughfare, or
29 transportation or utility-owned right-of-way;

30 "On-site generation facility" means a generation facility,
31 including, but not limited to, a generation facility that produces
32 Class I or Class II renewable energy, and equipment and services
33 appurtenant to electric sales by such facility to the end use customer
34 located on the property or on property contiguous to the property on
35 which the end user is located ²[for the specific purpose of
36 supplying generation to the end use customer's property. The total
37 output of the on-site generation facility shall be used to serve the
38 load of the on-site end use customer]² ¹[unless the customer is
39 eligible for and engaged in virtual net metering aggregation]¹. An
40 on-site generation facility shall not be considered a public utility.
41 The property of the end use customer and the property on which the
42 on-site generation facility is located shall be considered contiguous
43 if they are geographically located next to each other, but may be
44 otherwise separated by an easement, public thoroughfare,
45 transportation or utility-owned right-of-way, or if the end use
46 customer is purchasing thermal energy services produced by the on-
47 site generation facility, for use for heating or cooling, or both,

1 regardless of whether the customer is located on property that is
2 separated from the property on which the on-site generation facility
3 is located by more than one easement, public thoroughfare, or
4 transportation or utility-owned right-of-way;

5 "Person" means an individual, partnership, corporation,
6 association, trust, limited liability company, governmental entity or
7 other legal entity;

8 "PJM Interconnection, L.L.C." or "PJM" means the privately-
9 held, limited liability corporation that is a FERC-approved Regional
10 Transmission Organization, or its successor, that manages the
11 regional, high-voltage electricity grid serving all or parts of 13
12 states including New Jersey and the District of Columbia, operates
13 the regional competitive wholesale electric market, manages the
14 regional transmission planning process, and establishes systems and
15 rules to ensure that the regional and in-State energy markets operate
16 fairly and efficiently;

17 ⁴"Preliminary assessment" shall have the same meaning as
18 provided in section 3 of P.L.1976, c.141 (C.58:10-23.11b);⁴

19 "Private aggregator" means a non-government aggregator that is
20 a duly-organized business or non-profit organization authorized to
21 do business in this State that enters into a contract with a duly
22 licensed electric power supplier for the purchase of electric energy
23 and capacity, or with a duly licensed gas supplier for the purchase
24 of gas supply service, on behalf of multiple end-use customers by
25 combining the loads of those customers;

26 "Properly closed sanitary landfill facility" means a sanitary
27 landfill facility, or a portion of a sanitary landfill facility, for which
28 performance is complete with respect to all activities associated
29 with the design, installation, purchase, or construction of all
30 measures, structures, or equipment required by the Department of
31 Environmental Protection, pursuant to law, in order to prevent,
32 minimize, or monitor pollution or health hazards resulting from a
33 sanitary landfill facility subsequent to the termination of operations
34 at any portion thereof, including, but not necessarily limited to, the
35 placement of earthen or vegetative cover, and the installation of
36 methane gas vents or monitors and leachate monitoring wells or
37 collection systems at the site of any sanitary landfill facility;

38 "Public utility holding company" means: (1) any company that,
39 directly or indirectly, owns, controls, or holds with power to vote,
40 ten percent or more of the outstanding voting securities of an
41 electric public utility or a gas public utility or of a company which
42 is a public utility holding company by virtue of this definition,
43 unless the Securities and Exchange Commission, or its successor,
44 by order declares such company not to be a public utility holding
45 company under the Public Utility Holding Company Act of 1935,
46 15 U.S.C. s.79 et seq., or its successor; or (2) any person that the
47 Securities and Exchange Commission, or its successor, determines,

1 after notice and opportunity for hearing, directly or indirectly, to
2 exercise, either alone or pursuant to an arrangement or
3 understanding with one or more other persons, such a controlling
4 influence over the management or policies of an electric public
5 utility or a gas public utility or public utility holding company as to
6 make it necessary or appropriate in the public interest or for the
7 protection of investors or consumers that such person be subject to
8 the obligations, duties, and liabilities imposed in the Public Utility
9 Holding Company Act of 1935 or its successor;

10 "Qualified offshore wind project" means a wind turbine
11 electricity generation facility in the Atlantic Ocean and connected
12 to the electric transmission system in this State, and includes the
13 associated transmission-related interconnection facilities and
14 equipment, and approved by the board pursuant to section 3 of
15 P.L.2010, c.57 (C.48:3-87.1);

16 "Registration program" means an administrative process
17 developed by the board pursuant to subsection u. of section 38 of
18 ²[P.L.1999, c.12] P.L.1999, c.23² (C.48:3-87) that requires all
19 owners of solar electric power generation facilities connected to the
20 distribution system that intend to generate SRECs, to file with the
21 board documents detailing the size, location, interconnection plan,
22 land use, and other project information as required by the board;

23 "Regulatory asset" means an asset recorded on the books of an
24 electric public utility or gas public utility pursuant to the Statement
25 of Financial Accounting Standards, No. 71, entitled "Accounting for
26 the Effects of Certain Types of Regulation," or any successor
27 standard and as deemed recoverable by the board;

28 "Related competitive business segment of an electric public
29 utility or gas public utility" means any business venture of an
30 electric public utility or gas public utility including, but not limited
31 to, functionally separate business units, joint ventures, and
32 partnerships, that offers to provide or provides competitive services;

33 "Related competitive business segment of a public utility holding
34 company" means any business venture of a public utility holding
35 company, including, but not limited to, functionally separate
36 business units, joint ventures, and partnerships and subsidiaries, that
37 offers to provide or provides competitive services, but does not
38 include any related competitive business segments of an electric
39 public utility or gas public utility;

40 "Reliability pricing model" or "RPM" means PJM's capacity-
41 market model, and its successors, that secures capacity on behalf of
42 electric load serving entities to satisfy load obligations not satisfied
43 through the output of electric generation facilities owned by those
44 entities, or otherwise secured by those entities through bilateral
45 contracts;

46 "Renewable energy certificate" or "REC" means a certificate
47 representing the environmental benefits or attributes of one

1 megawatt-hour of generation from a generating facility that
2 produces Class I or Class II renewable energy, but shall not include
3 a solar renewable energy certificate or an offshore wind renewable
4 energy certificate;

5 "Resource clearing price" or "RCP" means the clearing price
6 established for the applicable locational deliverability area by the
7 base residual auction or incremental auction, as determined by the
8 optimization algorithm for each auction, conducted by PJM as part
9 of PJM's reliability pricing model;

10 "Resource recovery facility" means a solid waste facility
11 constructed and operated for the incineration of solid waste for
12 energy production and the recovery of metals and other materials
13 for reuse, which the Department of Environmental Protection has
14 determined to be in compliance with current environmental
15 standards, including, but not limited to, all applicable requirements
16 of the federal "Clean Air Act" (42 U.S.C. s.7401 et seq.);

17 "Restructuring related costs" means reasonably incurred costs
18 directly related to the restructuring of the electric power industry,
19 including the closure, sale, functional separation and divestiture of
20 generation and other competitive utility assets by a public utility, or
21 the provision of competitive services as such costs are determined
22 by the board, and which are not stranded costs as defined in
23 P.L.1999, c.23 (C.48:3-49 et al.) but may include, but not be limited
24 to, investments in management information systems, and which
25 shall include expenses related to employees affected by
26 restructuring which result in efficiencies and which result in
27 benefits to ratepayers, such as training or retraining at the level
28 equivalent to one year's training at a vocational or technical school
29 or county community college, the provision of severance pay of two
30 weeks of base pay for each year of full-time employment, and a
31 maximum of 24 months' continued health care coverage. Except as
32 to expenses related to employees affected by restructuring,
33 "restructuring related costs" shall not include going forward costs;

34 "Retail choice" means the ability of retail customers to shop for
35 electric generation or gas supply service from electric power or gas
36 suppliers, or opt to receive basic generation service or basic gas
37 service, and the ability of an electric power or gas supplier to offer
38 electric generation service or gas supply service to retail customers,
39 consistent with the provisions of P.L.1999, c.23 (C.48:3-49 et al.);

40 "Retail margin" means an amount, reflecting differences in
41 prices that electric power suppliers and electric public utilities may
42 charge in providing electric generation service and basic generation
43 service, respectively, to retail customers, excluding residential
44 customers, which the board may authorize to be charged to
45 categories of basic generation service customers of electric public
46 utilities in this State, other than residential customers, under the
47 board's continuing regulation of basic generation service pursuant to

1 sections 3 and 9 of P.L.1999, c.23 (C.48:3-51 and 48:3-57), for the
2 purpose of promoting a competitive retail market for the supply of
3 electricity;

4 "Sanitary landfill facility" shall have the same meaning as
5 provided in section 3 of P.L.1970, c.39 (C.13:1E-3);

6 "School district" means a local or regional school district
7 established pursuant to chapter 8 or chapter 13 of Title 18A of the
8 New Jersey Statutes, a county special services school district
9 established pursuant to article 8 of chapter 46 of Title 18A of the
10 New Jersey Statutes, a county vocational school district established
11 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey
12 Statutes, and a district under full State intervention pursuant to
13 P.L.1987, c.399 (C.18A:7A-34 et al.);

14 "Shopping credit" means an amount deducted from the bill of an
15 electric public utility customer to reflect the fact that such customer
16 has switched to an electric power supplier and no longer takes basic
17 generation service from the electric public utility;

18 ⁴"Site investigation" shall have the same meaning as provided in
19 section 3 of P.L.1976, c.141 (C.58:10-23.11b);⁴

20 "Small scale hydropower facility" means a facility located within
21 this State that is connected to the distribution system, and that
22 meets the requirements of, and has been certified by, a nationally
23 recognized low-impact hydropower organization that has
24 established low-impact hydropower certification criteria applicable
25 to: (1) river flows; (2) water quality; (3) fish passage and
26 protection; (4) watershed protection; (5) threatened and endangered
27 species protection; (6) cultural resource protection; (7) recreation;
28 and (8) facilities recommended for removal;

29 "Social program" means a program implemented with board
30 approval to provide assistance to a group of disadvantaged
31 customers, to provide protection to consumers, or to accomplish a
32 particular societal goal, and includes, but is not limited to, the
33 winter moratorium program, utility practices concerning "bad debt"
34 customers, low income assistance, deferred payment plans,
35 weatherization programs, and late payment and deposit policies, but
36 does not include any demand side management program or any
37 environmental requirements or controls;

38 "Societal benefits charge" means a charge imposed by an electric
39 public utility, at a level determined by the board, pursuant to, and in
40 accordance with, section 12 of P.L.1999, c.23 (C.48:3-60);

41 "Solar alternative compliance payment" or "SACP" means a
42 payment of a certain dollar amount per megawatt hour (MWh)
43 which an electric power supplier or provider may submit to the
44 board in order to comply with the solar electric generation
45 requirements under section 38 of P.L.1999, c.23 (C.48:3-87);

46 "Solar renewable energy certificate" or "SREC" means a
47 certificate issued by the board or its designee, representing one

1 megawatt hour (MWh) of solar energy that is generated by a facility
2 connected to the distribution system in this State and has value
3 based upon, and driven by, the energy market;

4 "Standard offer capacity agreement" or "SOCA" means a
5 financially-settled transaction agreement, approved by board order,
6 that provides for eligible generators to receive payments from the
7 electric public utilities for a defined amount of electric capacity for
8 a term to be determined by the board but not to exceed 15 years,
9 and for such payments to be a fully non-bypassable charge, with
10 such an order, once issued, being irrevocable;

11 "Standard offer capacity price" or "SOCP" means the capacity
12 price that is fixed for the term of the SOCA and which is the price
13 to be received by eligible generators under a board-approved
14 SOCA;

15 ² ³ ["State entity"] "State entity"³ means a department, agency,
16 or office of State government, a State university or college, or an
17 authority created by the State;²

18 "Stranded cost" means the amount by which the net cost of an
19 electric public utility's electric generating assets or electric power
20 purchase commitments, as determined by the board consistent with
21 the provisions of P.L.1999, c.23 (C.48:3-49 et al.), exceeds the
22 market value of those assets or contractual commitments in a
23 competitive supply marketplace and the costs of buydowns or
24 buyouts of power purchase contracts;

25 "Stranded costs recovery order" means each order issued by the
26 board in accordance with subsection c. of section 13 of P.L.1999,
27 c.23 (C.48:3-61) which sets forth the amount of stranded costs, if
28 any, the board has determined an electric public utility is eligible to
29 recover and collect in accordance with the standards set forth in
30 section 13 of P.L.1999, c.23 (C.48:3-61) and the recovery
31 mechanisms therefor;

32 "Thermal efficiency" means the useful electric energy output of a
33 facility, plus the useful thermal energy output of the facility,
34 expressed as a percentage of the total energy input to the facility;

35 "Transition bond charge" means a charge, expressed as an
36 amount per kilowatt hour, that is authorized by and imposed on
37 electric public utility ratepayers pursuant to a bondable stranded
38 costs rate order, as modified at any time pursuant to the provisions
39 of P.L.1999, c.23 (C.48:3-49 et al.);

40 "Transition bonds" means bonds, notes, certificates of
41 participation or beneficial interest or other evidences of
42 indebtedness or ownership issued pursuant to an indenture, contract
43 or other agreement of an electric public utility or a financing entity,
44 the proceeds of which are used, directly or indirectly, to recover,
45 finance or refinance bondable stranded costs and which are, directly
46 or indirectly, secured by or payable from bondable transition
47 property. References in P.L.1999, c.23 (C.48:3-49 et al.) to

1 principal, interest, and acquisition or redemption premium with
2 respect to transition bonds which are issued in the form of
3 certificates of participation or beneficial interest or other evidences
4 of ownership shall refer to the comparable payments on such
5 securities;

6 "Transition period" means the period from August 1, 1999
7 through July 31, 2003;

8 "Transmission and distribution system" means, with respect to an
9 electric public utility, any facility or equipment that is used for the
10 transmission, distribution or delivery of electricity to the customers
11 of the electric public utility including, but not limited to, the land,
12 structures, meters, lines, switches and all other appurtenances
13 thereof and thereto, owned or controlled by the electric public
14 utility within this State; and

15 "Universal service" means any service approved by the board
16 with the purpose of assisting low-income residential customers in
17 obtaining or retaining electric generation or delivery service.

18 ²["Virtual net metering aggregation" means a procedure for
19 calculating the combination of the annual energy usage for all
20 facilities owned or leased by a single customer and that customer is
21 a school district, county, county agency, county authority,
22 municipality, municipal agency, or municipal authority, as provided
23 pursuant to paragraph (4) of subsection e. of section 38 of P.L.1999,
24 c.23 (C.48:3-87).]²

25 (cf: P.L.2011, c.9, s.2)

26

27 2. Section 38 of P.L.1999, c.23 (C.48:3-87) is amended to read
28 as follows:

29 38. a. The board shall require an electric power supplier or
30 basic generation service provider to disclose on a customer's bill or
31 on customer contracts or marketing materials, a uniform, common
32 set of information about the environmental characteristics of the
33 energy purchased by the customer, including, but not limited to:

34 (1) Its fuel mix, including categories for oil, gas, nuclear, coal,
35 solar, hydroelectric, wind and biomass, or a regional average
36 determined by the board;

37 (2) Its emissions, in pounds per megawatt hour, of sulfur
38 dioxide, carbon dioxide, oxides of nitrogen, and any other pollutant
39 that the board may determine to pose an environmental or health
40 hazard, or an emissions default to be determined by the board; and

41 (3) Any discrete emission reduction retired pursuant to rules and
42 regulations adopted pursuant to P.L.1995, c.188.

43 b. Notwithstanding any provisions of the "Administrative
44 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
45 contrary, the board shall initiate a proceeding and shall adopt, in
46 consultation with the Department of Environmental Protection, after
47 notice and opportunity for public comment and public hearing,

1 interim standards to implement this disclosure requirement,
2 including, but not limited to:

3 (1) A methodology for disclosure of emissions based on output
4 pounds per megawatt hour;

5 (2) Benchmarks for all suppliers and basic generation service
6 providers to use in disclosing emissions that will enable consumers
7 to perform a meaningful comparison with a supplier's or basic
8 generation service provider's emission levels; and

9 (3) A uniform emissions disclosure format that is graphic in
10 nature and easily understandable by consumers. The board shall
11 periodically review the disclosure requirements to determine if
12 revisions to the environmental disclosure system as implemented
13 are necessary.

14 Such standards shall be effective as regulations immediately
15 upon filing with the Office of Administrative Law and shall be
16 effective for a period not to exceed 18 months, and may, thereafter,
17 be amended, adopted or readopted by the board in accordance with
18 the provisions of the "Administrative Procedure Act."

19 c. (1) The board may adopt, in consultation with the Department
20 of Environmental Protection, after notice and opportunity for public
21 comment, an emissions portfolio standard applicable to all electric
22 power suppliers and basic generation service providers, upon a
23 finding that:

24 (a) The standard is necessary as part of a plan to enable the
25 State to meet federal Clean Air Act or State ambient air quality
26 standards; and

27 (b) Actions at the regional or federal level cannot reasonably be
28 expected to achieve the compliance with the federal standards.

29 (2) By July 1, 2009, the board shall adopt, pursuant to the
30 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
31 seq.), a greenhouse gas emissions portfolio standard to mitigate
32 leakage or another regulatory mechanism to mitigate leakage
33 applicable to all electric power suppliers and basic generation
34 service providers that provide electricity to customers within the
35 State. The greenhouse gas emissions portfolio standard or any other
36 regulatory mechanism to mitigate leakage shall:

37 (a) Allow a transition period, either before or after the effective
38 date of the regulation to mitigate leakage, for a basic generation
39 service provider or electric power supplier to either meet the
40 emissions portfolio standard or other regulatory mechanism to
41 mitigate leakage, or to transfer any customer to a basic generation
42 service provider or electric power supplier that meets the emissions
43 portfolio standard or other regulatory mechanism to mitigate
44 leakage. If the transition period allowed pursuant to this
45 subparagraph occurs after the implementation of an emissions
46 portfolio standard or other regulatory mechanism to mitigate

1 leakage, the transition period shall be no longer than three years;
2 and

3 (b) Exempt the provision of basic generation service pursuant to
4 a basic generation service purchase and sale agreement effective
5 prior to the date of the regulation.

6 Unless the Attorney General or the Attorney General's designee
7 determines that a greenhouse gas emissions portfolio standard
8 would unconstitutionally burden interstate commerce or would be
9 preempted by federal law, the adoption by the board of an electric
10 energy efficiency portfolio standard pursuant to subsection g. of this
11 section, a gas energy efficiency portfolio standard pursuant to
12 subsection h. of this section, or any other enhanced energy
13 efficiency policies to mitigate leakage shall not be considered
14 sufficient to fulfill the requirement of this subsection for the
15 adoption of a greenhouse gas emissions portfolio standard or any
16 other regulatory mechanism to mitigate leakage.

17 d. Notwithstanding any provisions of the "Administrative
18 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
19 contrary, the board shall initiate a proceeding and shall adopt, after
20 notice, provision of the opportunity for comment, and public
21 hearing, renewable energy portfolio standards that shall require:

22 (1) that two and one-half percent of the kilowatt hours sold in
23 this State by each electric power supplier and each basic generation
24 service provider be from Class I or Class II renewable energy
25 sources;

26 (2) beginning on January 1, 2001, that one-half of one percent
27 of the kilowatt hours sold in this State by each electric power
28 supplier and each basic generation service provider be from Class I
29 renewable energy sources. The board shall increase the required
30 percentage for Class I renewable energy sources so that by January
31 1, 2006, one percent of the kilowatt hours sold in this State by each
32 electric power supplier and each basic generation service provider
33 shall be from Class I renewable energy sources and shall
34 additionally increase the required percentage for Class I renewable
35 energy sources by one-half of one percent each year until January 1,
36 2012, when four percent of the kilowatt hours sold in this State by
37 each electric power supplier and each basic generation service
38 provider shall be from Class I renewable energy sources.

39 An electric power supplier or basic generation service provider
40 may satisfy the requirements of this subsection by participating in a
41 renewable energy trading program approved by the board in
42 consultation with the Department of Environmental Protection;

43 (3) that the board establish a multi-year schedule, applicable to
44 each electric power supplier or basic generation service provider in
45 this State, beginning with the one-year period commencing on June
46 1, 2010, and continuing for each subsequent one-year period up to
47 and including, the one-year period commencing on **[June 1, 2025]**

1 June 1, 2028, that requires [suppliers or providers to purchase at
 2 least] the following number or percentage, as the case may be, of
 3 kilowatt-hours sold in this State by each electric power supplier and
 4 each basic generation service provider to be from solar electric
 5 power generators connected to the distribution system in this State:

6	EY 2011	306 Gigawatthours (Gwhrs)
7	EY 2012	442 Gwhrs
8	EY 2013	² [596 Gwhrs] ³ [0.752% ²] <u>596 Gwhrs³</u>
9	EY 2014	[772 Gwhrs] ² [2.184%] <u>2.050%²</u>
10	EY 2015	[965 Gwhrs] ² [2.543%] <u>2.450%²</u>
11	EY 2016	[1,150 Gwhrs] ² [2.549%] <u>2.750%²</u>
12	EY 2017	[1,357 Gwhrs] ² [2.788%] <u>3.000%²</u>
13	EY 2018	[1,591 Gwhrs] ² [3.023%] <u>3.200%²</u>
14	EY 2019	[1,858 Gwhrs] ² [3.255%] <u>3.290%²</u>
15	EY 2020	[2,164 Gwhrs] ² [3.486%] <u>3.380%²</u>
16	EY 2021	[2,518 Gwhrs] ² [3.722%] <u>3.470%²</u>
17	EY 2022	[2,928 Gwhrs] ² [3.865%] <u>3.560%²</u>
18	EY 2023	[3,433 Gwhrs] ² [4.002%] <u>3.650%²</u>
19	EY 2024	[3,989 Gwhrs] ² [4.078%] <u>3.740%²</u>
20	EY 2025	[4,610 Gwhrs] ² [4.147%] <u>3.830%²</u>
21	EY 2026	[5,316 Gwhrs] ² [4.180%] <u>3.920%²</u>
22	EY 2027	² [4.204%] <u>4.010%²</u>

23 EY 2028 ²[4.227%] 4.100%², and for every energy year thereafter,
 24 at least [5,316 Gwhrs] ²[4.227%] 4.100%² per energy year to
 25 reflect an increasing number of kilowatt-hours to be purchased by
 26 suppliers or providers from solar electric power generators
 27 connected to the distribution system in this State, and to establish a
 28 framework within which, of the electricity that the generators sell in
 29 this State, suppliers and providers shall [purchase] each obtain at
 30 least [2,518 Gwhrs] ²[3.722%] 3.470%² in the energy year 2021
 31 and [5,316 Gwhrs] ²[4.227%] 4.100%² in the energy year [2026]
 32 2028 from solar electric power generators connected to the
 33 distribution system in this State, provided, however, that

34 [the number of solar kilowatt-hours required to be purchased by
 35 each supplier or provider, when expressed as a percentage of the
 36 total number of solar kilowatt-hours purchased in this State, shall be
 37 equivalent to each supplier's or provider's proportionate share of the
 38 total number of kilowatt-hours sold in this State by all suppliers and
 39 providers.] :

40 (a) The board shall determine an appropriate period of no less
 41 than 120 days following the end of an energy year prior to which a
 42 provider or supplier must demonstrate compliance for that energy
 43 year with the annual renewable portfolio standard;

44 (b) No more than 24 months following the date of enactment of
 45 P.L. , c. (C.) (pending before the Legislature as this bill),

1 the board shall complete a proceeding to investigate approaches to
2 mitigate solar development volatility and prepare and submit,
3 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report to
4 the Legislature, detailing its findings and recommendations. As
5 part of the proceeding, the board shall evaluate other techniques
6 used nationally and internationally;

7 (c) The solar renewable portfolio standards requirements in this
8 paragraph shall exempt those existing supply contracts which are
9 effective prior to the date of enactment of P.L. , c. (C.)
10 (pending before the Legislature as this bill) from any increase
11 beyond the number of SRECs ³[that exceeds the number]³
12 mandated by the solar renewable portfolio standards requirements
13 that were in effect on the date that the providers executed their
14 existing supply contracts. This limited exemption for providers'
15 existing supply contracts shall not be construed to lower the
16 Statewide solar sourcing requirements set forth in this paragraph.
17 Such incremental ³[new]³ requirements ³that would have otherwise
18 been imposed on exempt providers³ shall be distributed over the
19 ³[electric power suppliers and]³ providers not subject to the
20 existing supply contract exemption until such time as existing
21 supply contracts expire and all ³[suppliers] providers³ are subject
22 to the new requirement in a manner that is competitively neutral
23 among all providers and suppliers³ [, such that non-exempt
24 providers are assigned the requirements that would have otherwise
25 been assigned to the exempt providers]³. ³The board shall
26 implement the provisions of this subsection in a manner so as to
27 prevent any subsidies between suppliers and providers and to
28 promote competition in the electricity supply industry.³

29 ²[The solar renewable portfolio standards requirements in
30 paragraph (3) of this subsection shall automatically increase by 20%
31 for the remainder of the schedule in the event that the following two
32 conditions are met: (a) the number of SRECs generated meets or
33 exceeds the requirement for three consecutive reporting years,
34 starting with energy year 2013; and (b) the average SREC price for
35 all SRECs purchased by entities with renewable energy portfolio
36 standards obligations has decreased in the same three consecutive
37 reporting years; and

38 The board shall exempt providers' existing supply contracts that
39 are: (a) effective prior to the date of P.L.2009, c.289; or (b)
40 effective prior to any future increase in the solar renewable
41 portfolio standard beyond the multi-year schedule established in
42 paragraph (3) of this subsection. This exemption shall apply to the
43 number of SRECs that exceeds the number mandated by the solar
44 renewable portfolio standards requirements that were in effect on
45 the date that the providers executed their existing supply contracts.
46 This limited exemption for providers' existing supply contracts shall
47 not be construed to lower the Statewide solar purchase requirements

1 set forth in paragraph (3) of this subsection. Such incremental new
2 requirements shall be distributed over the electric power suppliers
3 and providers not subject to the existing supply contract exemption
4 until such time as existing supply contracts expire and all suppliers
5 are subject to the new requirement.]

6 ³[(d) The solar renewable portfolio standards requirements in
7 this paragraph shall automatically increase by 20% for the
8 remainder of the schedule in the event that the following two
9 conditions are met: (i) the number of SRECs generated meets or
10 exceeds the requirement for three consecutive reporting years,
11 starting with energy year 2014; and (ii) the average current market
12 SREC price for SRECs purchased by entities with renewable energy
13 portfolio standards obligations in each of the same three
14 consecutive reporting years is less than the average current market
15 SREC price in the year prior to the three consecutive reporting
16 years; and

17 (e) The board shall exempt providers' supply contracts that are
18 effective prior to the date of any such increase. This exemption
19 shall apply to the number of SRECs that exceeds the number
20 mandated by the solar renewable portfolio standards requirements
21 that were in effect on the date that the suppliers or providers
22 executed their existing supply contracts. This limited exemption for
23 providers' existing supply contracts shall not be construed to lower
24 the Statewide solar purchase requirements set forth in this
25 paragraph. Such incremental new requirements shall be distributed
26 over the electric power suppliers and providers not subject to the
27 existing supply contract exemption until such time as existing
28 supply contracts expire and all suppliers are subject to the new
29 requirement in a manner that is competitively neutral among all
30 suppliers and providers, such that non-exempt providers are
31 assigned the requirements that would have otherwise been assigned
32 to the exempt providers.²³

33 An electric power supplier or basic generation service provider
34 may satisfy the requirements of this subsection by participating in a
35 renewable energy trading program approved by the board in
36 consultation with the Department of Environmental Protection, or
37 compliance with the requirements of this subsection may be
38 demonstrated to the board by suppliers or providers through the
39 purchase of SRECs.

40 The renewable energy portfolio standards adopted by the board
41 pursuant to paragraphs (1) and (2) of this subsection shall be
42 effective as regulations immediately upon filing with the Office of
43 Administrative Law and shall be effective for a period not to exceed
44 18 months, and may, thereafter, be amended, adopted or readopted
45 by the board in accordance with the provisions of the
46 "Administrative Procedure Act."

1 The renewable energy portfolio standards adopted by the board
2 pursuant to this paragraph [(3) of this subsection] shall be effective
3 as regulations immediately upon filing with the Office of
4 Administrative Law and shall be effective for a period not to exceed
5 30 months after such filing, and shall, thereafter, be amended,
6 adopted or readopted by the board in accordance with the
7 "Administrative Procedure Act"; and

8 (4) within 180 days after the date of enactment of P.L.2010,
9 c.57 (C.48:3-87.1 et al.), that the board establish an offshore wind
10 renewable energy certificate program to require that a percentage of
11 the kilowatt hours sold in this State by each electric power supplier
12 and each basic generation service provider be from offshore wind
13 energy in order to support at least 1,100 megawatts of generation
14 from qualified offshore wind projects.

15 The percentage established by the board pursuant to this
16 paragraph shall serve as an offset to the renewable energy portfolio
17 standard established pursuant to paragraphs (1) and (2) of this
18 subsection and shall reduce the corresponding Class I renewable
19 energy requirement.

20 The percentage established by the board pursuant to this
21 paragraph shall reflect the projected OREC production of each
22 qualified offshore wind project, approved by the board pursuant to
23 section 3 of P.L.2010, c.57 (C.48:3-87.1), for twenty years from the
24 commercial operation start date of the qualified offshore wind
25 project which production projection and OREC purchase
26 requirement, once approved by the board, shall not be subject to
27 reduction.

28 An electric power supplier or basic generation service provider
29 shall comply with the OREC program established pursuant to this
30 paragraph through the purchase of offshore wind renewable energy
31 certificates at a price and for the time period required by the board.
32 In the event there are insufficient offshore wind renewable energy
33 certificates available, the electric power supplier or basic generation
34 service provider shall pay an offshore wind alternative compliance
35 payment established by the board. Any offshore wind alternative
36 compliance payments collected shall be refunded directly to the
37 ratepayers by the electric public utilities.

38 The rules established by the board pursuant to this paragraph
39 shall be effective as regulations immediately upon filing with the
40 Office of Administrative Law and shall be effective for a period not
41 to exceed 18 months, and may, thereafter, be amended, adopted or
42 readopted by the board in accordance with the provisions of the
43 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
44 seq.).

45 e. Notwithstanding any provisions of the "Administrative
46 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
47 contrary, the board shall initiate a proceeding and shall adopt, after

1 notice, provision of the opportunity for comment, and public
2 hearing:

3 (1) net metering standards for electric power suppliers and basic
4 generation service providers. The standards shall require electric
5 power suppliers and basic generation service providers to offer net
6 metering at non-discriminatory rates to industrial, large
7 commercial, residential and small commercial customers, as those
8 customers are classified or defined by the board, that generate
9 electricity, on the customer's side of the meter, using a Class I
10 renewable energy source, for the net amount of electricity supplied
11 by the electric power supplier or basic generation service provider
12 over an annualized period. Systems of any sized capacity, as
13 measured in watts, are eligible for net metering . If the amount of
14 electricity generated by the customer-generator, plus any kilowatt
15 hour credits held over from the previous billing periods, exceeds the
16 electricity supplied by the electric power supplier or basic
17 generation service provider, then the electric power supplier or
18 basic generation service provider, as the case may be, shall credit
19 the customer-generator for the excess kilowatt hours until the end of
20 the annualized period at which point the customer-generator will be
21 compensated for any remaining credits or, if the customer-generator
22 chooses, credit the customer-generator on a real-time basis, at the
23 electric power supplier's or basic generation service provider's
24 avoided cost of wholesale power or the PJM electric power pool's
25 real-time locational marginal pricing rate, adjusted for losses, for
26 the respective zone in the PJM electric power pool. Alternatively,
27 the customer-generator may execute a bilateral agreement with an
28 electric power supplier or basic generation service provider for the
29 sale and purchase of the customer-generator's excess generation.
30 The customer-generator may be credited on a real-time basis, so
31 long as the customer-generator follows applicable rules prescribed
32 by the PJM electric power pool for its capacity requirements for the
33 net amount of electricity supplied by the electric power supplier or
34 basic generation service provider. The board may authorize an
35 electric power supplier or basic generation service provider to cease
36 offering net metering whenever the total rated generating capacity
37 owned and operated by net metering customer-generators Statewide
38 equals 2.5 percent of the State's peak electricity demand;

39 (2) safety and power quality interconnection standards for Class
40 I renewable energy source systems used by a customer-generator
41 that shall be eligible for net metering.

42 Such standards or rules shall take into consideration the goals of
43 the New Jersey Energy Master Plan, applicable industry standards,
44 and the standards of other states and the Institute of Electrical and
45 Electronic Engineers. The board shall allow electric public utilities
46 to recover the costs of any new net meters, upgraded net meters,
47 system reinforcements or upgrades, and interconnection costs

1 through either their regulated rates or from the net metering
 2 customer-generator; ~~and~~

3 (3) credit or other incentive rules for generators using Class I
 4 renewable energy generation systems that connect to New Jersey's
 5 electric public utilities' distribution system but who do not net meter
 6 ~~and~~; and

7 (4) ~~virtual~~ net metering aggregation standards to require
 8 electric public utilities to provide ~~virtual~~ net metering
 9 aggregation to single electric public utility customers that operate a
 10 solar electric power generation ~~facility~~ system installed at one of
 11 the customer's facilities ~~or~~ on property owned by the customer ,
 12 provided that any such customer is a ~~State entity~~, ~~school district~~,
 13 county, county agency, county authority, municipality, municipal
 14 agency, or municipal authority. The standards shall provide that, in
 15 order to qualify for ~~virtual~~ net metering aggregation, the
 16 customer must operate a solar electric power generation ~~facility~~
 17 that is directly connected to the electric grid,] system using a net
 18 metering billing account, which system is located on property
 19 owned by the customer, provided that ~~3~~:~~3~~ (a) the property is not land
 20 that has been actively devoted to agricultural or horticultural use
 21 and that is valued, assessed, and taxed pursuant to the "Farmland
 22 Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.) at
 23 any time within the 10 year period prior to the effective date of
 24 P.L. , c. (C.) (pending before the Legislature as this bill),
 25 ~~provided~~, however, that the municipal planning board of a
 26 municipality in which a solar electric power generation system is
 27 located may waive the requirement of this subparagraph (a), ~~3~~ (b) the
 28 system~~2~~ is not an on-site generation facility, ~~that~~ (c)~~2~~ all of the
 29 facilities of the single customer combined for the purpose of
 30 ~~virtual~~ net metering aggregation are facilities owned or
 31 operated by the single customer ~~,~~ and~~2~~ are located within its
 32 territorial jurisdiction ~~and~~,~~1~~ ~~2~~except that all of the facilities of a
 33 State entity engaged in net metering aggregation shall be located
 34 within five miles of one another, and (d) all of those facilities~~2~~ are
 35 within the service territory of a single electric public utility ~~,~~~~2~~
 36 and are all served by ~~the same~~ basic generation service
 37 ~~provider~~~~2~~ or by the same electric power supplier~~1~~. The standards
 38 shall provide that in order to qualify for ~~virtual~~ net metering
 39 aggregation, the customer's solar electric power generation
 40 ~~facility~~ system~~2~~ shall be sized so that its annual generation does
 41 not exceed the combined ~~metered~~~~2~~ annual energy usage of the
 42 qualified customer facilities, and the qualified customer facilities
 43 shall all be in the same customer ~~rate~~~~3~~ class under the applicable
 44 electric public utility ~~transmission and distribution~~~~1~~ tariff. ~~For~~
 45 the customer's facility ~~or~~ property~~3~~ on which the solar electric

1 generation system is installed, the electricity generated from the
 2 customer's solar electric generation system shall be accounted for
 3 pursuant to the provisions of paragraph (1) of this subsection to
 4 provide that the electricity generated in excess of the electricity
 5 supplied by the electric power supplier or the basic generation
 6 service provider, as the case may be, for the customer's facility on
 7 which the solar electric generation system is installed, over the
 8 annualized period, is credited ³[to] at³ the electric power supplier's
 9 or the basic generation service provider's avoided cost of wholesale
 10 power or the PJM electric power pool real-time locational marginal
 11 pricing rate.² All electricity used by ¹[a customer engaged in
 12 virtual net metering aggregation shall be delivered] the customer's
 13 qualified facilities, with the exception of the ²[solar electric power
 14 generation]² facility ³or property³ ²on which the solar electric
 15 power generation system is installed² , shall be billed at the full
 16 retail rate¹ pursuant to the electric public utility ³[transmission and
 17 distribution]³ ¹[tariffs] tariff¹ applicable to the customer class of
 18 the customer using the electricity. ²[¹[A] The electric public
 19 utility shall provide the¹ customer ¹[that is a school district, county,
 20 county agency, county authority, municipality, municipal agency, or
 21 municipal authority, may purchase such electricity through virtual
 22 net metering aggregation to meet its electricity requirements] an
 23 annual payment for the difference between the total energy
 24 generated by the customer's solar electric power generation facility
 25 and the energy used by the customer's qualified facilities consistent
 26 with the standards established in paragraph (1) of this subsection¹]
 27 A customer may contract with a third party to operate a solar
 28 electric power generation system, for the purpose of net metering
 29 aggregation. Any contractual relationship entered into for operation
 30 of a solar electric power generation system related to net metering
 31 aggregation shall include contractual protections that provide for
 32 adequate performance and provision for construction and operation
 33 for the term of the contract, including any appropriate bonding or
 34 escrow requirements². Any incremental cost to an electric public
 35 utility for ²[virtual]² net metering aggregation shall be fully and
 36 timely recovered in a manner to be determined by the board. ¹The
 37 board shall adopt ²[virtual]² net metering aggregation standards
 38 within 270 days after the effective date of P.L. , c. (C.)
 39 (pending before the Legislature as this bill). ²[Should the board
 40 fail to adopt such standards, electric public utilities shall provide for
 41 virtual net metering aggregation consistent with the provisions of
 42 this paragraph. ¹]²

43 Such rules shall require the board or its designee to issue a credit
 44 or other incentive to those generators that do not use a net meter but
 45 otherwise generate electricity derived from a Class I renewable
 46 energy source and to issue an enhanced credit or other incentive,

1 including, but not limited to, a solar renewable energy credit, to
2 those generators that generate electricity derived from solar
3 technologies.

4 Such standards or rules shall be effective as regulations
5 immediately upon filing with the Office of Administrative Law and
6 shall be effective for a period not to exceed 18 months, and may,
7 thereafter, be amended, adopted or readopted by the board in
8 accordance with the provisions of the "Administrative Procedure
9 Act."

10 f. The board may assess, by written order and after notice and
11 opportunity for comment, a separate fee to cover the cost of
12 implementing and overseeing an emission disclosure system or
13 emission portfolio standard, which fee shall be assessed based on an
14 electric power supplier's or basic generation service provider's share
15 of the retail electricity supply market. The board shall not impose a
16 fee for the cost of implementing and overseeing a greenhouse gas
17 emissions portfolio standard adopted pursuant to paragraph (2) of
18 subsection c. of this section, the electric energy efficiency portfolio
19 standard adopted pursuant to subsection g. of this section, or the gas
20 energy efficiency portfolio standard adopted pursuant to subsection
21 h. of this section.

22 g. The board may adopt, pursuant to the "Administrative
23 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), an electric
24 energy efficiency portfolio standard that may require each electric
25 public utility to implement energy efficiency measures that reduce
26 electricity usage in the State by 2020 to a level that is 20 percent
27 below the usage projected by the board in the absence of such a
28 standard. Nothing in this section shall be construed to prevent an
29 electric public utility from meeting the requirements of this section
30 by contracting with another entity for the performance of the
31 requirements.

32 h. The board may adopt, pursuant to the "Administrative
33 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), a gas energy
34 efficiency portfolio standard that may require each gas public utility
35 to implement energy efficiency measures that reduce natural gas
36 usage for heating in the State by 2020 to a level that is 20 percent
37 below the usage projected by the board in the absence of such a
38 standard. Nothing in this section shall be construed to prevent a gas
39 public utility from meeting the requirements of this section by
40 contracting with another entity for the performance of the
41 requirements.

42 i. After the board establishes a schedule of solar kilowatt-hour
43 sale or purchase requirements pursuant to paragraph (3) of
44 subsection d. of this section, the board may initiate subsequent
45 proceedings and adopt, after appropriate notice and opportunity for
46 public comment and public hearing, increased minimum solar
47 kilowatt-hour sale or purchase requirements, provided that the

1 board shall not reduce previously established minimum solar
 2 kilowatt-hour sale or purchase requirements, or otherwise impose
 3 constraints that reduce the requirements by any means.

4 j. The board shall determine an appropriate level of solar
 5 alternative compliance payment, and ~~establish a 15-year solar~~
 6 ~~alternative compliance payment schedule, that permits~~ permit each
 7 supplier or provider to submit an SACP to comply with the solar
 8 electric generation requirements of paragraph (3) of subsection d. of
 9 this section. The value of the SACP for each Energy Year, for
 10 Energy Years 2014 through 2028 per megawatt hour from solar
 11 electric generation required pursuant to this section, shall be:

12 <u>EY 2014</u>	2[\$325] <u>\$339</u> ²
13 <u>EY 2015</u>	2[\$317] <u>\$331</u> ²
14 <u>EY 2016</u>	2[\$309] <u>\$323</u> ²
15 <u>EY 2017</u>	2[\$301] <u>\$315</u> ²
16 <u>EY 2018</u>	2[\$294] <u>\$308</u> ²
17 <u>EY 2019</u>	2[\$286] <u>\$300</u> ²
18 <u>EY 2020</u>	2[\$279] <u>\$293</u> ²
19 <u>EY 2021</u>	2[\$272] <u>\$286</u> ²
20 <u>EY 2022</u>	2[\$265] <u>\$279</u> ²
21 <u>EY 2023</u>	2[\$259] <u>\$272</u> ²
22 <u>EY 2024</u>	2[\$252] <u>\$266</u> ²
23 <u>EY 2025</u>	2[\$246] <u>\$260</u> ²
24 <u>EY 2026</u>	2[\$240] <u>\$253</u> ²
25 <u>EY 2027</u>	2[\$234] <u>\$250</u> ²
26 <u>EY 2028</u>	2[\$228] <u>\$239</u> ² ³ <u>.</u> ³

27 The board may initiate subsequent proceedings and adopt, after
 28 appropriate notice and opportunity for public comment and public
 29 hearing, an increase in solar alternative compliance payments,
 30 provided that the board shall not reduce previously established
 31 levels of solar alternative compliance payments, nor shall the board
 32 provide relief from the obligation of payment of the SACP by the
 33 electric power suppliers or basic generation service providers in any
 34 form. Any SACP payments collected shall be refunded directly to
 35 the ratepayers by the electric public utilities.

36 k. The board may allow electric public utilities to offer long-
 37 term contracts through a competitive process, direct electric public
 38 utility investment and other means of financing, including but not
 39 limited to loans, for the purchase of SRECs and the resale of SRECs
 40 to suppliers or providers or others, provided that after such
 41 contracts have been approved by the board, the board's approvals
 42 shall not be modified by subsequent board orders. 2If the board
 43 allows the offering of contracts pursuant to this subsection, the
 44 board ³[shall] may³ establish a process, after hearing, and
 45 opportunity for public comment, to provide that a designated
 46 segment of the contracts approved pursuant to this subsection shall

1 be contracts involving solar electric power generation facility
2 projects with a capacity of up to 250 kilowatts.²

3 l. The board shall implement its responsibilities under the
4 provisions of this section in such a manner as to:

5 (1) place greater reliance on competitive markets, with the
6 explicit goal of encouraging and ensuring the emergence of new
7 entrants that can foster innovations and price competition;

8 (2) maintain adequate regulatory authority over non-competitive
9 public utility services;

10 (3) consider alternative forms of regulation in order to address
11 changes in the technology and structure of electric public utilities;

12 (4) promote energy efficiency and Class I renewable energy
13 market development, taking into consideration environmental
14 benefits and market barriers;

15 (5) make energy services more affordable for low and moderate
16 income customers;

17 (6) attempt to transform the renewable energy market into one
18 that can move forward without subsidies from the State or public
19 utilities;

20 (7) achieve the goals put forth under the renewable energy
21 portfolio standards;

22 (8) promote the lowest cost to ratepayers; and

23 (9) allow all market segments to participate.

24 m. The board shall ensure the availability of financial incentives
25 under its jurisdiction, including, but not limited to, long-term
26 contracts, loans, SRECs, or other financial support, to ensure
27 market diversity, competition, and appropriate coverage across all
28 ratepayer segments, including, but not limited to, residential,
29 commercial, industrial, non-profit, farms, schools, and public entity
30 customers.

31 n. For projects which are owned, or directly invested in, by a
32 public utility pursuant to section 13 of P.L.2007, c.340 (C.48:3-
33 98.1), the board shall determine the number of SRECs with which
34 such projects shall be credited; and in determining such number the
35 board shall ensure that the market for SRECs does not detrimentally
36 affect the development of non-utility solar projects and shall
37 consider how its determination may impact the ratepayers.

38 o. The board, in consultation with the Department of
39 Environmental Protection, electric public utilities, the Division of
40 Rate Counsel in, but not of, the Department of the Treasury,
41 affected members of the solar energy industry, and relevant
42 stakeholders, shall periodically consider increasing the renewable
43 energy portfolio standards beyond the minimum amounts set forth
44 in subsection d. of this section, taking into account the cost impacts
45 and public benefits of such increases including, but not limited to:

46 (1) reductions in air pollution, water pollution, land disturbance,
47 and greenhouse gas emissions;

1 (2) reductions in peak demand for electricity and natural gas,
2 and the overall impact on the costs to customers of electricity and
3 natural gas;
4 (3) increases in renewable energy development, manufacturing,
5 investment, and job creation opportunities in this State; and
6 (4) reductions in State and national dependence on the use of
7 fossil fuels.

8 p. Class I RECs and ORECS shall be eligible for use in
9 renewable energy portfolio standards compliance in the energy year
10 in which they are generated, and for the following two energy years.
11 SRECs **[and ORECs]** shall be eligible for use in renewable energy
12 portfolio standards compliance in the energy year in which they are
13 generated, and for the following **[two]** four energy years.

14 q. (1) During the energy years of 2014, 2015, and 2016, a solar
15 electric power generation facility project that is not: (a) net
16 metered; (b) an on-site generation facility; (c) qualified for
17 ²**[virtual]**² net metering aggregation; ²**[or]**² ³**or**³ (d) certified as
18 being located on a brownfield ⁴, on an area of historic fill⁴ or ⁴on
19 a⁴ a properly closed sanitary landfill facility, as provided pursuant
20 to subsection t. of this section ³**[²or** (e) certified as being located on
21 an existing or proposed commercial, retail, industrial, municipal,
22 professional, recreational, transit, commuter, entertainment
23 complex, multi-use, or mixed-use parking lot with a capacity to
24 park 350 or more vehicles where the area to be utilized for the
25 facility is paved, or is an impervious surface pursuant to subsection
26 x. of this section²]³ may file an application with the board for
27 approval of a designation pursuant to this subsection that the
28 facility is connected to the distribution system. An application filed
29 pursuant to this subsection shall include a notice escrow of \$40,000
30 per megawatt of the proposed capacity of the facility. The board
31 shall approve the designation if: the facility has filed a notice in
32 writing with the board applying for designation pursuant to this
33 subsection, together with the notice escrow; and the capacity of the
34 facility, when added to the capacity of other facilities that have
35 been previously approved for designation prior to the facility's
36 filing under this subsection, does not exceed 80 megawatts in the
37 aggregate for each year. The capacity of any one solar electric
38 power supply project approved pursuant to this subsection shall not
39 exceed 10 megawatts. No more than 90 days after its receipt of a
40 completed application for designation pursuant to this subsection,
41 the board shall approve, conditionally approve, or disapprove the
42 application. The notice escrow shall be reimbursed to the facility in
43 full upon ³either rejection by the board or³ the facility entering
44 commercial operation, or shall be forfeited to the State if the facility
45 is designated pursuant to this subsection ³**[.]**³ but does not enter
46 commercial operation pursuant to paragraph (2) of this subsection.

1 (2) If the proposed solar electric power generation facility does
2 not commence commercial operations within two years following
3 the date of the designation by the board pursuant to this subsection,
4 the designation of the facility shall be deemed to be null and void,
5 and the facility shall not be considered connected to the distribution
6 system thereafter.

7 r. (1) For ²all proposed solar electric power generation facility
8 projects except for those² solar electric power generation facility
9 projects ²[proposed in addition to those]² approved pursuant to
10 subsection q. of this section^{4,4} and for all projects proposed in each
11 energy year following energy year 2016, a proposed solar electric
12 power generation facility that is neither net metered nor an on-site
13 generation facility, may be considered “connected to the
14 distribution system” only upon designation as such by the board,
15 after notice to the public and opportunity for public comment or
16 hearing. A proposed solar power electric generation facility
17 seeking board designation as "connected to the distribution system"
18 shall submit an application to the board that includes for the
19 proposed facility: the nameplate capacity; the estimated energy and
20 number of SRECs to be produced and sold per year; the estimated
21 annual rate impact on ratepayers; the estimated capacity of the
22 generator as defined by PJM for sale in the PJM capacity market;
23 the point of interconnection; the total project acreage and location;
24 the current land use designation of the property; the type of solar
25 technology to be used; and such other information as the board shall
26 require.

27 (2) The board shall approve the designation of the proposed
28 solar power electric generation facility as “connected to the
29 distribution system” if the board determines that:

30 (a) the SRECs forecasted to be produced by the facility do not
31 have a detrimental impact on the SREC market or on the
32 appropriate development of solar power in the State;

33 (b) the approval of the designation of the proposed facility
34 would not significantly impact the preservation of open space in
35 this State;

36 (c) the impact of the designation on electric rates and economic
37 development is beneficial; and

38 (d) there will be no ³[impact] impingement³ on the ability of an
39 electric public utility to maintain its property and equipment in such
40 a condition as to enable it to provide safe, adequate, and proper
41 service to each of its customers.

42 (3) The board shall act within 90 days of its receipt of a
43 completed application for designation of a solar power electric
44 generation facility as "connected to the distribution system," to
45 either approve, conditionally approve, or disapprove the
46 application. If the proposed solar electric power generation facility
47 does not commence commercial operations within two years

1 following the date of the designation by the board pursuant to this
 2 subsection, the designation of the facility as “connected to the
 3 distribution system” shall be deemed to be null and void, and the
 4 facility shall thereafter be considered not "connected to the
 5 distribution system."

6 s. ²【Notwithstanding any other provisions of this section】 In
 7 addition to any other requirements of P.L.1999, c.23 or any other
 8 law, rule, regulation or order² , a solar electric power generation
 9 facility³ that is not net metered or an on-site generation facility and
 10 which is³ located on ²【farmland, or】² land that has been actively
 11 devoted to agricultural or horticultural use that is valued, assessed,
 12 and taxed pursuant to the "Farmland Assessment Act of 1964,"
 13 P.L.1964, c.48 (C.54:4-23.1 et seq.) at any time within the 10 year
 14 period prior to the effective date of P.L. , c. (C.) (pending
 15 before the Legislature as this bill), shall only be considered
 16 “connected to the distribution system" if (1) the board approves
 17 ²【a】 the² facility's designation pursuant to subsection q. of this
 18 section²【.】 ;² or (2) (a) ²【a】² PJM issued ²a² System Impact Study
 19 for the facility ²【prior to】 on or before² ³【March 31, 2011;】 June
 20 30, 2011³ ³【and】 ;³ (b) ³【the facility ²is not: (i) net metered, or (ii)
 21 an on-site generation facility and (c)】³ the facility² files a notice
 22 with the board within 60 days of the effective date of P.L. ,
 23 c. (C.) (pending before the Legislature as this bill),
 24 indicating its intent to qualify under this ²【paragraph.】 subsection,
 25 and ³【(d)】 (c)³ the facility has been approved as ³【connected】
 26 “connected³ to the distribution ³【system】 system”³ by the board.
 27 Nothing in this subsection shall ³【affect】 limit³ the board’s
 28 authority concerning the review and oversight of facilities, unless
 29 such facilities are exempt from such review as a result of having
 30 been approved pursuant to subsection q. of this section.²

31 t. ³【²(1)²】³ ⁴(1)⁴ No more than 180 days after the date of
 32 enactment of P.L. , c. (C.) (pending before the Legislature
 33 as this bill), the board shall, in consultation with the Department of
 34 Environmental Protection and the New Jersey Economic
 35 Development Authority, and, after notice and opportunity for public
 36 comment and public hearing, complete a proceeding to establish a
 37 program to provide SRECs to owners of solar electric power
 38 generation facility projects certified by the board⁴ , in consultation
 39 with the Department of Environmental Protection,⁴ as being located
 40 on a brownfield⁴ , on an area of historic fill⁴ or ⁴on a⁴ a properly
 41 closed sanitary landfill facility, ³【²or an existing or proposed
 42 commercial, retail, industrial, municipal, professional, recreational,
 43 transit, commuter, entertainment complex, multi-use, or mixed-use
 44 parking lot with a capacity to park 350 or more vehicles where the
 45 area to be utilized for the facility is paved or is an impervious

1 surface² which shall include, but not be limited to projects located
2 on a brownfield or a properly closed sanitary landfill facility ²or an
3 existing or proposed commercial, retail, industrial, municipal,
4 professional, recreational, transit, commuter, entertainment
5 complex, multi-use, or mixed-use parking lot with a capacity to
6 park 350 or more vehicles where the area to be utilized for the
7 facility is paved or is an impervious surface² and] including those³
8 owned or operated by an electric public utility and approved
9 pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1). Projects
10 certified under this subsection shall ²[(1)]² be considered
11 “connected to the distribution system” ²[and],² shall not require
12 such designation by the board ³,³ and ²[(2)]² shall not be subject to
13 board review required pursuant to subsections q. and r. of this
14 section. ³[Notwithstanding the provisions of section 3 of P.L.1999,
15 c.23 (C.48:3-51) or any other law, rule, regulation, or order to the
16 contrary, for projects certified under this subsection, ²except for
17 those projects involving a facility that is certified as being located
18 on an existing or proposed commercial, retail, industrial, municipal,
19 professional, recreational, transit, commuter, entertainment
20 complex, multi-use, or mixed-use parking lot with a capacity to
21 park 350 or more vehicles where the area to be utilized for the
22 facility is paved, or is an impervious surface,² the board shall
23 establish a financial incentive that is designed to supplement the
24 SRECs generated by the facility in order to cover the additional cost
25 of constructing and operating a solar electric power generation
26 facility on a brownfield or properly closed sanitary landfill
27 ²facility².]³ ²Notwithstanding the provisions of section 3 of
28 P.L.1999, c.23 (C.48:3-51) or any other law, rule, regulation, or
29 order to the contrary, for projects certified under this subsection, the
30 board shall establish a financial incentive that is designed to
31 supplement the SRECs generated by the facility in order to cover
32 the additional cost of constructing and operating a solar electric
33 power generation facility on a brownfield ⁴, on an area of historic
34 fill⁴ or ⁴on a⁴ properly closed sanitary landfill ³facility³. Any
35 financial benefit realized in relation to a project owned or operated
36 by an electric public utility and approved by the board pursuant to
37 section 13 of P.L.2007, c.340 (C.48:3-98.1), as a result of the
38 provision of a financial incentive established by the board pursuant
39 to this subsection, shall be credited to ratepayers.² The issuance of
40 SRECs for all solar electric power generation facility projects
41 pursuant to this subsection shall be deemed “Board of Public
42 Utilities financial assistance” as provided under section 1 of
43 P.L.2009, c.89 (C.48:2-29.47).

44 ³[(2) Notwithstanding the provisions of the "Spill
45 Compensation and Control Act," P.L.1976, c.141 (C.58:10-23.11 et
46 seq.) or any other law, rule, regulation, or order to the contrary, the

1 board may find that a person who owns real property, where there
2 is constructed a solar electric power generation facility project
3 certified by the board, pursuant to paragraph (1) of this subsection,
4 as being located on a brownfield, or a properly closed sanitary
5 landfill facility, which shall include, but not be limited to projects
6 located on a brownfield or a properly closed sanitary landfill
7 facility and owned or operated by an electric public utility and
8 approved pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1),
9 that is acquired on or after the effective date of P.L. , c. (C.)
10 (pending in the Legislature as this bill), or who operates a solar
11 electric power generation facility project certified by the board,
12 pursuant to paragraph (1) of this subsection, as being located on a
13 brownfield or a properly closed sanitary landfill facility, which
14 shall include, but not be limited to projects located on a brownfield
15 or a properly closed sanitary landfill facility and owned or operated
16 by an electric public utility and approved pursuant to section 13 of
17 P.L.2007, c.340 (C.48:3-98.1), after the effective date of P.L. ,
18 c. (C:) (pending in the Legislature as this bill), shall not be liable
19 for cleanup and removal costs or for any other costs or damages to
20 the State or to any other person for the discharge of a hazardous
21 substance provided that:

22 (a) the person acquired or leased the real property after the
23 discharge of that hazardous substance at the real property;

24 (b) the person did not discharge the hazardous substance, is not
25 in any way responsible for the hazardous substance, and is not a
26 successor to the discharger or to any person in any way responsible
27 for the hazardous substance or to anyone liable for cleanup and
28 removal costs pursuant to section 8 of P.L.1976, c. 141 (C.58:10-
29 23.11g);

30 (c) the person, within 30 days after acquisition of the property,
31 gave notice of the discharge to the department in a manner the
32 department prescribes;

33 (d) the person does not disrupt or change, without the
34 department's prior written permission, any engineering or
35 institutional control that is part of a remedial action for the
36 contaminated site;

37 (e) the person does not exacerbate the contamination at the
38 property;

39 (f) the person cooperates with any necessary remediation of the
40 property; and

41 (g) the person complies with any regulations and any permit the
42 department issues pursuant to section 19 of P.L 2009, c.60
43 (C.58:10C-19).

44 Only the person who is liable to clean up and remove the
45 contamination pursuant to section 8 of P.L.1976, c.141 (C.58:10-
46 23.11g) and who does not have a defense to liability pursuant to
47 subsection d. of that section shall be liable for cleanup and removal

1 costs or for any other costs or damages.²]³
2 ⁴(2) Notwithstanding the provisions of the "Spill Compensation
3 and Control Act," P.L.1976, c.141 (C.58:10-23.11 et seq.) or any
4 other law, rule, regulation, or order to the contrary, the board, in
5 consultation with the Department of Environmental Protection, may
6 find that a person who operates a solar electric power generation
7 facility project that has commenced operation on or after the
8 effective date of P.L. , c. (C.) (pending in the Legislature as
9 this bill), which project is certified by the board, in consultation
10 with the Department of Environmental Protection pursuant to
11 paragraph (1) of this subsection, as being located on a brownfield
12 for which a final remediation document has been issued, on an area
13 of historic fill or on a properly closed sanitary landfill facility,
14 which projects shall include, but not be limited to projects located
15 on a brownfield for which a final remediation document has been
16 issued, on an area of historic fill or on a properly closed sanitary
17 landfill facility owned or operated by an electric public utility and
18 approved pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1),
19 or a person who owns property acquired on or after the effective
20 date of P.L. , c. (C.) (pending in the Legislature as this bill) on
21 which such a solar electric power generation facility project is
22 constructed and operated, shall not be liable for cleanup and
23 removal costs to the Department of Environmental Protection or to
24 any other person for the discharge of a hazardous substance
25 provided that:
26 (a) the person acquired or leased the real property after the
27 discharge of that hazardous substance at the real property;
28 (b) the person did not discharge the hazardous substance, is not
29 in any way responsible for the hazardous substance, and is not a
30 successor to the discharger or to any person in any way responsible
31 for the hazardous substance or to anyone liable for cleanup and
32 removal costs pursuant to section 8 of P.L.1976, c. 141 (C.58:10-
33 23.11g);
34 (c) the person, within 30 days after acquisition of the property,
35 gave notice of the discharge to the Department of Environmental
36 Protection in a manner the Department of Environmental Protection
37 prescribes;
38 (d) the person does not disrupt or change, without prior written
39 permission from the Department of Environmental Protection, any
40 engineering or institutional control that is part of a remedial action
41 for the contaminated site or any landfill closure or post-closure
42 requirement;
43 (e) the person does not exacerbate the contamination at the
44 property;
45 (f) the person does not interfere with any necessary
46 remediation of the property;
47 (g) the person complies with any regulations and any permit the

1 Department of Environmental Protection issues pursuant to section
2 19 of P.L. 2009, c.60 (C.58:10C-19) or paragraph (2) of subsection
3 a. of section 6 of P.L.1970, c. 39 (C.13:1E-6);

4 (h) with respect to an area of historic fill, the person has
5 demonstrated pursuant to a preliminary assessment and site
6 investigation, that hazardous substances have not been discharged;
7 and

8 (i) with respect to a properly closed sanitary landfill facility, no
9 person who owns or controls the facility receives, has received, or
10 will receive, with respect to such facility, any funds from any post-
11 closure escrow account established pursuant to section 10 of
12 P.L.1981, c.306 (C.13:1E-109) for the closure and monitoring of
13 the facility.

14 Only the person who is liable to clean up and remove the
15 contamination pursuant to section 8 of P.L.1976, c.141 (C.58:10-
16 23.11g) and who does not have a defense to liability pursuant to
17 subsection d. of that section shall be liable for cleanup and removal
18 costs.⁴

19 u. No more than 180 days after the date of enactment of
20 P.L. , c. (C.) (pending before the Legislature as this bill),
21 the board shall complete a proceeding to establish a registration
22 program. The registration program shall require the owners of solar
23 ³[power]³ electric ³power³ generation facility projects connected to
24 the distribution system to make periodic milestone filings with the
25 board in a manner and at such times as determined by the board to
26 provide full disclosure and transparency regarding the overall level
27 of development and construction activity of those projects
28 Statewide.

29 v. The issuance of SRECs for all solar ³[power]³ electric
30 ³power³ generation facility projects pursuant to this section, for
31 projects connected to the distribution system with a capacity of one
32 megawatt or greater, shall be deemed "Board of Public Utilities
33 financial assistance" as provided pursuant to section 1 of P.L.2009,
34 c.89 (C.48:2-29.47).

35 ²w. No more than 270 days after the date of enactment of
36 P.L. , c. (C.) (pending before the Legislature as this bill),
37 the board shall, after notice and opportunity for public comment and
38 public hearing, complete a proceeding to ³[establish] consider
39 whether to establish³ a program to provide ³[SRECs] ,³ to owners
40 of solar ³[power]³ electric ³power³ generation facility projects
41 certified by the board as being three megawatts or greater in
42 capacity and being net metered, including facilities which are
43 owned or operated by an electric public utility and approved by the
44 board pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1), ³a
45 financial incentive that is designed to supplement the SRECs
46 generated by the facility³ to further the goal of improving the

1 economic competitiveness of commercial and industrial customers
 2 taking power from such projects. ³Projects certified under this
 3 subsection (1) shall be considered “connected to the distribution
 4 system” and shall not require such designation by the board, and (2)
 5 shall not be subject to board review required pursuant to
 6 subsections q. and r. of this section. For projects approved] If the
 7 board determines to establish such a program³ pursuant to this
 8 subsection, the board may establish a financial incentive to provide
 9 that the board shall issue ³one SREC³ for ³no less than³ every 750
 10 ³[kilowatts] kilowatt-hours³ of solar energy generated by the
 11 certified projects. Any financial benefit realized in relation to a
 12 project owned or operated by an electric public utility and approved
 13 by the board pursuant to section 13 of P.L.2007, c.340 (C.48:3-
 14 98.1), as a result of the provisions of a financial incentive
 15 established by the board pursuant to this subsection, shall be
 16 credited to ratepayers.

17 x. ³No more than 180 days after the date of enactment of
 18 P.L. , c. (C.) (pending before the Legislature as this bill),
 19 the board shall, in consultation with the Department of
 20 Environmental Protection and the New Jersey Economic
 21 Development Authority, and, after notice and opportunity for public
 22 comment and public hearing, complete a proceeding to establish a
 23 program to provide SRECs to owners of solar] Solar³ electric
 24 power generation facility projects ³[, including facility projects
 25 which are owned or operated by an electric public utility and
 26 approved by the board pursuant to section 13 of P.L.2007, c.340
 27 (C.48:3-98.1), certified by the board as being] that are³ located on
 28 an existing or proposed commercial, retail, industrial, municipal,
 29 professional, recreational, transit, commuter, entertainment
 30 complex, multi-use, or mixed-use parking lot with a capacity to
 31 park 350 or more vehicles where the area to be utilized for the
 32 facility is paved, or an impervious surface ³may be owned or
 33 operated by an electric public utility and may be approved by the
 34 board pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1)³ .
 35 ³Projects certified under this subsection shall (1) be considered
 36 “connected to the distribution system” and shall not require such
 37 designation by the board and (2) shall not be subject to board
 38 review required pursuant to subsections q. and r. of this section.²³
 39 (cf: P.L.2010, c.57, s.2)

40

41 3. This act shall take effect immediately.

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6

Revises certain solar renewable energy programs and requirements; provides for aggregated net metering of electricity consumption related to properties owned by certain governmental bodies and school districts.

SENATE, No. 1925

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED MAY 14, 2012

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Revises certain solar renewable energy programs and requirements; provides for aggregating net metering of Class I renewable energy production on certain contiguous and non-contiguous properties owned by local government units and school districts.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning net metering and solar renewable portfolio
2 standards requirements and amending P.L.1999, c.23.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 3 of P.L.1999, c.23 (C.48:3-51) is amended to read
8 as follows:

9 3. As used in P.L.1999, c.23 (C.48:3-49 et al.):

10 "Assignee" means a person to which an electric public utility or
11 another assignee assigns, sells or transfers, other than as security,
12 all or a portion of its right to or interest in bondable transition
13 property. Except as specifically provided in P.L.1999, c.23
14 (C.48:3-49 et al.), an assignee shall not be subject to the public
15 utility requirements of Title 48 or any rules or regulations adopted
16 pursuant thereto;

17 "Base load electric power generation facility" means an electric
18 power generation facility intended to be operated at a greater than
19 50 percent capacity factor including, but not limited to, a combined
20 cycle power facility and a combined heat and power facility;

21 "Base residual auction" means the auction conducted by PJM, as
22 part of PJM's reliability pricing model, three years prior to the start
23 of the delivery year to secure electrical capacity as necessary to
24 satisfy the capacity requirements for that delivery year;

25 "Basic gas supply service" means gas supply service that is
26 provided to any customer that has not chosen an alternative gas
27 supplier, whether or not the customer has received offers as to
28 competitive supply options, including, but not limited to, any
29 customer that cannot obtain such service for any reason, including
30 non-payment for services. Basic gas supply service is not a
31 competitive service and shall be fully regulated by the board;

32 "Basic generation service" or "BGS" means electric generation
33 service that is provided, to any customer that has not chosen an
34 alternative electric power supplier, whether or not the customer has
35 received offers for competitive supply options, including, but not
36 limited to, any customer that cannot obtain such service from an
37 electric power supplier for any reason, including non-payment for
38 services. Basic generation service is not a competitive service and
39 shall be fully regulated by the board;

40 "Basic generation service provider" or "provider" means a
41 provider of basic generation service;

42 "Basic generation service transition costs" means the amount by
43 which the payments by an electric public utility for the procurement
44 of power for basic generation service and related ancillary and
45 administrative costs exceeds the net revenues from the basic

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 generation service charge established by the board pursuant to
2 section 9 of P.L.1999, c.23 (C.48:3-57) during the transition period,
3 together with interest on the balance at the board-approved rate, that
4 is reflected in a deferred balance account approved by the board in
5 an order addressing the electric public utility's unbundled rates,
6 stranded costs, and restructuring filings pursuant to P.L.1999, c.23
7 (C.48:3-49 et al.). Basic generation service transition costs shall
8 include, but are not limited to, costs of purchases from the spot
9 market, bilateral contracts, contracts with non-utility generators,
10 parting contracts with the purchaser of the electric public utility's
11 divested generation assets, short-term advance purchases, and
12 financial instruments such as hedging, forward contracts, and
13 options. Basic generation service transition costs shall also include
14 the payments by an electric public utility pursuant to a competitive
15 procurement process for basic generation service supply during the
16 transition period, and costs of any such process used to procure the
17 basic generation service supply;

18 "Board" means the New Jersey Board of Public Utilities or any
19 successor agency;

20 "Bondable stranded costs" means any stranded costs or basic
21 generation service transition costs of an electric public utility
22 approved by the board for recovery pursuant to the provisions of
23 P.L.1999, c.23 (C.48:3-49 et al.), together with, as approved by the
24 board: (1) the cost of retiring existing debt or equity capital of the
25 electric public utility, including accrued interest, premium and other
26 fees, costs and charges relating thereto, with the proceeds of the
27 financing of bondable transition property; (2) if requested by an
28 electric public utility in its application for a bondable stranded costs
29 rate order, federal, State and local tax liabilities associated with
30 stranded costs recovery or basic generation service transition cost
31 recovery or the transfer or financing of such property or both,
32 including taxes, whose recovery period is modified by the effect of
33 a stranded costs recovery order, a bondable stranded costs rate order
34 or both; and (3) the costs incurred to issue, service or refinance
35 transition bonds, including interest, acquisition or redemption
36 premium, and other financing costs, whether paid upon issuance or
37 over the life of the transition bonds, including, but not limited to,
38 credit enhancements, service charges, overcollateralization, interest
39 rate cap, swap or collar, yield maintenance, maturity guarantee or
40 other hedging agreements, equity investments, operating costs and
41 other related fees, costs and charges, or to assign, sell or otherwise
42 transfer bondable transition property;

43 "Bondable stranded costs rate order" means one or more
44 irrevocable written orders issued by the board pursuant to P.L.1999,
45 c.23 (C.48:3-49 et al.) which determines the amount of bondable
46 stranded costs and the initial amount of transition bond charges
47 authorized to be imposed to recover such bondable stranded costs,
48 including the costs to be financed from the proceeds of the

1 transition bonds, as well as on-going costs associated with servicing
2 and credit enhancing the transition bonds, and provides the electric
3 public utility specific authority to issue or cause to be issued,
4 directly or indirectly, transition bonds through a financing entity
5 and related matters as provided in P.L.1999, c.23 (C.48:3-49 et al.),
6 which order shall become effective immediately upon the written
7 consent of the related electric public utility to such order as
8 provided in P.L.1999, c.23 (C.48:3-49 et al.);

9 "Bondable transition property" means the property consisting of
10 the irrevocable right to charge, collect and receive, and be paid
11 from collections of, transition bond charges in the amount necessary
12 to provide for the full recovery of bondable stranded costs which
13 are determined to be recoverable in a bondable stranded costs rate
14 order, all rights of the related electric public utility under such
15 bondable stranded costs rate order including, without limitation, all
16 rights to obtain periodic adjustments of the related transition bond
17 charges pursuant to subsection b. of section 15 of P.L.1999, c.23
18 (C.48:3-64), and all revenues, collections, payments, money and
19 proceeds arising under, or with respect to, all of the foregoing;

20 "British thermal unit" or "Btu" means the amount of heat
21 required to increase the temperature of one pound of water by one
22 degree Fahrenheit;

23 "Broker" means a duly licensed electric power supplier that
24 assumes the contractual and legal responsibility for the sale of
25 electric generation service, transmission or other services to end-use
26 retail customers, but does not take title to any of the power sold, or
27 a duly licensed gas supplier that assumes the contractual and legal
28 obligation to provide gas supply service to end-use retail customers,
29 but does not take title to the gas;

30 "Brownfield" means any former or current commercial or
31 industrial site that is currently vacant or underutilized and on which
32 there has been, or there is suspected to have been, a discharge of
33 contaminant, as included in the "Brownfields Redevelopment Task
34 Force" inventory, developed pursuant to section 5 of P.L.1997,
35 c.278 (C.58:10B-23);

36 "Buydown" means an arrangement or arrangements involving the
37 buyer and seller in a given power purchase contract and, in some
38 cases third parties, for consideration to be given by the buyer in
39 order to effectuate a reduction in the pricing, or the restructuring of
40 other terms to reduce the overall cost of the power contract, for the
41 remaining succeeding period of the purchased power arrangement
42 or arrangements;

43 "Buyout" means an arrangement or arrangements involving the
44 buyer and seller in a given power purchase contract and, in some
45 cases third parties, for consideration to be given by the buyer in
46 order to effectuate a termination of such power purchase contract;

47 "Class I renewable energy" means electric energy produced from
48 solar technologies, photovoltaic technologies, wind energy, fuel

1 cells, geothermal technologies, wave or tidal action, small scale
2 hydropower facilities with a capacity of three megawatts or less and
3 put into service after the effective date of P.L. , c. (C.)
4 (pending before the Legislature as this bill), and methane gas from
5 landfills or a biomass facility, provided that the biomass is
6 cultivated and harvested in a sustainable manner;

7 "Class II renewable energy" means electric energy produced at a
8 **【resource recovery facility or】** hydropower facility with a capacity
9 of greater than three megawatts or a resource recovery facility,
10 provided that such facility is located where retail competition is
11 permitted and provided further that the Commissioner of
12 Environmental Protection has determined that such facility meets
13 the highest environmental standards and minimizes any impacts to
14 the environment and local communities;

15 "Co-generation" means the sequential production of electricity
16 and steam or other forms of useful energy used for industrial or
17 commercial heating and cooling purposes;

18 "Combined cycle power facility" means a generation facility that
19 combines two or more thermodynamic cycles, by producing electric
20 power via the combustion of fuel and then routing the resulting
21 waste heat by-product to a conventional boiler or to a heat recovery
22 steam generator for use by a steam turbine to produce electric
23 power, thereby increasing the overall efficiency of the generating
24 facility;

25 "Combined heat and power facility" or "co-generation facility"
26 means a generation facility which produces electric energy**【,】** and
27 steam【,】 or other forms of useful energy such as heat, which are
28 used for industrial or commercial heating or cooling purposes. A
29 combined heat and power facility or co-generation facility shall not
30 be considered a public utility;

31 "Competitive service" means any service offered by an electric
32 public utility or a gas public utility that the board determines to be
33 competitive pursuant to section 8 or section 10 of P.L.1999, c.23
34 (C.48:3-56 or C.48:3-58) or that is not regulated by the board;

35 "Commercial and industrial energy pricing class customer" or
36 "CIEP class customer" means that group of non-residential
37 customers with high peak demand, as determined by periodic board
38 order, which either is eligible or which would be eligible, as
39 determined by periodic board order, to receive funds from the Retail
40 Margin Fund established pursuant to section 9 of P.L.1999, c.23
41 (C.48:3-57) and for which basic generation service is hourly-priced;

42 "Comprehensive resource analysis" means an analysis including,
43 but not limited to, an assessment of existing market barriers to the
44 implementation of energy efficiency and renewable technologies
45 that are not or cannot be delivered to customers through a
46 competitive marketplace;

47 "Connected to the distribution system" means, for a solar electric
48 power generation facility, (1) connected to a net metering

1 customer's side of a meter, regardless of the voltage at which that
2 customer connects to the electric grid, or (2) directly connected to
3 the electric grid at 69 kilovolts or less, regardless of how an electric
4 public utility classifies that portion of its electric grid, except that
5 notwithstanding that it meets the criterion set forth in paragraph (1)
6 or (2) hereof, a solar electric power generation facility that is
7 neither net metered nor an on-site generation facility shall not be
8 considered "connected to the distribution system" unless it shall
9 have been designated as such by the board pursuant to subsections
10 q. through s. of section 38 of P.L.1999, c.23 (C.48:3-87). Any solar
11 electric power generation facility, other than that of a net metering
12 customer on the customer's side of the meter, connected above 69
13 kilovolts, shall not be considered connected to the distribution
14 system;

15 "Customer" means any person that is an end user and is
16 connected to any part of the transmission and distribution system
17 within an electric public utility's service territory or a gas public
18 utility's service territory within this State;

19 "Customer account service" means metering, billing, or such
20 other administrative activity associated with maintaining a customer
21 account;

22 "Delivery year" or "DY" means the 12-month period from June
23 1st through May 31st, numbered according to the calendar year in
24 which it ends;

25 "Demand side management" means the management of customer
26 demand for energy service through the implementation of cost-
27 effective energy efficiency technologies, including, but not limited
28 to, installed conservation, load management and energy efficiency
29 measures on and in the residential, commercial, industrial,
30 institutional and governmental premises and facilities in this State;

31 "Electric generation service" means the provision of retail
32 electric energy and capacity which is generated off-site from the
33 location at which the consumption of such electric energy and
34 capacity is metered for retail billing purposes, including agreements
35 and arrangements related thereto;

36 "Electric power generator" means an entity that proposes to
37 construct, own, lease or operate, or currently owns, leases or
38 operates, an electric power production facility that will sell or does
39 sell at least 90 percent of its output, either directly or through a
40 marketer, to a customer or customers located at sites that are not on
41 or contiguous to the site on which the facility will be located or is
42 located. The designation of an entity as an electric power generator
43 for the purposes of P.L.1999, c.23 (C.48:3-49 et al.) shall not, in
44 and of itself, affect the entity's status as an exempt wholesale
45 generator under the Public Utility Holding Company Act of 1935,
46 15 U.S.C. s.79 et seq., or its successor;

47 "Electric power supplier" means a person or entity that is duly
48 licensed pursuant to the provisions of P.L.1999, c.23 (C.48:3-49 et

1 al.) to offer and to assume the contractual and legal responsibility to
2 provide electric generation service to retail customers, and includes
3 load serving entities, marketers and brokers that offer or provide
4 electric generation service to retail customers. The term excludes an
5 electric public utility that provides electric generation service only
6 as a basic generation service pursuant to section 9 of P.L.1999, c.23
7 (C.48:3-57);

8 "Electric public utility" means a public utility, as that term is
9 defined in R.S.48:2-13, that transmits and distributes electricity to
10 end users within this State;

11 "Electric related service" means a service that is directly related
12 to the consumption of electricity by an end user, including, but not
13 limited to, the installation of demand side management measures at
14 the end user's premises, the maintenance, repair or replacement of
15 appliances, lighting, motors or other energy-consuming devices at
16 the end user's premises, and the provision of energy consumption
17 measurement and billing services;

18 "Electronic signature" means an electronic sound, symbol or
19 process, attached to, or logically associated with, a contract or other
20 record, and executed or adopted by a person with the intent to sign
21 the record;

22 "Eligible generator" means a developer of a base load or mid-
23 merit electric power generation facility including, but not limited to,
24 an on-site generation facility that qualifies as a capacity resource
25 under PJM criteria and that commences construction after the
26 effective date of P.L.2011, c.9 (C.48:3-98.2 et al.);

27 "Energy agent" means a person that is duly registered pursuant to
28 the provisions of P.L.1999, c.23 (C.48:3-49 et al.), that arranges the
29 sale of retail electricity or electric related services or retail gas
30 supply or gas related services between government aggregators or
31 private aggregators and electric power suppliers or gas suppliers,
32 but does not take title to the electric or gas sold;

33 "Energy consumer" means a business or residential consumer of
34 electric generation service or gas supply service located within the
35 territorial jurisdiction of a government aggregator;

36 "Energy efficiency portfolio standard" means a requirement to
37 procure a specified amount of energy efficiency or demand side
38 management resources as a means of managing and reducing energy
39 usage and demand by customers;

40 "Energy year" or "EY" means the 12-month period from June 1st
41 through May 31st, numbered according to the calendar year in
42 which it ends;

43 "Farmland" means land actively devoted to agricultural or
44 horticultural use that is valued, assessed, and taxed pursuant to the
45 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et
46 seq.);

47 "Federal Energy Regulatory Commission" or "FERC" means the
48 federal agency established pursuant to 42 U.S.C. s.7171 et seq. to

1 regulate the interstate transmission of electricity, natural gas, and
2 oil;

3 "Financing entity" means an electric public utility, a special
4 purpose entity, or any other assignee of bondable transition
5 property, which issues transition bonds. Except as specifically
6 provided in P.L.1999, c.23 (C.48:3-49 et al.), a financing entity
7 which is not itself an electric public utility shall not be subject to
8 the public utility requirements of Title 48 or any rules or regulations
9 adopted pursuant thereto;

10 "Gas public utility" means a public utility, as that term is defined
11 in R.S.48:2-13, that distributes gas to end users within this State;

12 "Gas related service" means a service that is directly related to
13 the consumption of gas by an end user, including, but not limited to,
14 the installation of demand side management measures at the end
15 user's premises, the maintenance, repair or replacement of
16 appliances or other energy-consuming devices at the end user's
17 premises, and the provision of energy consumption measurement
18 and billing services;

19 "Gas supplier" means a person that is duly licensed pursuant to
20 the provisions of P.L.1999, c.23 (C.48:3-49 et al.) to offer and
21 assume the contractual and legal obligation to provide gas supply
22 service to retail customers, and includes, but is not limited to,
23 marketers and brokers. A non-public utility affiliate of a public
24 utility holding company may be a gas supplier, but a gas public
25 utility or any subsidiary of a gas utility is not a gas supplier. In the
26 event that a gas public utility is not part of a holding company legal
27 structure, a related competitive business segment of that gas public
28 utility may be a gas supplier, provided that related competitive
29 business segment is structurally separated from the gas public
30 utility, and provided that the interactions between the gas public
31 utility and the related competitive business segment are subject to
32 the affiliate relations standards adopted by the board pursuant to
33 subsection k. of section 10 of P.L.1999, c.23 (C.48:3-58);

34 "Gas supply service" means the provision to customers of the
35 retail commodity of gas, but does not include any regulated
36 distribution service;

37 "Government aggregator" means any government entity subject
38 to the requirements of the "Local Public Contracts Law," P.L.1971,
39 c.198 (C.40A:11-1 et seq.), the "Public School Contracts Law,"
40 N.J.S.18A:18A-1 et seq., or the "County College Contracts Law,"
41 P.L.1982, c.189 (C.18A:64A-25.1 et seq.), that enters into a written
42 contract with a licensed electric power supplier or a licensed gas
43 supplier for: (1) the provision of electric generation service, electric
44 related service, gas supply service, or gas related service for its own
45 use or the use of other government aggregators; or (2) if a
46 municipal or county government, the provision of electric
47 generation service or gas supply service on behalf of business or
48 residential customers within its territorial jurisdiction;

1 "Government energy aggregation program" means a program and
2 procedure pursuant to which a government aggregator enters into a
3 written contract for the provision of electric generation service or
4 gas supply service on behalf of business or residential customers
5 within its territorial jurisdiction;

6 "Governmental entity" means any federal, state, municipal, local
7 or other governmental department, commission, board, agency,
8 court, authority or instrumentality having competent jurisdiction;

9 "Greenhouse gas emissions portfolio standard" means a
10 requirement that addresses or limits the amount of carbon dioxide
11 emissions indirectly resulting from the use of electricity as applied
12 to any electric power suppliers and basic generation service
13 providers of electricity;

14 "Incremental auction" means an auction conducted by PJM, as
15 part of PJM's reliability pricing model, prior to the start of the
16 delivery year to secure electric capacity as necessary to satisfy the
17 capacity requirements for that delivery year, that is not otherwise
18 provided for in the base residual auction;

19 "Leakage" means an increase in greenhouse gas emissions
20 related to generation sources located outside of the State that are not
21 subject to a state, interstate or regional greenhouse gas emissions
22 cap or standard that applies to generation sources located within the
23 State;

24 "Locational deliverability area" or "LDA" means one or more of
25 the zones within the PJM region which are used to evaluate area
26 transmission constraints and reliability issues including electric
27 public utility company zones, sub-zones, and combinations of
28 zones;

29 "Long-term capacity agreement pilot program" or "LCAPP"
30 means a pilot program established by the board that includes
31 participation by eligible generators, to seek offers for financially-
32 settled standard offer capacity agreements with eligible generators
33 pursuant to the provisions of P.L.2011, c.9 (C.48:3-98.2 et al.);

34 "Market transition charge" means a charge imposed pursuant to
35 section 13 of P.L.1999, c.23 (C.48:3-61) by an electric public
36 utility, at a level determined by the board, on the electric public
37 utility customers for a limited duration transition period to recover
38 stranded costs created as a result of the introduction of electric
39 power supply competition pursuant to the provisions of P.L.1999,
40 c.23 (C.48:3-49 et al.);

41 "Marketer" means a duly licensed electric power supplier that
42 takes title to electric energy and capacity, transmission and other
43 services from electric power generators and other wholesale
44 suppliers and then assumes the contractual and legal obligation to
45 provide electric generation service, and may include transmission
46 and other services, to an end-use retail customer or customers, or a
47 duly licensed gas supplier that takes title to gas and then assumes

1 the contractual and legal obligation to provide gas supply service to
2 an end-use customer or customers;

3 "Mid-merit electric power generation facility" means a
4 generation facility that operates at a capacity factor between
5 baseload generation facilities and peaker generation facilities;

6 "Net metering" means the process of measuring the difference
7 between (1) the quantity of electric power supplied by a basic
8 generation service provider or an electric power supplier to a
9 customer owning or leasing a generating facility that produces Class
10 I renewable energy, and (2) the quantity of electric power generated
11 by that facility which is used to offset part or all of the customer-
12 generator's requirements for electric power;

13 "Net metering aggregation" means the combination of readings
14 from, and billing for, all net metering of the electric power
15 consumption of a customer, provided that such customer is a school
16 district, a county or any agency, authority, or other entity thereof,
17 or a municipality, or any agency, authority, or other entity thereof,
18 which owns or leases properties and which operates a Class I
19 renewable energy generation system or systems on one or more of
20 those properties, provided that such properties are located within
21 the service territory of a single electric public utility. Net metering
22 aggregation may be completed through physical or virtual net
23 metering aggregation;

24 "Net proceeds" means proceeds less transaction and other related
25 costs as determined by the board;

26 "Net revenues" means revenues less related expenses, including
27 applicable taxes, as determined by the board;

28 "Offshore wind energy" means electric energy produced by a
29 qualified offshore wind project;

30 "Offshore wind renewable energy certificate" or "OREC" means
31 a certificate, issued by the board or its designee, representing the
32 environmental attributes of one megawatt hour of electric
33 generation from a qualified offshore wind project;

34 "Off-site end use thermal energy services customer" means an
35 end use customer that purchases thermal energy services from an
36 on-site generation facility, combined heat and power facility, or co-
37 generation facility, and that is located on property that is separated
38 from the property on which the on-site generation facility,
39 combined heat and power facility, or co-generation facility is
40 located by more than one easement, public thoroughfare, or
41 transportation or utility-owned right-of-way;

42 "On-site generation facility" means a generation facility,
43 including, but not limited to, a generation facility that produces
44 Class I or Class II renewable energy, and equipment and services
45 appurtenant to electric sales by such facility to the end use customer
46 located on the property or on property contiguous to the property on
47 which the end user is located. An on-site generation facility shall
48 not be considered a public utility. The property of the end use

1 customer and the property on which the on-site generation facility is
2 located shall be considered contiguous if they are geographically
3 located next to each other, but may be otherwise separated by an
4 easement, public thoroughfare, transportation or utility-owned
5 right-of-way, or if the end use customer is purchasing thermal
6 energy services produced by the on-site generation facility, for use
7 for heating or cooling, or both, regardless of whether the customer
8 is located on property that is separated from the property on which
9 the on-site generation facility is located by more than one easement,
10 public thoroughfare, or transportation or utility-owned right-of-
11 way;

12 "Person" means an individual, partnership, corporation,
13 association, trust, limited liability company, governmental entity or
14 other legal entity;

15 "Physical net metering aggregation" means the physical rewiring
16 of all instruments for net metering of the electric power
17 consumption of a single customer that is a school district, a county
18 or any agency, authority, or other entity thereof, or a municipality,
19 or any agency, authority, or other entity thereof, to provide a single
20 point of contact for net metering of that customer's consumption;

21 "PJM Interconnection, L.L.C." or "PJM" means the privately-
22 held, limited liability corporation that is a FERC-approved Regional
23 Transmission Organization, or its successor, that manages the
24 regional, high-voltage electricity grid serving all or parts of 13
25 states including New Jersey and the District of Columbia, operates
26 the regional competitive wholesale electric market, manages the
27 regional transmission planning process, and establishes systems and
28 rules to ensure that the regional and in-State energy markets operate
29 fairly and efficiently;

30 "Private aggregator" means a non-government aggregator that is
31 a duly-organized business or non-profit organization authorized to
32 do business in this State that enters into a contract with a duly
33 licensed electric power supplier for the purchase of electric energy
34 and capacity, or with a duly licensed gas supplier for the purchase
35 of gas supply service, on behalf of multiple end-use customers by
36 combining the loads of those customers;

37 "Properly closed sanitary landfill facility" means a sanitary
38 landfill facility at which all activities associated with the design,
39 purchase, or construction of all measures required by the
40 Department of Environmental Protection, pursuant to law, in order
41 to prevent, minimize, or monitor pollution or health hazards
42 resulting from a sanitary landfill facility subsequent to the
43 termination of operations at any portion thereof, including, but not
44 necessarily limited to, the costs of placement of earthen or
45 vegetative cover, and the installation of methane gas vents or
46 monitors and leachate monitoring wells or collection systems at the
47 site of any sanitary landfill facility;

1 "Public utility holding company" means: (1) any company that,
2 directly or indirectly, owns, controls, or holds with power to vote,
3 ten percent or more of the outstanding voting securities of an
4 electric public utility or a gas public utility or of a company which
5 is a public utility holding company by virtue of this definition,
6 unless the Securities and Exchange Commission, or its successor,
7 by order declares such company not to be a public utility holding
8 company under the Public Utility Holding Company Act of 1935,
9 15 U.S.C. s.79 et seq., or its successor; or (2) any person that the
10 Securities and Exchange Commission, or its successor, determines,
11 after notice and opportunity for hearing, directly or indirectly, to
12 exercise, either alone or pursuant to an arrangement or
13 understanding with one or more other persons, such a controlling
14 influence over the management or policies of an electric public
15 utility or a gas public utility or public utility holding company as to
16 make it necessary or appropriate in the public interest or for the
17 protection of investors or consumers that such person be subject to
18 the obligations, duties, and liabilities imposed in the Public Utility
19 Holding Company Act of 1935 or its successor;

20 "Qualified offshore wind project" means a wind turbine
21 electricity generation facility in the Atlantic Ocean and connected
22 to the electric transmission system in this State, and includes the
23 associated transmission-related interconnection facilities and
24 equipment, and approved by the board pursuant to section 3 of
25 P.L.2010, c.57 (C.48:3-87.1);

26 "Registration program" means an administrative process
27 developed by the board that requires all owners of solar electric
28 power generation facilities connected to the distribution system that
29 intend to generate SRECs, to file with the board documents
30 detailing the size, location, interconnection plan, land use, and other
31 project information as required by the board;

32 "Regulatory asset" means an asset recorded on the books of an
33 electric public utility or gas public utility pursuant to the Statement
34 of Financial Accounting Standards, No. 71, entitled "Accounting for
35 the Effects of Certain Types of Regulation," or any successor
36 standard and as deemed recoverable by the board;

37 "Related competitive business segment of an electric public
38 utility or gas public utility" means any business venture of an
39 electric public utility or gas public utility including, but not limited
40 to, functionally separate business units, joint ventures, and
41 partnerships, that offers to provide or provides competitive services;

42 "Related competitive business segment of a public utility holding
43 company" means any business venture of a public utility holding
44 company, including, but not limited to, functionally separate
45 business units, joint ventures, and partnerships and subsidiaries, that
46 offers to provide or provides competitive services, but does not
47 include any related competitive business segments of an electric
48 public utility or gas public utility;

1 "Reliability pricing model" or "RPM" means PJM's capacity-
2 market model, and its successors, that secures capacity on behalf of
3 electric load serving entities to satisfy load obligations not satisfied
4 through the output of electric generation facilities owned by those
5 entities, or otherwise secured by those entities through bilateral
6 contracts;

7 "Renewable energy certificate" or "REC" means a certificate
8 representing the environmental benefits or attributes of one
9 megawatt-hour of generation from a generating facility that
10 produces Class I or Class II renewable energy, but shall not include
11 a solar renewable energy certificate or an offshore wind renewable
12 energy certificate;

13 "Resource clearing price" or "RCP" means the clearing price
14 established for the applicable locational deliverability area by the
15 base residual auction or incremental auction, as determined by the
16 optimization algorithm for each auction, conducted by PJM as part
17 of PJM's reliability pricing model;

18 "Resource recovery facility" means a solid waste facility
19 constructed and operated for the incineration of solid waste for
20 energy production and the recovery of metals and other materials
21 for reuse, which the Department of Environmental Protection has
22 determined to be in compliance with current environmental
23 standards, including, but not limited to, all applicable requirements
24 of the federal "Clean Air Act" (42 U.S.C. s.7401 et seq.);

25 "Restructuring related costs" means reasonably incurred costs
26 directly related to the restructuring of the electric power industry,
27 including the closure, sale, functional separation and divestiture of
28 generation and other competitive utility assets by a public utility, or
29 the provision of competitive services as such costs are determined
30 by the board, and which are not stranded costs as defined in
31 P.L.1999, c.23 (C.48:3-49 et al.) but may include, but not be limited
32 to, investments in management information systems, and which
33 shall include expenses related to employees affected by
34 restructuring which result in efficiencies and which result in
35 benefits to ratepayers, such as training or retraining at the level
36 equivalent to one year's training at a vocational or technical school
37 or county community college, the provision of severance pay of two
38 weeks of base pay for each year of full-time employment, and a
39 maximum of 24 months' continued health care coverage. Except as
40 to expenses related to employees affected by restructuring,
41 "restructuring related costs" shall not include going forward costs;

42 "Retail choice" means the ability of retail customers to shop for
43 electric generation or gas supply service from electric power or gas
44 suppliers, or opt to receive basic generation service or basic gas
45 service, and the ability of an electric power or gas supplier to offer
46 electric generation service or gas supply service to retail customers,
47 consistent with the provisions of P.L.1999, c.23 (C.48:3-49 et al.);

1 "Retail margin" means an amount, reflecting differences in
2 prices that electric power suppliers and electric public utilities may
3 charge in providing electric generation service and basic generation
4 service, respectively, to retail customers, excluding residential
5 customers, which the board may authorize to be charged to
6 categories of basic generation service customers of electric public
7 utilities in this State, other than residential customers, under the
8 board's continuing regulation of basic generation service pursuant to
9 sections 3 and 9 of P.L.1999, c.23 (C.48:3-51 and 48:3-57), for the
10 purpose of promoting a competitive retail market for the supply of
11 electricity;

12 "Sanitary landfill facility" shall have the same meaning as
13 provided in section 3 of P.L.1970, c.39 (C.13:1E-3);

14 "School district" means a local or regional school district
15 established pursuant to chapter 8 or chapter 13 of Title 18A of the
16 New Jersey Statutes, a county special services school district
17 established pursuant to article 8 of chapter 46 of Title 18A of the
18 New Jersey Statutes, a county vocational school district established
19 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey
20 Statutes, and a district under full State intervention pursuant to
21 P.L.1987, c.399 (C.18A:7A-34 et al.);

22 "Shopping credit" means an amount deducted from the bill of an
23 electric public utility customer to reflect the fact that such customer
24 has switched to an electric power supplier and no longer takes basic
25 generation service from the electric public utility;

26 "Small scale hydropower facility" means a facility located within
27 this State that is connected to the distribution system, and that
28 meets the requirements of, and has been certified by, a nationally
29 recognized low-impact hydropower organization that has
30 established low-impact hydropower certification criteria applicable
31 to: (1) river flows; (2) water quality; (3) fish passage and
32 protection; (4) watershed protection; (5) threatened and endangered
33 species protection; (6) cultural resource protection; (7) recreation;
34 and (8) facilities recommended for removal;

35 "Social program" means a program implemented with board
36 approval to provide assistance to a group of disadvantaged
37 customers, to provide protection to consumers, or to accomplish a
38 particular societal goal, and includes, but is not limited to, the
39 winter moratorium program, utility practices concerning "bad debt"
40 customers, low income assistance, deferred payment plans,
41 weatherization programs, and late payment and deposit policies, but
42 does not include any demand side management program or any
43 environmental requirements or controls;

44 "Societal benefits charge" means a charge imposed by an electric
45 public utility, at a level determined by the board, pursuant to, and in
46 accordance with, section 12 of P.L.1999, c.23 (C.48:3-60);

47 "Solar alternative compliance payment" or "SACP" means a
48 payment of a certain dollar amount per megawatt hour (MWh)

1 which an electric power supplier or provider may submit to the
2 board in order to comply with the solar electric generation
3 requirements under section 38 of P.L.1999, c.23 (C.48:3-87);

4 "Solar renewable energy certificate" or "SREC" means a
5 certificate issued by the board or its designee, representing one
6 megawatt hour (MWh) of solar energy that is generated by a facility
7 connected to the distribution system in this State and has value
8 based upon, and driven by, the energy market;

9 "Standard offer capacity agreement" or "SOCA" means a
10 financially-settled transaction agreement, approved by board order,
11 that provides for eligible generators to receive payments from the
12 electric public utilities for a defined amount of electric capacity for
13 a term to be determined by the board but not to exceed 15 years,
14 and for such payments to be a fully non-bypassable charge, with
15 such an order, once issued, being irrevocable;

16 "Standard offer capacity price" or "SOCP" means the capacity
17 price that is fixed for the term of the SOCA and which is the price
18 to be received by eligible generators under a board-approved
19 SOCA;

20 "Stranded cost" means the amount by which the net cost of an
21 electric public utility's electric generating assets or electric power
22 purchase commitments, as determined by the board consistent with
23 the provisions of P.L.1999, c.23 (C.48:3-49 et al.), exceeds the
24 market value of those assets or contractual commitments in a
25 competitive supply marketplace and the costs of buydowns or
26 buyouts of power purchase contracts;

27 "Stranded costs recovery order" means each order issued by the
28 board in accordance with subsection c. of section 13 of P.L.1999,
29 c.23 (C.48:3-61) which sets forth the amount of stranded costs, if
30 any, the board has determined an electric public utility is eligible to
31 recover and collect in accordance with the standards set forth in
32 section 13 of P.L.1999, c.23 (C.48:3-61) and the recovery
33 mechanisms therefor;

34 "Thermal efficiency" means the useful electric energy output of a
35 facility, plus the useful thermal energy output of the facility,
36 expressed as a percentage of the total energy input to the facility;

37 "Transition bond charge" means a charge, expressed as an
38 amount per kilowatt hour, that is authorized by and imposed on
39 electric public utility ratepayers pursuant to a bondable stranded
40 costs rate order, as modified at any time pursuant to the provisions
41 of P.L.1999, c.23 (C.48:3-49 et al.);

42 "Transition bonds" means bonds, notes, certificates of
43 participation or beneficial interest or other evidences of
44 indebtedness or ownership issued pursuant to an indenture, contract
45 or other agreement of an electric public utility or a financing entity,
46 the proceeds of which are used, directly or indirectly, to recover,
47 finance or refinance bondable stranded costs and which are, directly
48 or indirectly, secured by or payable from bondable transition

1 property. References in P.L.1999, c.23 (C.48:3-49 et al.) to
2 principal, interest, and acquisition or redemption premium with
3 respect to transition bonds which are issued in the form of
4 certificates of participation or beneficial interest or other evidences
5 of ownership shall refer to the comparable payments on such
6 securities;

7 "Transition period" means the period from August 1, 1999
8 through July 31, 2003;

9 "Transmission and distribution system" means, with respect to an
10 electric public utility, any facility or equipment that is used for the
11 transmission, distribution or delivery of electricity to the customers
12 of the electric public utility including, but not limited to, the land,
13 structures, meters, lines, switches and all other appurtenances
14 thereof and thereto, owned or controlled by the electric public
15 utility within this State; **[and]**

16 "Universal service" means any service approved by the board
17 with the purpose of assisting low-income residential customers in
18 obtaining or retaining electric generation or delivery service; and

19 "Virtual net metering aggregation" means the combination of
20 readings from instruments for, and billing for, all net metering of
21 the electric power consumption of a single customer which is a
22 school district, a county or any agency, authority, or other entity
23 thereof, or a municipality, or any agency, authority, or other entity
24 thereof, which owns or leases properties and which operates a
25 generating facility on those properties that produces Class I
26 renewable energy by means of the electric public utility's billing
27 process, rather than through physical rewiring of the customer's
28 property to provide a single point of contact, provided that such
29 properties are located three miles within the boundaries of each
30 other and within the service territory of a single electric public
31 utility. A customer engaged in virtual net metering shall not be
32 considered a public utility.

33 (cf: P.L.2011, c.9, s.2)

34

35 2. Section 38 of P.L.1999, c.23 (C.48:3-87) is amended to read
36 as follows:

37 38. a. The board shall require an electric power supplier or basic
38 generation service provider to disclose on a customer's bill or on
39 customer contracts or marketing materials, a uniform, common set
40 of information about the environmental characteristics of the energy
41 purchased by the customer, including, but not limited to:

42 (1) Its fuel mix, including categories for oil, gas, nuclear, coal,
43 solar, hydroelectric, wind and biomass, or a regional average
44 determined by the board;

45 (2) Its emissions, in pounds per megawatt hour, of sulfur
46 dioxide, carbon dioxide, oxides of nitrogen, and any other pollutant
47 that the board may determine to pose an environmental or health
48 hazard, or an emissions default to be determined by the board; and

1 (3) Any discrete emission reduction retired pursuant to rules and
2 regulations adopted pursuant to P.L.1995, c.188.

3 b. Notwithstanding any provisions of the "Administrative
4 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
5 contrary, the board shall initiate a proceeding and shall adopt, in
6 consultation with the Department of Environmental Protection, after
7 notice and opportunity for public comment and public hearing,
8 interim standards to implement this disclosure requirement,
9 including, but not limited to:

10 (1) A methodology for disclosure of emissions based on output
11 pounds per megawatt hour;

12 (2) Benchmarks for all suppliers and basic generation service
13 providers to use in disclosing emissions that will enable consumers
14 to perform a meaningful comparison with a supplier's or basic
15 generation service provider's emission levels; and

16 (3) A uniform emissions disclosure format that is graphic in
17 nature and easily understandable by consumers. The board shall
18 periodically review the disclosure requirements to determine if
19 revisions to the environmental disclosure system as implemented
20 are necessary.

21 Such standards shall be effective as regulations immediately
22 upon filing with the Office of Administrative Law and shall be
23 effective for a period not to exceed 18 months, and may, thereafter,
24 be amended, adopted or readopted by the board in accordance with
25 the provisions of the "Administrative Procedure Act."

26 c. (1) The board may adopt, in consultation with the Department
27 of Environmental Protection, after notice and opportunity for public
28 comment, an emissions portfolio standard applicable to all electric
29 power suppliers and basic generation service providers, upon a
30 finding that:

31 (a) The standard is necessary as part of a plan to enable the
32 State to meet federal Clean Air Act or State ambient air quality
33 standards; and

34 (b) Actions at the regional or federal level cannot reasonably be
35 expected to achieve the compliance with the federal standards.

36 (2) By July 1, 2009, the board shall adopt, pursuant to the
37 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
38 seq.), a greenhouse gas emissions portfolio standard to mitigate
39 leakage or another regulatory mechanism to mitigate leakage
40 applicable to all electric power suppliers and basic generation
41 service providers that provide electricity to customers within the
42 State. The greenhouse gas emissions portfolio standard or any other
43 regulatory mechanism to mitigate leakage shall:

44 (a) Allow a transition period, either before or after the effective
45 date of the regulation to mitigate leakage, for a basic generation
46 service provider or electric power supplier to either meet the
47 emissions portfolio standard or other regulatory mechanism to
48 mitigate leakage, or to transfer any customer to a basic generation

1 service provider or electric power supplier that meets the emissions
2 portfolio standard or other regulatory mechanism to mitigate
3 leakage. If the transition period allowed pursuant to this
4 subparagraph occurs after the implementation of an emissions
5 portfolio standard or other regulatory mechanism to mitigate
6 leakage, the transition period shall be no longer than three years;
7 and

8 (b) Exempt the provision of basic generation service pursuant to
9 a basic generation service purchase and sale agreement effective
10 prior to the date of the regulation.

11 Unless the Attorney General or the Attorney General's designee
12 determines that a greenhouse gas emissions portfolio standard
13 would unconstitutionally burden interstate commerce or would be
14 preempted by federal law, the adoption by the board of an electric
15 energy efficiency portfolio standard pursuant to subsection g. of this
16 section, a gas energy efficiency portfolio standard pursuant to
17 subsection h. of this section, or any other enhanced energy
18 efficiency policies to mitigate leakage shall not be considered
19 sufficient to fulfill the requirement of this subsection for the
20 adoption of a greenhouse gas emissions portfolio standard or any
21 other regulatory mechanism to mitigate leakage.

22 d. Notwithstanding any provisions of the "Administrative
23 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
24 contrary, the board shall initiate a proceeding and shall adopt, after
25 notice, provision of the opportunity for comment, and public
26 hearing, renewable energy portfolio standards that shall require:

27 (1) that two and one-half percent of the kilowatt hours sold in
28 this State by each electric power supplier and each basic generation
29 service provider be from Class I or Class II renewable energy
30 sources;

31 (2) beginning on January 1, 2001, that one-half of one percent
32 of the kilowatt hours sold in this State by each electric power
33 supplier and each basic generation service provider be from Class I
34 renewable energy sources. The board shall increase the required
35 percentage for Class I renewable energy sources so that by January
36 1, 2006, one percent of the kilowatt hours sold in this State by each
37 electric power supplier and each basic generation service provider
38 shall be from Class I renewable energy sources and shall
39 additionally increase the required percentage for Class I renewable
40 energy sources by one-half of one percent each year until January 1,
41 2012, when four percent of the kilowatt hours sold in this State by
42 each electric power supplier and each basic generation service
43 provider shall be from Class I renewable energy sources.

44 An electric power supplier or basic generation service provider
45 may satisfy the requirements of this subsection by participating in a
46 renewable energy trading program approved by the board in
47 consultation with the Department of Environmental Protection;

1 (3) that the board establish a multi-year schedule, applicable to
 2 each electric power supplier or basic generation service provider in
 3 this State, beginning with the one-year period commencing on June
 4 1, 2010, and continuing for each subsequent one-year period up to
 5 and including, the one-year period commencing on **June 1, 2025**
 6 June 1, 2028, that requires **suppliers or providers to purchase at**
 7 **least** the following number or percentage, as the case may be, of
 8 kilowatt-hours sold in this State by each electric power supplier and
 9 each basic generation service provider to be from solar electric
 10 power generators connected to the distribution system in this State:

11 EY 2011	306 Gigawatthours (Gwhrs)
12 EY 2012	442 Gwhrs
13 EY 2013	596 Gwhrs
14 EY 2014	772 Gwhrs <u>1.832%</u>
15 EY 2015	965 Gwhrs <u>2.145%</u>
16 EY 2016	1,150 Gwhrs <u>2.446%</u>
17 EY 2017	1,357 Gwhrs <u>2.519%</u>
18 EY 2018	1,591 Gwhrs <u>2.851%</u>
19 EY 2019	1,858 Gwhrs <u>3.111%</u>
20 EY 2020	2,164 Gwhrs <u>3.233%</u>
21 EY 2021	2,518 Gwhrs <u>3.320%</u>
22 EY 2022	2,928 Gwhrs <u>3.383%</u>
23 EY 2023	3,433 Gwhrs <u>3.434%</u>
24 EY 2024	3,989 Gwhrs <u>3.483%</u>
25 EY 2025	4,610 Gwhrs <u>3.532%</u>
26 EY 2026	5,316 Gwhrs <u>3.579%</u>
27 EY 2027	<u>3.625%</u>

28 EY 2028, 3.730%, and for every energy year thereafter, at least
 29 **5,316 Gwhrs** 3.730% per energy year to reflect an increasing
 30 number of kilowatt-hours to be purchased by suppliers or providers
 31 from solar electric power generators connected to the distribution
 32 system in this State, and to establish a framework within which, of
 33 the electricity that the generators sell in this State, suppliers and
 34 providers shall **purchase** each obtain at least **2,518 Gwhrs**
 35 3.320% in the energy year 2021 and **5,316 Gwhrs** 3.730% in the
 36 energy year **2026** 2028 from solar electric power generators
 37 connected to the distribution system in this State, provided,
 38 however, that

39 **the number of solar kilowatt-hours required to be purchased by**
 40 **each supplier or provider, when expressed as a percentage of the**
 41 **total number of solar kilowatt-hours purchased in this State, shall be**
 42 **equivalent to each supplier's or provider's proportionate share of the**
 43 **total number of kilowatt-hours sold in this State by all suppliers and**
 44 **providers.] :**

45 (a) The board shall determine an appropriate period of no less
 46 than 120 days following the end of an energy year prior to which a

1 provider or supplier must demonstrate compliance for that energy
2 year with the annual renewable portfolio standard;

3 (b) No more than 24 months following the date of enactment of
4 P.L. , c. (C.) (pending before the Legislature as this bill),
5 the board shall complete a proceeding to investigate approaches to
6 mitigate solar development volatility and prepare and submit,
7 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report to
8 the Legislature, detailing its findings and recommendations. As
9 part of the proceeding, the board shall evaluate other techniques
10 used nationally and internationally;

11 (c) The solar renewable portfolio standards requirements in this
12 paragraph shall exempt those existing supply contracts which are
13 effective prior to the date of enactment of P.L. , c. (C.)
14 (pending before the Legislature as this bill) from any increase
15 beyond the number of SRECs that exceeds the number mandated by
16 the solar renewable portfolio standards requirements that were in
17 effect on the date that the providers executed their existing supply
18 contracts. This limited exemption for providers' existing supply
19 contracts shall not be construed to lower the Statewide solar
20 sourcing requirements set forth in this paragraph. Such incremental
21 new requirements shall be distributed over the electric power
22 suppliers and providers not subject to the existing supply contract
23 exemption until such time as existing supply contracts expire and
24 all suppliers are subject to the new requirement in a manner that is
25 competitively neutral among all providers and suppliers, such that
26 non-exempt providers are assigned the requirements that would
27 have otherwise been assigned to the exempt providers.

28 (d) The solar renewable portfolio standards requirements in this
29 paragraph [(3) of this subsection] shall automatically increase by
30 20% for the remainder of the schedule in the event that the
31 following two conditions are met: [(a)] (i) the number of SRECs
32 generated meets or exceeds the requirement for three consecutive
33 reporting years, starting with energy year [2013] 2014; and [(b)]
34 (ii) the [average] SREC price for [all] SRECs purchased by
35 entities with renewable energy portfolio standards obligations [has
36 decreased] in each of the same three consecutive reporting years is
37 less than the current SREC price in the year prior to the three
38 consecutive reporting years; and

39 (e) The board shall exempt providers' [existing] supply contracts
40 that are [:(a)] effective prior to the date of [P.L.2009, c.289; or
41 (b) effective prior to any future increase in the solar renewable
42 portfolio standard beyond the multi-year schedule established in
43 paragraph (3) of this subsection] any such increase. This
44 exemption shall apply to the number of SRECs that exceeds the
45 number mandated by the solar renewable portfolio standards
46 requirements that were in effect on the date that the suppliers or
47 providers executed their existing supply contracts. This limited

1 exemption for providers' existing supply contracts shall not be
2 construed to lower the Statewide solar **purchase** sourcing
3 requirements set forth in this paragraph **[(3) of this subsection]**.
4 Such incremental new requirements shall be distributed over the
5 electric power suppliers and providers not subject to the existing
6 supply contract exemption until such time as existing supply
7 contracts expire and all suppliers are subject to the new requirement
8 in a manner that is competitively neutral among all suppliers and
9 providers, such that non-exempt providers are assigned the
10 requirements that would have otherwise been assigned to the
11 exempt providers.

12 An electric power supplier or basic generation service provider
13 may satisfy the requirements of this subsection by participating in a
14 renewable energy trading program approved by the board in
15 consultation with the Department of Environmental Protection, or
16 compliance with the requirements of this subsection may be
17 demonstrated to the board by suppliers or providers through the
18 purchase of SRECs.

19 The renewable energy portfolio standards adopted by the board
20 pursuant to paragraphs (1) and (2) of this subsection shall be
21 effective as regulations immediately upon filing with the Office of
22 Administrative Law and shall be effective for a period not to exceed
23 18 months, and may, thereafter, be amended, adopted or readopted
24 by the board in accordance with the provisions of the
25 "Administrative Procedure Act."

26 The renewable energy portfolio standards adopted by the board
27 pursuant to this paragraph **[(3) of this subsection]** shall be effective
28 as regulations immediately upon filing with the Office of
29 Administrative Law and shall be effective for a period not to exceed
30 30 months after such filing, and shall, thereafter, be amended,
31 adopted or readopted by the board in accordance with the
32 "Administrative Procedure Act"; and

33 (4) within 180 days after the date of enactment of P.L.2010,
34 c.57 (C.48:3-87.1 et al.), that the board establish an offshore wind
35 renewable energy certificate program to require that a percentage of
36 the kilowatt hours sold in this State by each electric power supplier
37 and each basic generation service provider be from offshore wind
38 energy in order to support at least 1,100 megawatts of generation
39 from qualified offshore wind projects.

40 The percentage established by the board pursuant to this
41 paragraph shall serve as an offset to the renewable energy portfolio
42 standard established pursuant to paragraphs (1) and (2) of this
43 subsection and shall reduce the corresponding Class I renewable
44 energy requirement.

45 The percentage established by the board pursuant to this
46 paragraph shall reflect the projected OREC production of each
47 qualified offshore wind project, approved by the board pursuant to
48 section 3 of P.L.2010, c.57 (C.48:3-87.1), for twenty years from the

1 commercial operation start date of the qualified offshore wind
2 project which production projection and OREC purchase
3 requirement, once approved by the board, shall not be subject to
4 reduction.

5 An electric power supplier or basic generation service provider
6 shall comply with the OREC program established pursuant to this
7 paragraph through the purchase of offshore wind renewable energy
8 certificates at a price and for the time period required by the board.
9 In the event there are insufficient offshore wind renewable energy
10 certificates available, the electric power supplier or basic generation
11 service provider shall pay an offshore wind alternative compliance
12 payment established by the board. Any offshore wind alternative
13 compliance payments collected shall be refunded directly to the
14 ratepayers by the electric public utilities.

15 The rules established by the board pursuant to this paragraph
16 shall be effective as regulations immediately upon filing with the
17 Office of Administrative Law and shall be effective for a period not
18 to exceed 18 months, and may, thereafter, be amended, adopted or
19 readopted by the board in accordance with the provisions of the
20 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
21 seq.).

22 e. Notwithstanding any provisions of the "Administrative
23 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
24 contrary, the board shall initiate a proceeding and shall adopt, after
25 notice, provision of the opportunity for comment, and public
26 hearing:

27 (1) net metering standards for electric power suppliers and basic
28 generation service providers. The standards shall require electric
29 power suppliers and basic generation service providers to offer net
30 metering at non-discriminatory rates to industrial, large
31 commercial, residential and small commercial customers, as those
32 customers are classified or defined by the board, that generate
33 electricity, on the customer's side of the meter, using a Class I
34 renewable energy source, for the net amount of electricity supplied
35 by the electric power supplier or basic generation service provider
36 over an annualized period. Systems of any sized capacity, as
37 measured in watts, are eligible for net metering [. If], provided,
38 however, that the system shall not be sized in excess of the
39 generation capacity necessary to serve the annualized energy needs
40 of (a) on-site load, inclusive of load associated with a customer-
41 generator receiving physical net metering aggregation service, or
42 (b) load associated with a customer-generator receiving virtual net
43 metering aggregation service. For a customer-generator eligible for
44 virtual net metering aggregation service, the customer-generator
45 may designate other of its net metering instruments to be credited
46 with the kilowatt-hour production from any physical net metering
47 aggregation service, including net annual excess, if any. For
48 physical net metering aggregation and virtual net metering

1 aggregation, if the amount of electricity generated by the customer-
2 generator, plus any kilowatt hour credits held over from the
3 previous billing periods, exceeds the electricity supplied by the
4 electric power supplier or basic generation service provider, then
5 the electric power supplier or basic generation service provider, as
6 the case may be, shall credit the customer-generator for the excess
7 kilowatt hours until the end of the annualized period at which point
8 the customer-generator will be compensated for any remaining
9 credits or, if the customer-generator chooses, credit the customer-
10 generator on a real-time basis, at the electric power supplier's or
11 basic generation service provider's avoided cost of wholesale power
12 or the PJM electric power pool's real-time locational marginal
13 pricing rate, adjusted for losses, for the respective zone in the PJM
14 electric power pool. Alternatively, the customer-generator may
15 execute a bilateral agreement with an electric power supplier or
16 basic generation service provider for the sale and purchase of the
17 customer-generator's excess generation. The customer-generator
18 may be credited on a real-time basis, so long as the customer-
19 generator follows applicable rules prescribed by the PJM electric
20 power pool for its capacity requirements for the net amount of
21 electricity supplied by the electric power supplier or basic
22 generation service provider. The board may authorize an electric
23 power supplier or basic generation service provider to cease
24 offering net metering whenever the total rated generating capacity
25 owned and operated by net metering customer-generators Statewide
26 equals 2.5 percent of the State's peak electricity demand;

27 (2) safety and power quality interconnection standards for Class
28 I renewable energy source systems used by a customer-generator
29 that shall be eligible for net metering.

30 Such standards or rules shall take into consideration the goals of
31 the New Jersey Energy Master Plan, applicable industry standards,
32 and the standards of other states and the Institute of Electrical and
33 Electronic Engineers. The board shall allow electric public utilities
34 to recover the costs of any new net meters, upgraded net meters,
35 system reinforcements or upgrades, and interconnection costs
36 through either their regulated rates or from the net metering
37 customer-generator; and

38 (3) credit or other incentive rules for generators using Class I
39 renewable energy generation systems that connect to New Jersey's
40 electric public utilities' distribution system but who do not net
41 meter.

42 Such rules shall require the board or its designee to issue a credit
43 or other incentive to those generators that do not use a net meter but
44 otherwise generate electricity derived from a Class I renewable
45 energy source and to issue an enhanced credit or other incentive,
46 including, but not limited to, a solar renewable energy credit, to
47 those generators that generate electricity derived from solar
48 technologies.

1 Such standards or rules shall be effective as regulations
2 immediately upon filing with the Office of Administrative Law and
3 shall be effective for a period not to exceed 18 months, and may,
4 thereafter, be amended, adopted or readopted by the board in
5 accordance with the provisions of the "Administrative Procedure
6 Act."

7 f. The board may assess, by written order and after notice and
8 opportunity for comment, a separate fee to cover the cost of
9 implementing and overseeing an emission disclosure system or
10 emission portfolio standard, which fee shall be assessed based on an
11 electric power supplier's or basic generation service provider's share
12 of the retail electricity supply market. The board shall not impose a
13 fee for the cost of implementing and overseeing a greenhouse gas
14 emissions portfolio standard adopted pursuant to paragraph (2) of
15 subsection c. of this section, the electric energy efficiency portfolio
16 standard adopted pursuant to subsection g. of this section, or the gas
17 energy efficiency portfolio standard adopted pursuant to subsection
18 h. of this section.

19 g. The board may adopt, pursuant to the "Administrative
20 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), an electric
21 energy efficiency portfolio standard that may require each electric
22 public utility to implement energy efficiency measures that reduce
23 electricity usage in the State by 2020 to a level that is 20 percent
24 below the usage projected by the board in the absence of such a
25 standard. Nothing in this section shall be construed to prevent an
26 electric public utility from meeting the requirements of this section
27 by contracting with another entity for the performance of the
28 requirements.

29 h. The board may adopt, pursuant to the "Administrative
30 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), a gas energy
31 efficiency portfolio standard that may require each gas public utility
32 to implement energy efficiency measures that reduce natural gas
33 usage for heating in the State by 2020 to a level that is 20 percent
34 below the usage projected by the board in the absence of such a
35 standard. Nothing in this section shall be construed to prevent a gas
36 public utility from meeting the requirements of this section by
37 contracting with another entity for the performance of the
38 requirements.

39 i. After the board establishes a schedule of solar kilowatt-hour
40 sale or purchase requirements pursuant to paragraph (3) of
41 subsection d. of this section, the board may initiate subsequent
42 proceedings and adopt, after appropriate notice and opportunity for
43 public comment and public hearing, increased minimum solar
44 kilowatt-hour sale or purchase requirements, provided that the
45 board shall not reduce previously established minimum solar
46 kilowatt-hour sale or purchase requirements, or otherwise impose
47 constraints that reduce the requirements by any means.

1 j. The board shall determine an appropriate level of solar
2 alternative compliance payment, and **【**establish a 15-year solar
3 alternative compliance payment schedule, that permits**】** permit each
4 supplier or provider to submit an SACP to comply with the solar
5 electric generation requirements of paragraph (3) of subsection d. of
6 this section. The value of the SACP for each Energy Year, for
7 Energy Years 2014 through 2028 per megawatt hour from solar
8 electric generation required pursuant to this section, shall be:

9	<u>EY 2014</u>	<u>\$350</u>
10	<u>EY 2015</u>	<u>\$343</u>
11	<u>EY 2016</u>	<u>\$336</u>
12	<u>EY 2017</u>	<u>\$329</u>
13	<u>EY 2018</u>	<u>\$322</u>
14	<u>EY 2019</u>	<u>\$315</u>
15	<u>EY 2020</u>	<u>\$308</u>
16	<u>EY 2021</u>	<u>\$301</u>
17	<u>EY 2022</u>	<u>\$294</u>
18	<u>EY 2023</u>	<u>\$287</u>
19	<u>EY 2024</u>	<u>\$280</u>
20	<u>EY 2025</u>	<u>\$273</u>
21	<u>EY 2026</u>	<u>\$266</u>
22	<u>EY 2027</u>	<u>\$259</u>
23	<u>EY 2028</u>	<u>\$252</u>

24 The **【**board may initiate subsequent proceedings and adopt, after
25 appropriate notice and opportunity for public comment and public
26 hearing, an increase in solar alternative compliance payments,
27 provided that the**】** board shall not reduce previously established
28 levels of solar alternative compliance payments, nor shall the board
29 provide relief from the obligation of payment of the SACP by the
30 electric power suppliers or basic generation service providers in any
31 form. Any SACP payments collected shall be refunded directly to
32 the ratepayers by the electric public utilities.

33 k. The board may allow electric public utilities to offer long-
34 term contracts through a competitive process, direct electric public
35 utility investment and other means of financing, including but not
36 limited to loans, for the purchase of SRECs and the resale of SRECs
37 to suppliers or providers or others, provided that after such
38 contracts have been approved by the board, the board's approvals
39 shall not be modified by subsequent board orders.

40 l. The board shall implement its responsibilities under the
41 provisions of this section in such a manner as to:

42 (1) place greater reliance on competitive markets, with the
43 explicit goal of encouraging and ensuring the emergence of new
44 entrants that can foster innovations and price competition;

45 (2) maintain adequate regulatory authority over non-competitive
46 public utility services;

47 (3) consider alternative forms of regulation in order to address
48 changes in the technology and structure of electric public utilities;

- 1 (4) promote energy efficiency and Class I renewable energy
- 2 market development, taking into consideration environmental
- 3 benefits and market barriers;
- 4 (5) make energy services more affordable for low and moderate
- 5 income customers;
- 6 (6) attempt to transform the renewable energy market into one
- 7 that can move forward without subsidies from the State or public
- 8 utilities;
- 9 (7) achieve the goals put forth under the renewable energy
- 10 portfolio standards;
- 11 (8) promote the lowest cost to ratepayers; and
- 12 (9) allow all market segments to participate.
- 13 m. The board shall ensure the availability of financial incentives
- 14 under its jurisdiction, including, but not limited to, long-term
- 15 contracts, loans, SRECs, or other financial support, to ensure
- 16 market diversity, competition, and appropriate coverage across all
- 17 ratepayer segments, including, but not limited to, residential,
- 18 commercial, industrial, non-profit, farms, schools, and public entity
- 19 customers.
- 20 n. For projects which are owned, or directly invested in, by a
- 21 public utility pursuant to section 13 of P.L.2007, c.340 (C.48:3-
- 22 98.1), the board shall determine the number of SRECs with which
- 23 such projects shall be credited; and in determining such number the
- 24 board shall ensure that the market for SRECs does not detrimentally
- 25 affect the development of non-utility solar projects and shall
- 26 consider how its determination may impact the ratepayers.
- 27 o. The board, in consultation with the Department of
- 28 Environmental Protection, electric public utilities, the Division of
- 29 Rate Counsel in, but not of, the Department of the Treasury,
- 30 affected members of the solar energy industry, and relevant
- 31 stakeholders, shall periodically consider increasing the renewable
- 32 energy portfolio standards beyond the minimum amounts set forth
- 33 in subsection d. of this section, taking into account the cost impacts
- 34 and public benefits of such increases including, but not limited to:
- 35 (1) reductions in air pollution, water pollution, land disturbance,
- 36 and greenhouse gas emissions;
- 37 (2) reductions in peak demand for electricity and natural gas,
- 38 and the overall impact on the costs to customers of electricity and
- 39 natural gas;
- 40 (3) increases in renewable energy development, manufacturing,
- 41 investment, and job creation opportunities in this State; and
- 42 (4) reductions in State and national dependence on the use of
- 43 fossil fuels.
- 44 p. Class I RECs and ORECS shall be eligible for use in
- 45 renewable energy portfolio standards compliance in the energy year
- 46 in which they are generated, and for the following two energy years.
- 47 SRECs **【and ORECS】** shall be eligible for use in renewable energy

1 portfolio standards compliance in the energy year in which they are
2 generated, and for the following ~~two~~ four energy years.

3 q. (1) During the energy years of 2014, 2015, and 2016, a solar
4 electric generation facility project which is not net metered, not an
5 on-site generation facility, or not certified as being located on a
6 brownfield or a properly closed sanitary landfill facility, as
7 provided pursuant to subsection t. of this section, shall be
8 considered "connected to the distribution system" if (a) the facility
9 files a notice with the board indicating its intent to qualify under
10 this subsection; and (b) the capacity of the facility, when added to
11 the capacity of other facilities that have been approved for
12 connection prior to the facility's filing under this subsection, does
13 not exceed 100 megawatts in the aggregate for each year. The
14 board shall act within 180 days of its receipt of a completed
15 application for designation of a solar power electric generation
16 facility as "connected to the distribution system," to either approve,
17 conditionally approve, or disapprove the application. Filings made
18 pursuant to this subsection shall include a notice escrow of \$40,000
19 per megawatt of the proposed capacity of the facility. The notice
20 escrow shall be reimbursed to the facility in full upon the facility
21 entering commercial operation, or shall be forfeited to the State if
22 the facility is determined to be "connected to the distribution
23 system" pursuant to this paragraph but does not enter commercial
24 operation pursuant to paragraph (2) of this subsection.

25 (2) If the proposed solar power electric generation facility does
26 not commence commercial operations within two years following
27 the date of the designation by the board pursuant to this subsection,
28 the designation of the facility as "connected to the distribution
29 system" shall be deemed to be null and void, and the facility shall
30 thereafter be considered not "connected to the distribution system."

31 r. (1) For solar power electric generation facility projects
32 proposed in addition to those approved pursuant to subsection q. of
33 this section and for all projects proposed in each energy year
34 following energy year 2016, a proposed solar power electric
35 generation facility that is neither net metered nor an on-site
36 generation facility, may be considered "connected to the
37 distribution system" only upon designation as such by the board,
38 after notice to the public and opportunity for public comment or
39 hearing. A proposed solar power electric generation facility
40 seeking board designation as "connected to the distribution system"
41 shall submit an application to the board that includes for the
42 proposed facility: the nameplate capacity; the estimated energy and
43 number of SRECs to be produced and sold per year; the estimated
44 annual rate impact on ratepayers; the estimated capacity of the
45 generator as defined by PJM for sale in the PJM capacity market;
46 the point of interconnection; the total acreage and location; the
47 current land use designation of the property; the type of solar

1 technology to be used; and other such information as the board shall
2 require.

3 (2) The board shall approve the designation of the proposed solar
4 power electric generation facility as “connected to the distribution
5 system” if the board determines that:

6 (a) the SRECs forecasted to be produced by the facility do not
7 have a detrimental impact on the SREC market or on the
8 appropriate development of solar power in the State;

9 (b) the loss of tillable acreage that would result from the
10 approval of the designation of the proposed facility, together with
11 the tillable acreage of all other facilities approved pursuant to this
12 subsection, would cumulatively constitute a loss of less than one
13 percent of the total tillable acres of farmland in the State on the date
14 of enactment of P.L. , c. (C.) (pending before the
15 Legislature as this bill), pursuant to information provided by the
16 New Jersey Department of Agriculture; and

17 (c) the impact of the designation on electric rates and economic
18 development is beneficial.

19 (3) The board shall act within 180 days of its receipt of a
20 completed application for designation of a solar power electric
21 generation facility as "connected to the distribution system," to
22 either approve, conditionally approve, or disapprove the
23 application. If the proposed solar power electric generation facility
24 does not commence commercial operations within two years
25 following the date of the designation by the board pursuant to this
26 subsection, the designation of the facility as “connected to the
27 distribution system” shall be deemed to be null and void, and the
28 facility shall thereafter be considered not "connected to the
29 distribution system."

30 s. Notwithstanding the foregoing provisions of this section, a
31 solar power electric generation facility located on farmland, and not
32 heretofore approved pursuant to subsection q. of this section, shall
33 not be considered "connected to the distribution system" unless the
34 facility has been approved as such by the board and (a) PJM issued
35 a System Impact Study for the facility prior to March 31, 2011; (b)
36 the facility files a notice with the board within 60 days of the
37 effective date of P.L. , c. (C.) (pending before the
38 Legislature as this bill), indicating its intent to qualify under this
39 subsection.

40 t. No more than 180 days after the date of enactment of P.L. ,
41 c. (C.) (pending before the Legislature as this bill), the board
42 shall, in consultation with the Department of Environmental
43 Protection and the New Jersey Economic Development Authority,
44 and, after notice and opportunity for public comment and public
45 hearing, complete a proceeding to establish a program to provide
46 SRECs to owners of solar power electric generation facility projects
47 certified by the board as being located on a brownfield or a properly
48 closed sanitary landfill facility. Projects certified under this

1 subsection shall (1) be considered “connected to the distribution
2 system” and shall not require such designation by the board and (2)
3 shall not be subject to board review required pursuant to
4 subsections q. and r. of this section. For projects certified under
5 this subsection, the board shall credit additional incentives to be
6 determined by the board for each megawatt hour (MWh) of solar
7 energy that is generated by the project. The issuance of SRECs for
8 all solar electric generation facility projects pursuant to this
9 subsection shall be deemed “Board of Public Utilities financial
10 assistance” as provided under section 1 of P.L.2009, c.89 (C.48:2-
11 29.47).

12 u. No more than 180 days after the date of enactment of
13 P.L. , c. (C.) (pending before the Legislature as this bill),
14 the board shall complete a proceeding to establish a registration
15 program. The registration program shall require the owners of solar
16 power electric generation facility projects connected to the
17 distribution system to make periodic milestone filings with the
18 board in a manner and at such times as determined by the board to
19 provide full disclosure and transparency regarding the overall level
20 of development and construction activity of those projects
21 Statewide.

22 v. The issuance of SRECs for all solar power electric generation
23 facility projects pursuant to this section, for projects connected to
24 the distribution system with a capacity of one megawatt or greater,
25 shall be deemed “Board of Public Utilities financial assistance” as
26 provided pursuant to under section 1 of P.L.2009, c.89 (C.48:2-
27 29.47).

28 (cf: P.L.2010, c.57, s.2)

29

30 3. This act shall take effect immediately.

31

32

33

STATEMENT

34

35 The bill amends sections 3 and 38 of P.L.1999, c.23 (C.48:3-49
36 et al.) (“EDECA”) concerning solar renewable energy programs,
37 purchase requirements, and net metering standards. The bill would
38 provide that a solar power electric generation facility shall be
39 deemed by the Board of Public Utilities (“BPU”) as “connected to
40 the distribution system” (“connected”) if it is: (1) connected to a net
41 metering customer’s side of a meter, regardless of the voltage at
42 which that customer connects to the electric grid, or (2) directly
43 connected to the electric grid at 69 kilovolts or less, regardless of
44 how an electric public utility classifies that portion of its electric
45 grid, except that a solar facility that is neither net metered nor an
46 on-site generation facility would not be considered “connected”
47 unless it was designated as such by the BPU as provided pursuant to
48 the bill’s provisions except that, during the energy years of 2014

1 through 2016, a solar electric generation facility project which is
2 not net metered, not an on-site generation facility, and not certified
3 as being located on a brownfield or a properly closed sanitary
4 landfill facility shall be considered “connected” if the capacity of
5 the facility, when added to the capacity of other facilities that have
6 been approved for connection prior to the facility’s filing, does not
7 exceed 100 megawatts in the aggregate for each energy year. Such
8 facilities would not be subject to BPU review. Failure to commence
9 commercial operations within two years following the date of the
10 “connected” designation would void the designation.

11 Notwithstanding the foregoing criteria, the BPU must approve
12 the designation of the proposed facility as “connected” if it
13 determines that: (1) the solar renewable energy certificates
14 (“SREC”s) forecasted to be produced by the facility do not have a
15 detrimental impact on the SREC market or on the appropriate
16 development of solar power in the State; (2) the loss of tillable
17 acreage that would result from the approval of the designation of
18 the proposed facility, together with the tillable acreage of all other
19 similar facilities, would cumulatively constitute a loss of less than
20 one percent of the total tillable acres of farmland in the State on the
21 date of the bill’s enactment, pursuant to information provided by
22 the New Jersey Department of Agriculture; and (3) the impact of
23 the designation on electric rates and economic development is
24 beneficial provided, however, that a solar facility constructed on
25 farmland would not be considered “connected” unless it is approved
26 by the BPU as such and (a) it is approved as a facility not subject to
27 BPU review for energy years 2014, 2015, or 2016, or (b) PJM
28 issued a System Impact Study for the facility prior to March 31,
29 2011 and the facility files a notice with the board within 60 days of
30 the bill’s effective date indicating its intent to qualify as connected
31 under the bill.

32 The bill directs the BPU, to within 180 days of the bill’s
33 enactment, in consultation with the Department of Environmental
34 Protection and the New Jersey Economic Development Authority,
35 establish a program to provide SRECs to owners of solar power
36 electric generation facility projects certified as being located on a
37 brownfield or a properly closed sanitary landfill facility and provide
38 that such projects shall (1) be considered “connected to the
39 distribution system,” (2) not be subject to board review, and (3) be
40 credited additional incentives for each megawatt hour of solar
41 energy that is generated by the project.

42 The bill provides that the issuance of SRECs for projects located
43 on brownfields and landfills, and for projects greater than one
44 megawatt are to be deemed “Board of Public Utilities financial
45 assistance” as provided under section 1 of P.L.2009, c.89 (C.48:2-
46 29.47), to provide that prevailing wage rates would apply to such
47 projects.

1 The bill requires the BPU to establish a solar registration
2 program, which would require that all owners of solar electric
3 power generation facilities that are filing with the BPU for approval
4 to generate SRECs, to file documents detailing the size, location,
5 interconnection plan, land use, and other project information as
6 required by the BPU.

7 The bill would extend the scope of "Class I renewable energy"
8 producers to include small scale hydropower facilities with a
9 capacity of three megawatts or less that are put into service after the
10 effective date of the bill. "Small scale hydropower facility" is
11 defined to mean a facility located within New Jersey that is
12 connected to the distribution system, and that meets the
13 requirements of, and has been certified by, a nationally recognized
14 low-impact hydropower organization. Electricity from any
15 hydropower facility with a capacity greater than three megawatts
16 would be included in the category of "Class II renewable energy."

17 The bill would provide that for a resource recovery facility to be
18 considered as generating Class II renewable energy, the facility
19 must be in compliance with current environmental standards,
20 including, but not limited to, all applicable requirements of the
21 federal "Clean Air Act." The bill clarifies that a "combined heat
22 and power facility" or "co-generation facility" means a generation
23 facility which produces electric energy and steam. The bill also
24 provides that an on-site generation facility shall include an on-site
25 facility that produces Class I or Class II renewable energy.

26 The bill would change the solar alternative compliance payment
27 ("SACP") schedule from a 15-year schedule with obligations set by
28 the board to a statutorily established schedule with specifically
29 prescribed SACP values for each energy year.

30 The bill revises the multi-year schedule of Statewide solar
31 gigawatt hour requirements applicable to electric power suppliers
32 and basic generation providers for Energy Years 2014 to 2028. The
33 requirements are stated in percentages, instead of being enumerated
34 in gigawatt hours, from 1.832% in 2014 to 3.730% in 2028 and
35 every energy year thereafter. The bill also provides for the BPU to
36 determine whether a provider or supplier is in compliance with
37 annual renewable portfolio standards within a period of no less than
38 120 days following the end of an energy year, and to provide for a
39 future adjustment in annual Statewide gigawatt hour requirements
40 based upon any shortfall that is determined by the BPU.

41 The bill requires the BPU to, within 24 months following
42 enactment, complete a proceeding to investigate approaches to
43 mitigate solar development volatility and prepare and submit a
44 report to the Governor and the Legislature, detailing its findings and
45 recommendations. As part of the proceeding, the BPU must
46 evaluate other techniques used nationally and internationally.

47 The bill would provide that the additional solar purchase
48 requirements distributed over the electric power providers not

1 subject to the existing supply contract exemption provided under
2 section 38 of EDECA, shall be distributed in a manner that is
3 competitively neutral among all providers, such that non-exempt
4 providers are assigned the requirements that would have otherwise
5 been assigned to the exempt providers.

6 The bill provides that long-term SREC purchase contracts
7 offered by the BPU, shall be offered through a competitive process,
8 including direct investment by electric utilities.

9 Finally, the bill revises the BPU's mandate concerning the
10 prescribing of standards under which basic generation service
11 providers and electric power suppliers must offer net metering to
12 their customers that generate electricity, on the customer side of the
13 meter, using a Class I renewable energy source, for a customer that
14 is a school district, county or municipality, including any agency,
15 authority, or other entity thereof ("customer-generators").
16 Specifically, the bill expands the eligibility requirements for the
17 provision of net metering to customer-generators when the
18 generation is occurring on two or more properties owned or leased
19 and operated by customer-generators where those properties are
20 either: (1) contiguous to each other within the service territory of
21 one electric utility ("physical net metering aggregation"); or (2)
22 non-contiguous but within three miles of each other property of the
23 customer-generator within the service territory of one electric utility
24 ("virtual net metering aggregation"). Further, the bill allows
25 customer-generators receiving virtual net metering aggregation
26 service to designate other of its net metering instruments to be
27 credited with the kilowatt-hour production from its physical net
28 metering aggregation service, including net annual excess, if any.

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 1925**

STATE OF NEW JERSEY

DATED: MAY 17, 2012

The Senate Environment and Energy Committee favorably reports a committee substitute for Senate Bill No. 1925.

The committee substitute amends sections 3 and 38 of P.L.1999, c.23 (C.48:3-49 et al.) ("Electric Discount and Energy Competition Act," or "EDECA") to make changes to solar renewable energy programs and purchase requirements, and directs the Board of Public Utilities ("BPU" or "board") to adopt standards for virtual net metering aggregation. The committee substitute would define "connected to the distribution system" to mean, for a solar electric power facility, one that is: (1) connected to a net metering customer's side of a meter, regardless of the voltage at which that customer connects to the electric grid; (2) an on-site generation facility; (3) qualified for virtual net metering aggregation as provided pursuant to paragraph (4) of subsection e. of section 38 of P.L.1999, c.23 (C.48:3-87); or (5) directly connected to the electric grid at 69 kilovolts or less, regardless of how an electric public utility classifies that portion of its electric grid, and is designated as connected to the distribution system by the board pursuant to the committee substitute's provisions or is certified by the board as being located on a brownfield or a properly closed sanitary landfill facility. The definition would further provide that any solar electric power generation facility, other than that of a net metering customer on the customer's side of the meter, connected above 69 kilovolts, would not be considered connected to the distribution system.

The committee substitute would change the solar alternative compliance payment ("SACP") schedule from a 15-year schedule with obligations set by the board to a statutorily established schedule with specifically prescribed SACP values for each energy year.

The committee substitute revises the multi-year schedule of Statewide solar gigawatt hour requirements applicable to electric power suppliers and basic generation providers for Energy Years 2014 to 2028. The requirements are stated in percentages of kilowatt-hours sold in the State by each electric power supplier and each basic generation service provider, instead of being enumerated in gigawatt hours, from 2.184% in 2014 to 4.227% in 2028 and every energy year

thereafter. The bill also provides for the BPU to determine whether a provider or supplier is in compliance with annual renewable portfolio standards within a period of no less than 120 days following the end of an energy year, and to provide for a future adjustment in annual Statewide gigawatt hour requirements based upon any shortfall that is determined by the BPU.

The committee substitute would provide that for energy years of 2014 through 2016, a solar electric power generation facility project which is not (1) net metered, (2) an on-site generation facility, (3) qualified for virtual net metering aggregation; or (4) certified as being located on a brownfield or properly closed sanitary landfill facility, may apply to the board for a designation that the facility is connected to the distribution system. The application would be required to include a notice escrow of \$40,000 per megawatt of the proposed capacity of the facility. The board would approve the designation if the capacity of the facility, when added to the capacity of other facilities that have previously been approved for connection prior to the facility's filing, does not exceed 80 megawatts in the aggregate for each energy year. Failure to commence commercial operations within two years following the date of the designation would void the designation and require forfeiture of the notice escrow.

For projects in excess of 80 megawatts for energy years 2014 through 2016, and for all projects approved thereafter, the BPU must approve the designation of the proposed facility as connected to the distribution system if it determines that: (1) the solar renewable energy certificates ("SRECs") forecasted to be produced by the facility do not have a detrimental impact on the SREC market or on the appropriate development of solar power in the State; (2) approval of the facility would not have a significant impact on the preservation of open space; (3) the impact of the designation on electric rates and economic development is beneficial; and (4) electric public utilities are not affected in their ability to provide safe, adequate and proper service to all customers. The committee substitute would also provide that a solar electric power generation facility located on farmland, or on land that was actively devoted to agricultural or horticultural use within the 10 years prior to the effective date of the bill, would only be considered connected to the distribution system if (1) the board approves a facility's designation pursuant to the procedure established for energy years 2014 through energy year 2016 as provided in subsection q. of P.L.1999, c.23 (C.48:3-87), or (2) the facility files a PJM issued System Impact Study for the facility prior to March 31, 2011 and a notice of intent with the board within 60 days of the effective date of the committee substitute.

The committee substitute directs the BPU, in consultation with the Department of Environmental Protection and the New Jersey Economic Development Authority, to establish a program to provide SRECs to owners of solar electric power generation facility projects it

certifies as being located on a brownfield or a properly closed sanitary landfill facility and provide that such projects will (1) be considered “connected to the distribution system,” and (2) not be subject to additional board review. For those projects, the committee substitute directs the board to establish a financial incentive designed to supplement the SRECs generated by the facility in order to cover the additional cost of constructing and operating a solar electric power generating facility on a brownfield or closed sanitary landfill facility. The committee substitute provides that the issuance of SRECs for projects located on brownfields and closed landfills, and for projects greater than one megawatt, are to be deemed “Board of Public Utilities financial assistance” as provided under section 1 of P.L.2009, c.89 (C.48:2-29.47).

The committee substitute requires the BPU to establish a solar registration program, which would require that all owners of solar electric power generation facilities that are filing with the BPU for approval to generate SRECs, to file documents detailing the size, location, interconnection plan, land use, and other project information as required by the BPU.

The committee substitute would extend the scope of Class I renewable energy producers to include small scale hydropower facilities with a capacity of three megawatts or less that are put into service after the effective date of the committee substitute. Small scale hydropower facility is defined to mean a facility located within New Jersey that is connected to the distribution system, and that meets the requirements of, and has been certified by, a nationally recognized low-impact hydropower organization. Electricity from any hydropower facility with a capacity greater than three megawatts would be included in the category of Class II renewable energy.

The committee substitute would provide that for a resource recovery facility to be considered as generating Class II renewable energy, the facility must be in compliance with current environmental standards, including, but not limited to, all applicable requirements of the federal “Clean Air Act.” The committee substitute clarifies that a “combined heat and power facility” or “co-generation facility” means a generation facility which produces electric energy and steam. The committee substitute also provides that an on-site generation facility must include an on-site facility that produces Class I or Class II renewable energy, and provides that the total output of the on-site generation facility must be used to serve the load of the on-site end use customer unless the customer is qualified for and engaged in virtual net metering aggregation.

The committee substitute requires the BPU to, within 24 months following enactment into law, complete a proceeding to investigate approaches to mitigate solar development volatility and prepare and submit a report to the Legislature, detailing its findings and

recommendations. As part of the proceeding, the BPU must evaluate other techniques used nationally and internationally.

The committee substitute removes from section 38 of EDECA the additional 20% solar purchase requirements for suppliers and providers, which additional requirements would have been triggered by the following conditions: (1) the number of SRECs generated meets or exceeds the requirement for three consecutive reporting years, starting with energy year 2013; and (2) the average SREC price for all SRECs purchased by entities with renewable energy portfolio standards obligations has decreased in the same three consecutive reporting years.

The committee substitute provides that long-term SREC purchase contracts offered by the BPU be offered through a competitive process, including direct investment by electric utilities.

Finally, the committee substitute permits a customer that is a school district, county or municipality, including any agency or authority thereof, to purchase electricity through virtual net metering aggregation. The board is directed to establish standards that would provide that to qualify for virtual net metering aggregation the customer must operate a solar electric power generation facility that is directly connected to the electric grid and is not an on-site generation facility. All of the facilities of the single customer that are combined for the purpose of virtual net metering aggregation must be facilities owned or operated by the single customer, located within the customer's territorial jurisdiction, and located within the service territory of a single electric public utility. The customer's solar electric power generation facility must be sized so that its annual generation does not exceed the combined annual energy usage of the qualified customer facilities. All electricity used by a customer engaged in virtual net metering aggregation must be delivered pursuant to the electric public utility transmission and distribution tariffs applicable to the customer class of the customer using the electricity. A customer that is a school district, county, county agency, county authority, municipality, municipal agency, or municipal authority may purchase such electricity through virtual net metering aggregation to meet its electricity requirements. The committee substitute provides that any incremental cost to an electric public utility for virtual net metering aggregation must be fully and timely recovered in a manner to be determined by the board.

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1925

with Senate Floor Amendments
(Proposed by Senator WEINBERG)

ADOPTED: MAY 24, 2012

These floor amendments would make certain changes to the provisions regarding virtual net metering aggregation. The floor amendments would exclude virtual net metering aggregation from the definition of "on-site generation facility." The floor amendments would further provide that a customer's qualified facilities, with the exception of the solar electric power generation facility, would be billed at the full retail rate, and that the electric public utility would provide an annual payment to the customer for the difference between the total energy generated by the customer's solar electric power generation facility and the energy used by the customer's qualified facilities consistent with the standards established for net metering. Finally, the amendments require the board to adopt virtual net metering aggregation standards within 270 days after the effective date of the bill, and that should the board fail to adopt such standards, electric public utilities must provide for virtual net metering aggregation consistent with the provisions of the bill.

ASSEMBLY TELECOMMUNICATIONS AND UTILITIES
COMMITTEE

STATEMENT TO

[First Reprint]

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1925

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 7, 2012

The Assembly Telecommunications and Utilities Committee reports favorably Senate Committee Substitute for Senate Bill No. 1925 (1R) with committee amendments.

As amended, this bill amends P.L.1999, c.23 (C.48:3-49 et al.) ("Electric Discount and Energy Competition Act," or "EDECA") to make changes to solar renewable energy programs and purchase requirements, and directs the Board of Public Utilities ("BPU" or "board") to adopt standards for virtual net metering aggregation.

The amended bill would define "connected to the distribution system" to mean, for a solar electric power generation facility, one that is: (1) connected to a net metering customer's side of a meter, regardless of the voltage at which that customer connects to the electric grid; (2) an on-site generation facility; (3) qualified for virtual net metering aggregation as provided pursuant to paragraph (4) of subsection e. of section 38 of P.L.1999, c.23 (C.48:3-87); (4) owned or operated by an electric public utility and approved by the board pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1); or (7) directly connected to the electric grid at 69 kilovolts or less, regardless of how an electric public utility classifies that portion of its electric grid, and is designated as connected to the distribution system by the board pursuant to the amended bill's provisions or is certified by the board as being located on a brownfield or a properly closed sanitary landfill facility. The definition would further provide that any solar electric power generation facility, other than that of a net metering customer on the customer's side of the meter, connected above 69 kilovolts, would not be considered connected to the distribution system.

The amended bill would change the solar alternative compliance payment ("SACP") schedule from a 15-year schedule with obligations

set by the board to a statutorily established schedule with specifically prescribed SACP values for each energy year.

The amended bill revises the multi-year schedule of Statewide solar gigawatt hour requirements applicable to electric power suppliers and basic generation providers for Energy Years 2014 to 2028. The requirements are stated in percentages of kilowatt-hours sold in the State by each electric power supplier and each basic generation service provider, instead of being enumerated in gigawatt hours, from 0.752% in 2014 to 4.1% in 2028 and every energy year thereafter. The bill also provides for the BPU to determine whether a provider or supplier is in compliance with annual renewable portfolio standards within a period of no less than 120 days following the end of an energy year, and to provide for a future adjustment in annual Statewide gigawatt hour requirements based upon any shortfall that is determined by the BPU.

The amended bill would provide that for energy years 2014 through 2016, a solar electric power generation facility project which is not: (1) net metered, (2) an on-site generation facility, (3) qualified for virtual net metering aggregation, or (4) certified as being located on a brownfield or properly closed sanitary landfill facility, may apply to the board for a designation that the facility is connected to the distribution system. The application would be required to include a notice escrow of \$40,000 per megawatt of the proposed capacity of the facility. The board would approve the designation if the capacity of the facility, when added to the capacity of other facilities that have previously been approved for connection prior to the facility's filing, does not exceed 80 megawatts in the aggregate for each energy year. Failure to commence commercial operations within two years following the date of the designation would void the designation and require forfeiture of the notice escrow.

For projects in excess of 80 megawatts for energy years 2014 through 2016, and for all projects approved thereafter, the BPU must approve the designation of the proposed facility as connected to the distribution system if it determines that: (1) the solar renewable energy certificates ("SRECs") forecasted to be produced by the facility do not have a detrimental impact on the SREC market or on the appropriate development of solar power in the State; (2) approval of the facility would not have a significant impact on the preservation of open space; (3) the impact of the designation on electric rates and economic development is beneficial; and (4) electric public utilities are not affected in their ability to provide safe, adequate and proper service to all customers. The amended bill would also provide that a solar electric power generation facility located on farmland, or on land that was actively devoted to agricultural or horticultural use within the 10 years prior to the effective date of the bill, would only be considered connected to the distribution system if (1) the board approves a facility's designation pursuant to the procedure established for energy years 2014 through energy year 2016 as provided in

subsection q. of P.L.1999, c.23 (C.48:3-87), or (2) is not: (i) net metered, or (ii) an on-site generation facility and the facility files a PJM issued System Impact Study for the facility prior to March 31, 2011 and a notice of intent with the board within 60 days of the bill's effective date.

The amended bill directs the BPU, in consultation with the Department of Environmental Protection and the New Jersey Economic Development Authority, to establish a program to provide SRECs to owners of solar electric power generation facility projects it certifies as being located on a brownfield, an existing or proposed commercial, retail, industrial, municipal, professional, recreational, transit, commuter, entertainment complex, multi-use, or mixed-use parking lot with a capacity to park 350 or more vehicles where the area to be utilized for the facility is paved, or is an impervious surface, or a properly closed sanitary landfill facility and provide that such projects will (1) be considered "connected to the distribution system," and (2) not be subject to additional board review. For those projects, excluding those projects involving parking lots, the amended bill directs the board to establish a financial incentive designed to supplement the SRECs generated by the facility in order to cover the additional cost of constructing and operating a solar electric power generating facility on a brownfield or closed sanitary landfill facility. The bill provides that the issuance of SRECs for projects located on brownfields and closed landfills, and for projects greater than one megawatt, are to be deemed "Board of Public Utilities financial assistance" as provided under section 1 of P.L.2009, c.89 (C.48:2-29.47).

The amended bill requires the BPU to establish a solar registration program, which would require that all owners of solar electric power generation facilities that are filing with the BPU for approval to generate SRECs, to file documents detailing the size, location, interconnection plan, land use, and other project information as required by the BPU.

The amended bill would extend the scope of Class I renewable energy producers to include small scale hydropower facilities with a capacity of three megawatts or less that are put into service after the bill's effective date. Small scale hydropower facility is defined to mean a facility located within New Jersey that is connected to the distribution system, and that meets the requirements of, and has been certified by, a nationally recognized low-impact hydropower organization. Electricity from any hydropower facility with a capacity greater than three megawatts would be included in the category of Class II renewable energy.

The amended bill would provide that for a resource recovery facility to be considered as generating Class II renewable energy, the facility must be in compliance with current environmental standards, including, but not limited to, all applicable requirements of the federal

“Clean Air Act.” The amended bill clarifies that a "combined heat and power facility" or "co-generation facility" means a generation facility which produces electric energy and steam. The bill also provides that an on-site generation facility must include an on-site facility that produces Class I or Class II renewable energy.

The amended bill requires the BPU to, within 24 months following enactment into law, complete a proceeding to investigate approaches to mitigate solar development volatility and prepare and submit a report to the Legislature, detailing its findings and recommendations. As part of the proceeding, the BPU must evaluate other techniques used nationally and internationally.

The bill would provide that the additional solar purchase requirements distributed over the electric power providers not subject to the existing supply contract exemption provided under section 38 of EDECA, shall be distributed in a manner that is competitively neutral among all providers, such that non-exempt providers are assigned the requirements that would have otherwise been assigned to the exempt providers.

The amended bill provides that long-term SREC purchase contracts offered by the BPU be offered through a competitive process, including direct investment by electric utilities, and that if the BPU should offer such contracts, it must establish a process to set aside a specific segment of such contracts for projects that are equal to or less than 250 kilowatts in capacity.

The amended bill would allow facilities located on certain parking lots with more than 350 spaces to be certified by the BPU so that such facilities will not be subject to BPU review.

The amended bill would require the BPU to establish a process to provide that net metered facilities which are three megawatts or greater would be “connected to the distribution system” and would not be subject to BPU review and, within that process, to permit the BPU, at its discretion, to allow such facilities to receive one SREC for every 750 kilowatts of solar energy generated.

The amended bill provides that the BPU may find that a person who owns real property where there is constructed a solar project certified by the board as being located on a brownfield or landfill shall not be liable for cleanup and removal costs or for any other costs or damages to the State or to any other person for the discharge of a hazardous substance provided that: (a) the person acquired or leased the real property after the discharge of that hazardous substance at the real property; (b) the person did not discharge the hazardous substance, is not in any way responsible for the hazardous substance, and is not a successor to the discharger or to any person in any way responsible for the hazardous substance or to anyone liable for cleanup and removal costs pursuant to section 8 of P.L.1976, c.141 (C.58:10-23.11g); (c) the person, within 30 days after acquisition of the property, gave notice of the discharge to the department in a manner

the department prescribes; (d) the person does not disrupt or change, without the department's prior written permission, any engineering or institutional control that is part of a remedial action for the contaminated site; (e) the person does not exacerbate the contamination at the property; (f) the person cooperates with any necessary remediation of the property; and (g) the person complies with any regulations and any permit the department issues pursuant to section 19 of P.L.2009, c.60 (C.58:10C-19).

Finally, the amended bill permits a customer that is a State entity, school district, county or municipality, including any agency or authority thereof, to purchase electricity through net metering aggregation. The board is directed to establish standards that would provide that to qualify for net metering aggregation the customer must operate a solar electric power generation facility that is directly connected to the electric grid and is not an on-site generation facility. All of the facilities of the single customer that are combined for the purpose of virtual net metering aggregation must be facilities owned or operated by the single customer, located within the customer's territorial jurisdiction, and located within the service territory of a single electric public utility. The customer's solar electric power generation facility must be sized so that its annual generation does not exceed the combined annual energy usage of the qualified customer facilities. All electricity used by a customer engaged in net metering aggregation must be delivered pursuant to the electric public utility tariff. The electricity generated from the customer's solar electric generation system shall be accounted for pursuant to the provisions of paragraph (1) of subsection e. of section 38 of EDECA to provide that the electricity generated in excess of the electricity supplied by the electric power supplier or the basic generation service provider, as the case may be, for the customer's facility on which the solar electric generation system is installed, over the annualized period, is credited to the electric power supplier's or the basic generation service provider's avoided cost of wholesale power or the PJM electric power pool real-time locational marginal pricing rate.

As reported by the committee, Senate Bill No. 1925 (SCS) (1R), as amended by the committee is identical to Assembly Bill No. 2966, as amended by the committee, which was also reported by the committee on this date.

COMMITTEE AMENDMENTS

The committee amended the bill to:

- add to the list of solar electric power generation facilities to be designated as "connected to the distribution system", those facilities that are owned or operated by an electric public utility and approved by the BPU pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1), facilities that are three megawatts or greater, and facilities located on

certain parking lots with more than 350 spaces to be certified by the BPU so that such facilities will not be subject to BPU review;

- change the percentage amount requirements in the multi-year schedule of Statewide solar gigawatt hour requirements applicable to electric power suppliers and basic generation providers for Energy Years 2014 to 2028 provided in the bill;
- provide that if the BPU offers long-term SREC contracts under subsection k. of chapter 38 of EDECA, then it must establish a process to set aside a specific segment of such contracts for projects that are equal to or less than 250 kilowatts in capacity;
- provide that the BPU may find that, under certain circumstances specified in the bill's provisions, a person may be relieved of liability with respect to certain provisions of the "Spill Compensation and Control Act";
- place back into the bill, the provision of section 38 of EDECA previously deleted by the bill, which triggers an additional 20% in solar purchase requirements for suppliers and providers if: (1) the number of SRECs generated meets or exceeds the requirement for three consecutive reporting years, starting with energy year 2013; and (2) the average SREC price for all SRECs purchased by entities with renewable energy portfolio standards obligations has decreased in the same three consecutive reporting years;
- allow facilities located on certain parking lots with more than 350 spaces to be certified by the BPU so that such facilities will not be subject to BPU review;
- require the BPU to establish a process to provide that net metered facilities which are three megawatts or greater would be "connected to the distribution system" and would not be subject to BPU review and, within that process, to permit the BPU, at its discretion, to allow such facilities to receive one SREC for every 750 kilowatts of solar energy generated;
- for solar facilities located on farmland and qualifying as "connected to the distribution system" as a result of having filed of the PJM issued System Impact Study for the facility and clarifies that such facilities would remain under BPU review and that qualifying facilities would not include those which are: (1) net metered, or (2) on-site generation facilities;
- reduce the amount of megawatts of aggregate capacity applicable those facilities designated as "connected to the distribution system" and not subject to BPU review by virtue of having been approved as a facility included in the facilities comprising the first 100 megawatts of capacity in each of the energy years of 2014 through 2016, from 100 megawatts to 80 megawatts;
- change the term "virtual net metering aggregation" to "net metering aggregation" and allow State entity's to qualify for it; and.

- remove the provision of the bill providing that the total output of and on-site generation facility must be used to serve the load of the on-site end use customer unless the customer is qualified for and engaged in net metering aggregation.

STATEMENT TO

[Second Reprint]

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 1925**

with Assembly Floor Amendments
(Proposed by Assemblyman Chivukula)

ADOPTED: JUNE 21, 2012

These Assembly floor amendments amend Senate Bill No. 1925 (SCS) (2R) to:

- provide that the municipal planning board of a municipality in which a solar electric power generation system engaged in net metering aggregation is located may waive the requirement that the land on which the system is located not be on land that has been actively devoted to agricultural or horticultural use and that is valued, assessed, and taxed pursuant to the "Farmland Assessment Act of 1964";
- remove the provisions of the bill designating solar projects on certain parking lots as being designated as "connected to the distribution system" and relieved of Board of Public Utilities (BPU) review, and provide instead that such projects may be owned or operated by an electric public utility and approved by the BPU pursuant to section 13 of P.L.2007, c.34 C.48:3-98.1);
- remove the provision of the bill changing the solar renewable portfolio standards (RPS) requirements of section 38 of the Electric Discount and Energy Competition Act" ("EDECA"), P.L.1999, c.23 (C.48:3-87) applicable to Energy Year 2013;
- remove the provision of section 38 of EDECA providing for an automatic increase in the RPS requirements by 20% for the remainder of the schedule in the event that the following two conditions are met: (a) the number of solar renewable energy certificates (SRECs) generated meets or exceeds the requirement for one reporting year, instead of three consecutive reporting years, which year shall be energy year 2013; and (b) the average SREC price for all SRECs purchased by entities with RPS obligations has decreased in the same that same reporting year, instead of three years;
- change the date of issuance applicable to a PJM issued System Impact Study for solar facilities located on certain farmland from, on or before March 31, 2011, to, on or before, June 30, 2011;

- clarify that State entities qualify for net metering aggregation and that systems engaged in net metering aggregation may be on property owned by the customer;
- provide that notice escrow paid in relation to proposed solar projects pursuant to subsection q. of section 2 of the bill, and reimbursed upon the commencement of commercial operation of such projects, shall be also be reimbursed upon rejection by the BPU;
- provide that, with regard to the exemption from an increase of RPS requirements with respect to existing supply contracts which are in effect prior to the bill's date of enactment, (1) the exemption would not apply to the excess RPS requirements mandated by those requirements that were in effect on the date that the providers executed their existing supply contracts, (2) the requirements that would have otherwise been imposed on exempt providers shall be distributed only over the providers not subject to the existing supply contract exemption, and not the suppliers, and (3) the BPU is required to implement the provisions of the bill concerning the exemption in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry;
- change the bill's directive providing that, with respect to net metered facilities which are three megawatts or greater, the BPU shall undertake a proceeding to establish a program by which it may provide for the issuance of one SREC for every 750 kilowatts of solar energy generated by such facilities, to provide instead that the proceeding shall be undertaken to "consider whether to establish" such a program, and that such a program would provide, to owners of such facilities, a financial incentive that is designed to supplement the SRECs generated by the facility, and that such a program may provide that owners receive one SREC for generating "no less than" 750 kilowatt-hours;
- remove, from the definition of "Brownfield", the provision that a brownfield is a certain site, as included in the "Brownfields Redevelopment Task Force" inventory;
- remove the provision of the bill authorizing the BPU to find that owners of property upon which there is constructed a solar electric power generation facility located on a brownfield or properly closed sanitary landfill facility may be relieved of liability for cleanup and removal costs or damages for the discharge of a hazardous substance under certain circumstances; and
- make certain technical corrections to the bill.

STATEMENT TO

[Third Reprint]

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 1925**

with Senate Floor Amendments
(Proposed by Senator SMITH)

ADOPTED: JUNE 25, 2012

These Senate amendments amend Senate Bill No. 1925 (3R) to include, in the certification program to be established by the Board of Public Utilities (BPU) which provides for the certification of solar electric power generation facilities located on brownfields and properly closed sanitary landfill facilities, those facilities located on areas of historic fill. Under the bill, a solar facility included in the certification program is: (1) considered “connected to the distribution system”, (2) exempt from certain levels of BPU review, and (3) eligible to receive financial incentives to supplement the SRECs generated by the solar facility in order to cover the additional cost of constructing and operating a solar electric power generation facility on the brownfield, historic fill, or landfill, as appropriate. The amendments would require the BPU to consult with the Department of Environmental Protection (DEP) in establishing the certification program. The amendments define “historic fill” to mean: generally large volumes of non-indigenous material, no matter what date they were emplaced on the site, used to raise the topographic elevation of a site, which were contaminated prior to emplacement and are in no way connected with the operations at the location of emplacement and which include, but are not limited to, construction debris, dredge spoils, incinerator residue, demolition debris, fly ash, and non-hazardous solid waste. "Historic fill" does not include any material which is substantially chromate chemical production waste or any other chemical production waste or waste from processing of metal or mineral ores, residues, slags or tailings.

The amendments authorize the BPU, in consultation with the DEP, to find that the operator of a solar facility located on a brownfield, area of historic fill, or properly closed sanitary landfill facility, or owner of property, acquired on or after the bill’s effective date, on which such a solar facility is constructed and operated is not liable for cleanup and removal costs to the DEP or to any other person for the discharge of a hazardous substance provided that:(a) the person acquired or leased the real property after the discharge of that hazardous substance at the real property; (b) the person did not discharge the hazardous substance, is not in any way responsible for the hazardous substance,

and is not a successor to the discharger or to any person in any way responsible for the hazardous substance or to anyone liable for cleanup and removal costs pursuant to section 8 of the Hazardous Substance Response Action Contractors Indemnification Act; (c) the person, within 30 days after acquisition of the property, gave notice of the discharge to the DEP in a manner the DEP prescribes; (d) the person does not disrupt or change, without prior written permission from the DEP, any engineering or institutional control that is part of a remedial action for the contaminated site or any landfill closure or post-closure requirement; (e) the person does not exacerbate the contamination at the property; (f) the person does not interfere with any necessary remediation of the property; (g) the person complies with certain DEP regulations and permit requirements; (h) with respect to an area of historic fill, the person has demonstrated pursuant to a preliminary assessment and site investigation, that hazardous substances have not been discharged; and (i) with respect to a properly closed sanitary landfill facility, no person who owns or controls the facility receives, has received, or will receive, with respect to such facility, any funds from any post-closure escrow account established pursuant to section 10 of Sanitary Landfill Facility Closure and Contingency Fund Act for the closure and monitoring of the facility.

LEGISLATIVE FISCAL ESTIMATE
 [Fourth Reprint]
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1925
STATE OF NEW JERSEY
215th LEGISLATURE

DATED: JULY 27, 2012

SUMMARY

- Synopsis:** Revises certain solar renewable energy programs and requirements; provides for aggregating net metering on certain properties owned or leased by local governments units and school districts.
- Type of Impact:** Possible local savings and increased State costs.
- Agencies Affected:** Board of Public Utilities (BPU)

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost		Indeterminate	
Local Cost		Indeterminate	

- The bill will result in administrative costs for the BPU as it will be required to establish standards and guidelines for multiple provisions in this bill, including net metering standards and monitoring of new solar power generation targets. The BPU will also have added responsibility around the certification of new solar generation facilities, monitoring compliance of new facilities now subject to prevailing wage requirements, maintaining a registration for all facilities collecting solar renewable energy certificates (SRECs), administering a certification program for generation facilities on brownfields, and overseeing the net metering process between electric suppliers and local government entities that qualify for net metering.
- The State will face lost revenue due to the loss of State administered fees and charges, such as the societal benefits charge, that it applies to electricity consumption. The net amount of surplus electricity produced by a local government entity in excess of the consumption of a producing facility will be credited from the entity's excess production against the other consumption of the entity, and thus no longer be subject to fees or charges. The amount of lost revenue due to this net metering is expected to be very low, considering the small size of

solar production by local government entities, much less their excess production beyond the actual consumption of the facility hosting the production facility.

- Local government entities would benefit from this bill in theory, since it allows them to credit more of their solar production against their aggregate consumption. This is a savings because the full retail cost of electricity is greater than the production credit a local government entity currently receives from an electric public utility. It is unclear whether any local government entities would realize an actual savings though, since the electric public utilities have noted that adjusting their billing systems to accommodate this net metering will involve significant costs that they are able to pass along to the local government entities and could potentially exceed the projected savings. In addition, local government entities could possibly be newly subjected to prevailing wage guidelines under the bill for any construction of new solar generation capacity, which would add to construction costs and further mitigate any possible financial benefits from the net metering.

BILL DESCRIPTION

The Fourth Reprint to the Senate Committee Substitute for Senate Bill No. 1925 of 2012 amends sections 3 and 38 of P.L.1999, c.23 (C.48:3-49 et al.) the “Electric Discount and Energy Competition Act” (EDECA) concerning solar renewable energy programs, purchase requirements, and net metering standards. The bill would provide that a solar power electric generation facility shall be deemed by the BPU as “connected to the distribution system” (“connected”) if it is: (1) connected to a net metering customer’s side of a meter, regardless of the voltage at which that customer connects to the electric grid, or (2) directly connected to the electric grid at 69 kilovolts or less, regardless of how an electric public utility classifies that portion of its electric grid, except that a solar facility that is neither net metered nor an on-site generation facility would not be considered “connected” unless it was designated as such by the BPU as provided pursuant to the bill’s provisions except that, during the energy years of 2014 through 2016, a solar electric generation facility project which is not net metered, not an on-site generation facility, and not certified as being located on a brownfield or a properly closed sanitary landfill facility shall be considered “connected” if the capacity of the facility, when added to the capacity of other facilities that have been approved for connection prior to the facility’s filing, does not exceed 80 megawatts in the aggregate for each energy year. Such facilities would not be subject to BPU review. Failure to commence commercial operations within two years following the date of the “connected” designation would void the designation.

Notwithstanding the foregoing criteria, the BPU must approve the designation of the proposed facility as “connected” if it determines that: (1) the solar renewable energy certificates SRECs forecasted to be produced by the facility do not have a detrimental impact on the SREC market or on the appropriate development of solar power in the State; (2) the loss of tillable acreage that would result from the approval of the designation of the proposed facility, together with the tillable acreage of all other similar facilities, would cumulatively constitute a loss of less than one percent of the total tillable acres of farmland in the State on the date of the bill’s enactment, pursuant to information provided by the New Jersey Department of Agriculture; and (3) the impact of the designation on electric rates and economic development is beneficial provided, however, that a solar facility constructed on farmland would not be considered “connected” unless it is approved by the BPU as such and (a) it is approved as a facility not subject to BPU review for energy years 2014, 2015, or 2016, or (b) PJM Interconnection L.L.C. issued a System Impact Study for the facility prior to March 31, 2011 and the facility files a

notice with the board within 60 days of the bill's effective date indicating its intent to qualify as connected under the bill.

The bill directs the BPU, to within 180 days of the bill's enactment, in consultation with the Department of Environmental Protection and the New Jersey Economic Development Authority, establish a program to provide SRECs to owners of solar power electric generation facility projects certified as being located on a brownfield or a properly closed sanitary landfill facility and provide that such projects shall (1) be considered "connected to the distribution system," (2) not be subject to board review, and (3) be credited additional incentives for each megawatt hour of solar energy that is generated by the project.

The bill provides that the issuance of SRECs for projects located on brownfields and landfills, and for projects greater than one megawatt are to be deemed "Board of Public Utilities financial assistance" as provided under section 1 of P.L.2009, c.89 (C.48:2-29.47), to provide that prevailing wage rates would apply to such projects.

The bill requires the BPU to establish a solar registration program, which would require that all owners of solar electric power generation facilities that are filing with the BPU for approval to generate SRECs, to file documents detailing the size, location, interconnection plan, land use, and other project information as required by the BPU.

The bill would extend the scope of "Class I renewable energy" producers to include small scale hydropower facilities with a capacity of three megawatts or less that are put into service after the effective date of the bill. "Small scale hydropower facility" is defined to mean a facility located within New Jersey that is connected to the distribution system, and that meets the requirements of, and has been certified by, a nationally recognized low-impact hydropower organization. Electricity from any hydropower facility with a capacity greater than three megawatts would be included in the category of "Class II renewable energy."

The bill would change the solar alternative compliance payment (SACP) schedule from a 15-year schedule with obligations set by the board to a statutorily established schedule with specifically prescribed SACP values for each energy year.

The bill revises the multi-year schedule of Statewide solar gigawatt hour requirements applicable to electric power suppliers and basic generation providers for Energy Years 2014 to 2028. The requirements are stated in percentages, instead of being enumerated in gigawatt hours, from 2.050 percent in 2014 to 4.100 percent in 2028 and every energy year thereafter.

The bill would provide that the additional solar purchase requirements distributed over the electric power providers not subject to the existing supply contract exemption provided under section 38 of EDECA, shall be distributed in a manner that is competitively neutral among all providers, such that non-exempt providers are assigned the requirements that would have otherwise been assigned to the exempt providers.

Finally, the bill revises the BPU's mandate concerning the prescribing of standards under which basic generation service providers and electric power suppliers must offer net metering to their customers that generate electricity, on the customer side of the meter, using a Class I renewable energy source, for a customer that is a school district, county or municipality, including any agency, authority, or other entity thereof ("customer-generators"). Specifically, the bill excludes net metering aggregation from the definition of "on-site generation facility." The bill further provides that a customer's qualified facilities with the exception of the solar electric power generation facility, would be billed at the full retail rate, and that the electric public utility would provide an annual payment to the customer for the difference between the total energy generated by the customer's solar electric power generation facility and the energy used by the customer's qualified facilities consistent with the standards established for net metering.

The bill also requires the board to adopt net metering aggregation standards within 270 days after the effective date of the bill, and that should the board fail to adopt such standards, electric public utilities must provide for net metering aggregation consistent with the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the impact of this bill on local and State government is indeterminate given the information currently available. A number of the financial provisions of this bill will not be clear until after the bill takes effect and the BPU issues administrative guidance. Among those provisions are the details of how net metering will be billed, including the retail prices that government facilities will be subjected to, how the local entities will be credited for their excess production, and the type and amount of the administrative fees that the BPU and the electric public utilities will be allowed to charge in order to recover costs of compliance with this bill.

The amount of State revenue lost through charges imposed on retail electricity consumption, such as the societal benefits charge, would be determined by calculating the net amount of surplus solar electricity produced by a local government entity in excess of the consumption of the producing facility that applies to the other consumption of the entity that no longer will be subject to fees or charges. The OLS does not currently have access to this level of detailed data, and would require the utility bills of the local government entities in order to calculate such an amount.

State Government also is a consumer of electricity from electric public utilities. This bill increases the amount of solar-generated electricity that New Jersey needs to produce and as a result either subjects the electric public utilities to additional purchases of SRECs or entails additional solar-generated electricity production. This form of electricity is more expensive to generate than existing base production and as a result will increase the electric supply cost to all ratepayers, including the State and any local government entities that do not produce their own electricity.

Any local government that does produce its own electricity would likely stand to benefit from this bill in two ways. The first is that the increase in solar production targets will support the price of SRECs and thus increase the value of the electricity produced by a local government entity as long as it produces more net solar electricity than it consumes on average. The second way is through the net metering system. Whenever a local government entity produces more electricity than it consumes at an individual facility, such as a school, the electric public utility would generally owe that local government a payment for that amount of excess production. The electric public utility generally does not pay as much for electric production as it charges end users because there are transmission costs, State taxes and fees, and a profit margin for the public utility that must be met. Net metering will allow the local government entity to subtract its excess production from consumption at other facilities, such as a municipal building, rather than getting a payment from the electric public utility. This will result in a savings to the local government entity in an amount equal to the difference in price between what the electric public

utility charges for electric use and what it pays for excess production for all production above and beyond the consumption of the facility that is producing the electricity (the school in this example).

These savings by the local government entity are going to be offset in two ways. The first is that the legislation allows the electric public utility to recover some of its costs in setting up this net metering system, pending BPU approval. The electric public utilities have warned that setting up such a system would require significant changes to its billing system and potentially significant costs. These costs would be passed along to the local government entities, and it is possible that these costs could negate much of the savings due to net metering. The second way in which savings may be offset by possible costs is that this bill makes it clear that these solar installations by local government entities are subject to prevailing wage requirements, while it was not clear whether or not that was the case before. If new projects are now subject to prevailing wage guidelines, it would add to construction costs of new solar facilities and further reduce potential savings.

The State is only permitting 80 megawatts of new solar generation capacity per year that is not: (a) net metered; (b) an on-site generation facility; (c) qualified for net metering aggregation; or (d) certified as being located on a brownfield or a properly closed sanitary landfill. Applicants to generate this capacity must submit an escrow payment of \$40,000 per megawatt of proposed capacity. Any applicant that is approved but does not commence commercial operation within two years would forfeit this payment to the State. If applicants choose not to follow through with proposed solar facilities after being approved, the State could realize positive revenues.

A final aspect of this bill having fiscal impact is a provision for the construction of solar generation facilities on brownfield locations. The bill would allow solar generation on brownfields to qualify for additional SRECs in an amount equal to the increase in marginal costs to build and operate on the brownfield rather than some other site. This subsidy through the SRECs makes building on brownfields cost competitive. This will result in additional costs to ratepayers, including State and local government entities that are net energy consumers. It will also have costs for BPU which must administer a certification program for electric generation facilities. It may also result in limited cost savings to the State since every brownfield site that is remediated or put back into productive use under this program does not require the DEP or other State entities to make investments through other brownfield remediation programs that draw on State funds. The amount of such savings will be limited because owners are only compensated for construction and operating costs and operators on brownfield sites will not be held liable for the cleanup of the site as long as they were not involved in the discharge of the hazardous material that led to the brownfield designation, are not contributing any pollution to the site, and do not interfere with any cleanup efforts at the site.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Assistant Fiscal Analyst II*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY, No. 2966

STATE OF NEW JERSEY
215th LEGISLATURE

INTRODUCED MAY 21, 2012

Sponsored by:

Assemblyman UPENDRA J. CHIVUKULA
District 17 (Middlesex and Somerset)

SYNOPSIS

Revises certain solar renewable energy programs and requirements; provides for aggregated metering of electricity consumption related to properties owned by local government units and school districts.

CURRENT VERSION OF TEXT

As introduced.



A2966 CHIVUKULA

2

1 AN ACT concerning certain electric customer metering and solar
2 renewable portfolio standards requirements and amending
3 P.L.1999, c.23.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7

8 1. Section 3 of P.L.1999, c.23 (C.48:3-51) is amended to read
9 as follows:

10 3. As used in P.L.1999, c.23 (C.48:3-49 et al.):

11 "Assignee" means a person to which an electric public utility or
12 another assignee assigns, sells or transfers, other than as security,
13 all or a portion of its right to or interest in bondable transition
14 property. Except as specifically provided in P.L.1999, c.23
15 (C.48:3-49 et al.), an assignee shall not be subject to the public
16 utility requirements of Title 48 or any rules or regulations adopted
17 pursuant thereto;

18 "Base load electric power generation facility" means an electric
19 power generation facility intended to be operated at a greater than
20 50 percent capacity factor including, but not limited to, a combined
21 cycle power facility and a combined heat and power facility;

22 "Base residual auction" means the auction conducted by PJM, as
23 part of PJM's reliability pricing model, three years prior to the start
24 of the delivery year to secure electrical capacity as necessary to
25 satisfy the capacity requirements for that delivery year;

26 "Basic gas supply service" means gas supply service that is
27 provided to any customer that has not chosen an alternative gas
28 supplier, whether or not the customer has received offers as to
29 competitive supply options, including, but not limited to, any
30 customer that cannot obtain such service for any reason, including
31 non-payment for services. Basic gas supply service is not a
32 competitive service and shall be fully regulated by the board;

33 "Basic generation service" or "BGS" means electric generation
34 service that is provided, to any customer that has not chosen an
35 alternative electric power supplier, whether or not the customer has
36 received offers for competitive supply options, including, but not
37 limited to, any customer that cannot obtain such service from an
38 electric power supplier for any reason, including non-payment for
39 services. Basic generation service is not a competitive service and
40 shall be fully regulated by the board;

41 "Basic generation service provider" or "provider" means a
42 provider of basic generation service;

43 "Basic generation service transition costs" means the amount by
44 which the payments by an electric public utility for the procurement
45 of power for basic generation service and related ancillary and

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 administrative costs exceeds the net revenues from the basic
2 generation service charge established by the board pursuant to
3 section 9 of P.L.1999, c.23 (C.48:3-57) during the transition period,
4 together with interest on the balance at the board-approved rate, that
5 is reflected in a deferred balance account approved by the board in
6 an order addressing the electric public utility's unbundled rates,
7 stranded costs, and restructuring filings pursuant to P.L.1999, c.23
8 (C.48:3-49 et al.). Basic generation service transition costs shall
9 include, but are not limited to, costs of purchases from the spot
10 market, bilateral contracts, contracts with non-utility generators,
11 parting contracts with the purchaser of the electric public utility's
12 divested generation assets, short-term advance purchases, and
13 financial instruments such as hedging, forward contracts, and
14 options. Basic generation service transition costs shall also include
15 the payments by an electric public utility pursuant to a competitive
16 procurement process for basic generation service supply during the
17 transition period, and costs of any such process used to procure the
18 basic generation service supply;

19 "Board" means the New Jersey Board of Public Utilities or any
20 successor agency;

21 "Bondable stranded costs" means any stranded costs or basic
22 generation service transition costs of an electric public utility
23 approved by the board for recovery pursuant to the provisions of
24 P.L.1999, c.23 (C.48:3-49 et al.), together with, as approved by the
25 board: (1) the cost of retiring existing debt or equity capital of the
26 electric public utility, including accrued interest, premium and other
27 fees, costs and charges relating thereto, with the proceeds of the
28 financing of bondable transition property; (2) if requested by an
29 electric public utility in its application for a bondable stranded costs
30 rate order, federal, State and local tax liabilities associated with
31 stranded costs recovery or basic generation service transition cost
32 recovery or the transfer or financing of such property or both,
33 including taxes, whose recovery period is modified by the effect of
34 a stranded costs recovery order, a bondable stranded costs rate order
35 or both; and (3) the costs incurred to issue, service or refinance
36 transition bonds, including interest, acquisition or redemption
37 premium, and other financing costs, whether paid upon issuance or
38 over the life of the transition bonds, including, but not limited to,
39 credit enhancements, service charges, overcollateralization, interest
40 rate cap, swap or collar, yield maintenance, maturity guarantee or
41 other hedging agreements, equity investments, operating costs and
42 other related fees, costs and charges, or to assign, sell or otherwise
43 transfer bondable transition property;

44 "Bondable stranded costs rate order" means one or more
45 irrevocable written orders issued by the board pursuant to P.L.1999,
46 c.23 (C.48:3-49 et al.) which determines the amount of bondable
47 stranded costs and the initial amount of transition bond charges
48 authorized to be imposed to recover such bondable stranded costs,

1 including the costs to be financed from the proceeds of the
2 transition bonds, as well as on-going costs associated with servicing
3 and credit enhancing the transition bonds, and provides the electric
4 public utility specific authority to issue or cause to be issued,
5 directly or indirectly, transition bonds through a financing entity
6 and related matters as provided in P.L.1999, c.23 (C.48:3-49 et al.),
7 which order shall become effective immediately upon the written
8 consent of the related electric public utility to such order as
9 provided in P.L.1999, c.23 (C.48:3-49 et al.);

10 "Bondable transition property" means the property consisting of
11 the irrevocable right to charge, collect and receive, and be paid
12 from collections of, transition bond charges in the amount necessary
13 to provide for the full recovery of bondable stranded costs which
14 are determined to be recoverable in a bondable stranded costs rate
15 order, all rights of the related electric public utility under such
16 bondable stranded costs rate order including, without limitation, all
17 rights to obtain periodic adjustments of the related transition bond
18 charges pursuant to subsection b. of section 15 of P.L.1999, c.23
19 (C.48:3-64), and all revenues, collections, payments, money and
20 proceeds arising under, or with respect to, all of the foregoing;

21 "British thermal unit" or "Btu" means the amount of heat
22 required to increase the temperature of one pound of water by one
23 degree Fahrenheit;

24 "Broker" means a duly licensed electric power supplier that
25 assumes the contractual and legal responsibility for the sale of
26 electric generation service, transmission or other services to end-use
27 retail customers, but does not take title to any of the power sold, or
28 a duly licensed gas supplier that assumes the contractual and legal
29 obligation to provide gas supply service to end-use retail customers,
30 but does not take title to the gas;

31 "Brownfield" means any former or current commercial or
32 industrial site that is currently vacant or underutilized and on which
33 there has been, or there is suspected to have been, a discharge of
34 contaminant, as included in the "Brownfields Redevelopment Task
35 Force" inventory, developed pursuant to section 5 of P.L.1997,
36 c.278 (C.58:10B-23);

37 "Buydown" means an arrangement or arrangements involving the
38 buyer and seller in a given power purchase contract and, in some
39 cases third parties, for consideration to be given by the buyer in
40 order to effectuate a reduction in the pricing, or the restructuring of
41 other terms to reduce the overall cost of the power contract, for the
42 remaining succeeding period of the purchased power arrangement
43 or arrangements;

44 "Buyout" means an arrangement or arrangements involving the
45 buyer and seller in a given power purchase contract and, in some
46 cases third parties, for consideration to be given by the buyer in
47 order to effectuate a termination of such power purchase contract;

1 "Class I renewable energy" means electric energy produced from
2 solar technologies, photovoltaic technologies, wind energy, fuel
3 cells, geothermal technologies, wave or tidal action, small scale
4 hydropower facilities with a capacity of three megawatts or less and
5 put into service after the effective date of P.L. , c. (C.)
6 (pending before the Legislature as this bill), and methane gas from
7 landfills or a biomass facility, provided that the biomass is
8 cultivated and harvested in a sustainable manner;

9 "Class II renewable energy" means electric energy produced at a
10 **[resource recovery facility or]** hydropower facility with a capacity
11 of greater than three megawatts or a resource recovery facility,
12 provided that such facility is located where retail competition is
13 permitted and provided further that the Commissioner of
14 Environmental Protection has determined that such facility meets
15 the highest environmental standards and minimizes any impacts to
16 the environment and local communities;

17 "Co-generation" means the sequential production of electricity
18 and steam or other forms of useful energy used for industrial or
19 commercial heating and cooling purposes;

20 "Combined cycle power facility" means a generation facility that
21 combines two or more thermodynamic cycles, by producing electric
22 power via the combustion of fuel and then routing the resulting
23 waste heat by-product to a conventional boiler or to a heat recovery
24 steam generator for use by a steam turbine to produce electric
25 power, thereby increasing the overall efficiency of the generating
26 facility;

27 "Combined heat and power facility" or "co-generation facility"
28 means a generation facility which produces electric energy~~],~~ and
29 steam~~],~~ or other forms of useful energy such as heat, which are
30 used for industrial or commercial heating or cooling purposes. A
31 combined heat and power facility or co-generation facility shall not
32 be considered a public utility;

33 "Competitive service" means any service offered by an electric
34 public utility or a gas public utility that the board determines to be
35 competitive pursuant to section 8 or section 10 of P.L.1999, c.23
36 (C.48:3-56 or C.48:3-58) or that is not regulated by the board;

37 "Commercial and industrial energy pricing class customer" or
38 "CIEP class customer" means that group of non-residential
39 customers with high peak demand, as determined by periodic board
40 order, which either is eligible or which would be eligible, as
41 determined by periodic board order, to receive funds from the Retail
42 Margin Fund established pursuant to section 9 of P.L.1999, c.23
43 (C.48:3-57) and for which basic generation service is hourly-priced;

44 "Comprehensive resource analysis" means an analysis including,
45 but not limited to, an assessment of existing market barriers to the
46 implementation of energy efficiency and renewable technologies
47 that are not or cannot be delivered to customers through a
48 competitive marketplace;

1 "Connected to the distribution system" means, for a solar electric
2 power generation facility, (1) connected to a net metering
3 customer's side of a meter, regardless of the voltage at which that
4 customer connects to the electric grid, or (2) directly connected to
5 the electric grid at 69 kilovolts or less, regardless of how an electric
6 public utility classifies that portion of its electric grid, except that
7 notwithstanding that it meets the criterion set forth in paragraph (1)
8 or (2) hereof, a solar electric power generation facility that is
9 neither net metered nor an on-site generation facility shall not be
10 considered "connected to the distribution system" unless it shall
11 have been designated as such by the board pursuant to subsections
12 q. through s. of section 38 of P.L.1999, c.23 (C.48:3-87). Any solar
13 electric power generation facility, other than that of a net metering
14 customer on the customer's side of the meter, connected above 69
15 kilovolts, shall not be considered connected to the distribution
16 system;

17 "Customer" means any person that is an end user and is
18 connected to any part of the transmission and distribution system
19 within an electric public utility's service territory or a gas public
20 utility's service territory within this State;

21 "Customer account service" means metering, billing, or such
22 other administrative activity associated with maintaining a customer
23 account;

24 "Delivery year" or "DY" means the 12-month period from June
25 1st through May 31st, numbered according to the calendar year in
26 which it ends;

27 "Demand side management" means the management of customer
28 demand for energy service through the implementation of cost-
29 effective energy efficiency technologies, including, but not limited
30 to, installed conservation, load management and energy efficiency
31 measures on and in the residential, commercial, industrial,
32 institutional and governmental premises and facilities in this State;

33 "Electric generation service" means the provision of retail
34 electric energy and capacity which is generated off-site from the
35 location at which the consumption of such electric energy and
36 capacity is metered for retail billing purposes, including agreements
37 and arrangements related thereto;

38 "Electric power generator" means an entity that proposes to
39 construct, own, lease or operate, or currently owns, leases or
40 operates, an electric power production facility that will sell or does
41 sell at least 90 percent of its output, either directly or through a
42 marketer, to a customer or customers located at sites that are not on
43 or contiguous to the site on which the facility will be located or is
44 located. The designation of an entity as an electric power generator
45 for the purposes of P.L.1999, c.23 (C.48:3-49 et al.) shall not, in
46 and of itself, affect the entity's status as an exempt wholesale
47 generator under the Public Utility Holding Company Act of 1935,
48 15 U.S.C. s.79 et seq., or its successor;

1 "Electric power supplier" means a person or entity that is duly
2 licensed pursuant to the provisions of P.L.1999, c.23 (C.48:3-49 et
3 al.) to offer and to assume the contractual and legal responsibility to
4 provide electric generation service to retail customers, and includes
5 load serving entities, marketers and brokers that offer or provide
6 electric generation service to retail customers. The term excludes an
7 electric public utility that provides electric generation service only
8 as a basic generation service pursuant to section 9 of P.L.1999, c.23
9 (C.48:3-57);

10 "Electric public utility" means a public utility, as that term is
11 defined in R.S.48:2-13, that transmits and distributes electricity to
12 end users within this State;

13 "Electric related service" means a service that is directly related
14 to the consumption of electricity by an end user, including, but not
15 limited to, the installation of demand side management measures at
16 the end user's premises, the maintenance, repair or replacement of
17 appliances, lighting, motors or other energy-consuming devices at
18 the end user's premises, and the provision of energy consumption
19 measurement and billing services;

20 "Electronic signature" means an electronic sound, symbol or
21 process, attached to, or logically associated with, a contract or other
22 record, and executed or adopted by a person with the intent to sign
23 the record;

24 "Eligible generator" means a developer of a base load or mid-
25 merit electric power generation facility including, but not limited to,
26 an on-site generation facility that qualifies as a capacity resource
27 under PJM criteria and that commences construction after the
28 effective date of P.L.2011, c.9 (C.48:3-98.2 et al.);

29 "Energy agent" means a person that is duly registered pursuant to
30 the provisions of P.L.1999, c.23 (C.48:3-49 et al.), that arranges the
31 sale of retail electricity or electric related services or retail gas
32 supply or gas related services between government aggregators or
33 private aggregators and electric power suppliers or gas suppliers,
34 but does not take title to the electric or gas sold;

35 "Energy consumer" means a business or residential consumer of
36 electric generation service or gas supply service located within the
37 territorial jurisdiction of a government aggregator;

38 "Energy year" or "EY" means the 12-month period from June 1st
39 through May 31st, numbered according to the calendar year in
40 which it ends;

41 "Farmland" means land actively devoted to agricultural or
42 horticultural use that is valued, assessed, and taxed pursuant to the
43 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et
44 seq.);

45 "Federal Energy Regulatory Commission" or "FERC" means the
46 federal agency established pursuant to 42 U.S.C. s.7171 et seq. to
47 regulate the interstate transmission of electricity, natural gas, and
48 oil;

1 "Financing entity" means an electric public utility, a special
2 purpose entity, or any other assignee of bondable transition
3 property, which issues transition bonds. Except as specifically
4 provided in P.L.1999, c.23 (C.48:3-49 et al.), a financing entity
5 which is not itself an electric public utility shall not be subject to
6 the public utility requirements of Title 48 or any rules or regulations
7 adopted pursuant thereto;

8 "Gas public utility" means a public utility, as that term is defined
9 in R.S.48:2-13, that distributes gas to end users within this State;

10 "Gas related service" means a service that is directly related to
11 the consumption of gas by an end user, including, but not limited to,
12 the installation of demand side management measures at the end
13 user's premises, the maintenance, repair or replacement of
14 appliances or other energy-consuming devices at the end user's
15 premises, and the provision of energy consumption measurement
16 and billing services;

17 "Gas supplier" means a person that is duly licensed pursuant to
18 the provisions of P.L.1999, c.23 (C.48:3-49 et al.) to offer and
19 assume the contractual and legal obligation to provide gas supply
20 service to retail customers, and includes, but is not limited to,
21 marketers and brokers. A non-public utility affiliate of a public
22 utility holding company may be a gas supplier, but a gas public
23 utility or any subsidiary of a gas utility is not a gas supplier. In the
24 event that a gas public utility is not part of a holding company legal
25 structure, a related competitive business segment of that gas public
26 utility may be a gas supplier, provided that related competitive
27 business segment is structurally separated from the gas public
28 utility, and provided that the interactions between the gas public
29 utility and the related competitive business segment are subject to
30 the affiliate relations standards adopted by the board pursuant to
31 subsection k. of section 10 of P.L.1999, c.23 (C.48:3-58);

32 "Gas supply service" means the provision to customers of the
33 retail commodity of gas, but does not include any regulated
34 distribution service;

35 "Government aggregator" means any government entity subject
36 to the requirements of the "Local Public Contracts Law," P.L.1971,
37 c.198 (C.40A:11-1 et seq.), the "Public School Contracts Law,"
38 N.J.S.18A:18A-1 et seq., or the "County College Contracts Law,"
39 P.L.1982, c.189 (C.18A:64A-25.1 et seq.), that enters into a written
40 contract with a licensed electric power supplier or a licensed gas
41 supplier for: (1) the provision of electric generation service, electric
42 related service, gas supply service, or gas related service for its own
43 use or the use of other government aggregators; or (2) if a
44 municipal or county government, the provision of electric
45 generation service or gas supply service on behalf of business or
46 residential customers within its territorial jurisdiction;

47 "Government energy aggregation program" means a program and
48 procedure pursuant to which a government aggregator enters into a

1 written contract for the provision of electric generation service or
2 gas supply service on behalf of business or residential customers
3 within its territorial jurisdiction;

4 "Governmental entity" means any federal, state, municipal, local
5 or other governmental department, commission, board, agency,
6 court, authority or instrumentality having competent jurisdiction;

7 "Greenhouse gas emissions portfolio standard" means a
8 requirement that addresses or limits the amount of carbon dioxide
9 emissions indirectly resulting from the use of electricity as applied
10 to any electric power suppliers and basic generation service
11 providers of electricity;

12 "Incremental auction" means an auction conducted by PJM, as
13 part of PJM's reliability pricing model, prior to the start of the
14 delivery year to secure electric capacity as necessary to satisfy the
15 capacity requirements for that delivery year, that is not otherwise
16 provided for in the base residual auction;

17 "Leakage" means an increase in greenhouse gas emissions
18 related to generation sources located outside of the State that are not
19 subject to a state, interstate or regional greenhouse gas emissions
20 cap or standard that applies to generation sources located within the
21 State;

22 "Locational deliverability area" or "LDA" means one or more of
23 the zones within the PJM region which are used to evaluate area
24 transmission constraints and reliability issues including electric
25 public utility company zones, sub-zones, and combinations of
26 zones;

27 "Long-term capacity agreement pilot program" or "LCAPP"
28 means a pilot program established by the board that includes
29 participation by eligible generators, to seek offers for financially-
30 settled standard offer capacity agreements with eligible generators
31 pursuant to the provisions of P.L.2011, c.9 (C.48:3-98.2 et al.);

32 "Market transition charge" means a charge imposed pursuant to
33 section 13 of P.L.1999, c.23 (C.48:3-61) by an electric public
34 utility, at a level determined by the board, on the electric public
35 utility customers for a limited duration transition period to recover
36 stranded costs created as a result of the introduction of electric
37 power supply competition pursuant to the provisions of P.L.1999,
38 c.23 (C.48:3-49 et al.);

39 "Marketer" means a duly licensed electric power supplier that
40 takes title to electric energy and capacity, transmission and other
41 services from electric power generators and other wholesale
42 suppliers and then assumes the contractual and legal obligation to
43 provide electric generation service, and may include transmission
44 and other services, to an end-use retail customer or customers, or a
45 duly licensed gas supplier that takes title to gas and then assumes
46 the contractual and legal obligation to provide gas supply service to
47 an end-use customer or customers;

1 "Mid-merit electric power generation facility" means a
2 generation facility that operates at a capacity factor between
3 baseload generation facilities and peaker generation facilities;

4 "Net proceeds" means proceeds less transaction and other related
5 costs as determined by the board;

6 "Net revenues" means revenues less related expenses, including
7 applicable taxes, as determined by the board;

8 "Offshore wind energy" means electric energy produced by a
9 qualified offshore wind project;

10 "Offshore wind renewable energy certificate" or "OREC" means
11 a certificate, issued by the board or its designee, representing the
12 environmental attributes of one megawatt hour of electric
13 generation from a qualified offshore wind project;

14 "Off-site end use thermal energy services customer" means an
15 end use customer that purchases thermal energy services from an
16 on-site generation facility, combined heat and power facility, or co-
17 generation facility, and that is located on property that is separated
18 from the property on which the on-site generation facility,
19 combined heat and power facility, or co-generation facility is
20 located by more than one easement, public thoroughfare, or
21 transportation or utility-owned right-of-way;

22 "On-site generation facility" means a generation facility,
23 including, but not limited to, a generation facility that produces
24 Class I or Class II renewable energy, and equipment and services
25 appurtenant to electric sales by such facility to the end use customer
26 located on the property or on property contiguous to the property on
27 which the end user is located. An on-site generation facility shall
28 not be considered a public utility. The property of the end use
29 customer and the property on which the on-site generation facility is
30 located shall be considered contiguous if they are geographically
31 located next to each other, but may be otherwise separated by an
32 easement, public thoroughfare, transportation or utility-owned
33 right-of-way, or if the end use customer is purchasing thermal
34 energy services produced by the on-site generation facility, for use
35 for heating or cooling, or both, regardless of whether the customer
36 is located on property that is separated from the property on which
37 the on-site generation facility is located by more than one easement,
38 public thoroughfare, or transportation or utility-owned right-of-
39 way;

40 "Person" means an individual, partnership, corporation,
41 association, trust, limited liability company, governmental entity or
42 other legal entity;

43 "PJM Interconnection, L.L.C." or "PJM" means the privately-
44 held, limited liability corporation that is a FERC-approved Regional
45 Transmission Organization, or its successor, that manages the
46 regional, high-voltage electricity grid serving all or parts of 13
47 states including New Jersey and the District of Columbia, operates
48 the regional competitive wholesale electric market, manages the

1 regional transmission planning process, and establishes systems and
2 rules to ensure that the regional and in-State energy markets operate
3 fairly and efficiently;

4 "Private aggregator" means a non-government aggregator that is
5 a duly-organized business or non-profit organization authorized to
6 do business in this State that enters into a contract with a duly
7 licensed electric power supplier for the purchase of electric energy
8 and capacity, or with a duly licensed gas supplier for the purchase
9 of gas supply service, on behalf of multiple end-use customers by
10 combining the loads of those customers;

11 "Properly closed sanitary landfill facility" means a sanitary
12 landfill facility at which all activities associated with the design,
13 purchase, or construction of all measures required by the
14 Department of Environmental Protection, pursuant to law, in order
15 to prevent, minimize, or monitor pollution or health hazards
16 resulting from a sanitary landfill facility subsequent to the
17 termination of operations at any portion thereof, including, but not
18 necessarily limited to, the costs of placement of earthen or
19 vegetative cover, and the installation of methane gas vents or
20 monitors and leachate monitoring wells or collection systems at the
21 site of any sanitary landfill facility;

22 "Public utility holding company" means: (1) any company that,
23 directly or indirectly, owns, controls, or holds with power to vote,
24 ten percent or more of the outstanding voting securities of an
25 electric public utility or a gas public utility or of a company which
26 is a public utility holding company by virtue of this definition,
27 unless the Securities and Exchange Commission, or its successor,
28 by order declares such company not to be a public utility holding
29 company under the Public Utility Holding Company Act of 1935,
30 15 U.S.C. s.79 et seq., or its successor; or (2) any person that the
31 Securities and Exchange Commission, or its successor, determines,
32 after notice and opportunity for hearing, directly or indirectly, to
33 exercise, either alone or pursuant to an arrangement or
34 understanding with one or more other persons, such a controlling
35 influence over the management or policies of an electric public
36 utility or a gas public utility or public utility holding company as to
37 make it necessary or appropriate in the public interest or for the
38 protection of investors or consumers that such person be subject to
39 the obligations, duties, and liabilities imposed in the Public Utility
40 Holding Company Act of 1935 or its successor;

41 "Qualified offshore wind project" means a wind turbine
42 electricity generation facility in the Atlantic Ocean and connected
43 to the electric transmission system in this State, and includes the
44 associated transmission-related interconnection facilities and
45 equipment, and approved by the board pursuant to section 3 of
46 P.L.2010, c.57 (C.48:3-87.1);

47 "Registration program" means an administrative process
48 developed by the board that requires all owners of solar electric

1 power generation facilities connected to the distribution system that
2 intend to generate SRECs, to file with the board documents
3 detailing the size, location, interconnection plan, land use, and other
4 project information as required by the board;

5 "Regulatory asset" means an asset recorded on the books of an
6 electric public utility or gas public utility pursuant to the Statement
7 of Financial Accounting Standards, No. 71, entitled "Accounting for
8 the Effects of Certain Types of Regulation," or any successor
9 standard and as deemed recoverable by the board;

10 "Related competitive business segment of an electric public
11 utility or gas public utility" means any business venture of an
12 electric public utility or gas public utility including, but not limited
13 to, functionally separate business units, joint ventures, and
14 partnerships, that offers to provide or provides competitive services;

15 "Related competitive business segment of a public utility holding
16 company" means any business venture of a public utility holding
17 company, including, but not limited to, functionally separate
18 business units, joint ventures, and partnerships and subsidiaries, that
19 offers to provide or provides competitive services, but does not
20 include any related competitive business segments of an electric
21 public utility or gas public utility;

22 "Reliability pricing model" or "RPM" means PJM's capacity-
23 market model, and its successors, that secures capacity on behalf of
24 electric load serving entities to satisfy load obligations not satisfied
25 through the output of electric generation facilities owned by those
26 entities, or otherwise secured by those entities through bilateral
27 contracts;

28 "Renewable energy certificate" or "REC" means a certificate
29 representing the environmental benefits or attributes of one
30 megawatt-hour of generation from a generating facility that
31 produces Class I or Class II renewable energy, but shall not include
32 a solar renewable energy certificate or an offshore wind renewable
33 energy certificate;

34 "Resource clearing price" or "RCP" means the clearing price
35 established for the applicable locational deliverability area by the
36 base residual auction or incremental auction, as determined by the
37 optimization algorithm for each auction, conducted by PJM as part
38 of PJM's reliability pricing model;

39 "Resource recovery facility" means a solid waste facility
40 constructed and operated for the incineration of solid waste for
41 energy production and the recovery of metals and other materials
42 for reuse, which the Department of Environmental Protection has
43 determined to be in compliance with current environmental
44 standards, including, but not limited to, all applicable requirements
45 of the federal "Clean Air Act" (42 U.S.C. s.7401 et seq.);

46 "Restructuring related costs" means reasonably incurred costs
47 directly related to the restructuring of the electric power industry,
48 including the closure, sale, functional separation and divestiture of

1 generation and other competitive utility assets by a public utility, or
2 the provision of competitive services as such costs are determined
3 by the board, and which are not stranded costs as defined in
4 P.L.1999, c.23 (C.48:3-49 et al.) but may include, but not be limited
5 to, investments in management information systems, and which
6 shall include expenses related to employees affected by
7 restructuring which result in efficiencies and which result in
8 benefits to ratepayers, such as training or retraining at the level
9 equivalent to one year's training at a vocational or technical school
10 or county community college, the provision of severance pay of two
11 weeks of base pay for each year of full-time employment, and a
12 maximum of 24 months' continued health care coverage. Except as
13 to expenses related to employees affected by restructuring,
14 "restructuring related costs" shall not include going forward costs;

15 "Retail choice" means the ability of retail customers to shop for
16 electric generation or gas supply service from electric power or gas
17 suppliers, or opt to receive basic generation service or basic gas
18 service, and the ability of an electric power or gas supplier to offer
19 electric generation service or gas supply service to retail customers,
20 consistent with the provisions of P.L.1999, c.23 (C.48:3-49 et al.);

21 "Retail margin" means an amount, reflecting differences in
22 prices that electric power suppliers and electric public utilities may
23 charge in providing electric generation service and basic generation
24 service, respectively, to retail customers, excluding residential
25 customers, which the board may authorize to be charged to
26 categories of basic generation service customers of electric public
27 utilities in this State, other than residential customers, under the
28 board's continuing regulation of basic generation service pursuant to
29 sections 3 and 9 of P.L.1999, c.23 (C.48:3-51 and 48:3-57), for the
30 purpose of promoting a competitive retail market for the supply of
31 electricity;

32 "Sanitary landfill facility" shall have the same meaning as
33 provided in section 3 of P.L.1970, c.39 (C.13:1E-3);

34 "School district" means a local or regional school district
35 established pursuant to chapter 8 or chapter 13 of Title 18A of the
36 New Jersey Statutes, a county special services school district
37 established pursuant to article 8 of chapter 46 of Title 18A of the
38 New Jersey Statutes, a county vocational school district established
39 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey
40 Statutes, and a district under full State intervention pursuant to
41 P.L.1987, c.399 (C.18A:7A-34 et al.);

42 "Shopping credit" means an amount deducted from the bill of an
43 electric public utility customer to reflect the fact that such customer
44 has switched to an electric power supplier and no longer takes basic
45 generation service from the electric public utility;

46 "Small scale hydropower facility" means a facility located within
47 this State that is connected to the distribution system, and that
48 meets the requirements of, and has been certified by, a nationally

1 recognized low-impact hydropower organization that has
2 established low-impact hydropower certification criteria applicable
3 to: (1) river flows; (2) water quality; (3) fish passage and
4 protection; (4) watershed protection; (5) threatened and endangered
5 species protection; (6) cultural resource protection; (7) recreation;
6 and (8) facilities recommended for removal;

7 "Social program" means a program implemented with board
8 approval to provide assistance to a group of disadvantaged
9 customers, to provide protection to consumers, or to accomplish a
10 particular societal goal, and includes, but is not limited to, the
11 winter moratorium program, utility practices concerning "bad debt"
12 customers, low income assistance, deferred payment plans,
13 weatherization programs, and late payment and deposit policies, but
14 does not include any demand side management program or any
15 environmental requirements or controls;

16 "Societal benefits charge" means a charge imposed by an electric
17 public utility, at a level determined by the board, pursuant to, and in
18 accordance with, section 12 of P.L.1999, c.23 (C.48:3-60);

19 "Solar alternative compliance payment" or "SACP" means a
20 payment of a certain dollar amount per megawatt hour (MWh)
21 which an electric power supplier or provider may submit to the
22 board in order to comply with the solar electric generation
23 requirements under section 38 of P.L.1999, c.23 (C.48:3-87);

24 "Solar renewable energy certificate" or "SREC" means a
25 certificate issued by the board or its designee, representing one
26 megawatt hour (MWh) of solar energy that is generated by a facility
27 connected to the distribution system in this State and has value
28 based upon, and driven by, the energy market;

29 "Standard offer capacity agreement" or "SOCA" means a
30 financially-settled transaction agreement, approved by board order,
31 that provides for eligible generators to receive payments from the
32 electric public utilities for a defined amount of electric capacity for
33 a term to be determined by the board but not to exceed 15 years,
34 and for such payments to be a fully non-bypassable charge, with
35 such an order, once issued, being irrevocable;

36 "Standard offer capacity price" or "SOCP" means the capacity
37 price that is fixed for the term of the SOCA and which is the price
38 to be received by eligible generators under a board-approved
39 SOCA;

40 "Stranded cost" means the amount by which the net cost of an
41 electric public utility's electric generating assets or electric power
42 purchase commitments, as determined by the board consistent with
43 the provisions of P.L.1999, c.23 (C.48:3-49 et al.), exceeds the
44 market value of those assets or contractual commitments in a
45 competitive supply marketplace and the costs of buydowns or
46 buyouts of power purchase contracts;

47 "Stranded costs recovery order" means each order issued by the
48 board in accordance with subsection c. of section 13 of P.L.1999,

1 c.23 (C.48:3-61) which sets forth the amount of stranded costs, if
2 any, the board has determined an electric public utility is eligible to
3 recover and collect in accordance with the standards set forth in
4 section 13 of P.L.1999, c.23 (C.48:3-61) and the recovery
5 mechanisms therefor;

6 "Thermal efficiency" means the useful electric energy output of a
7 facility, plus the useful thermal energy output of the facility,
8 expressed as a percentage of the total energy input to the facility;

9 "Transition bond charge" means a charge, expressed as an
10 amount per kilowatt hour, that is authorized by and imposed on
11 electric public utility ratepayers pursuant to a bondable stranded
12 costs rate order, as modified at any time pursuant to the provisions
13 of P.L.1999, c.23 (C.48:3-49 et al.);

14 "Transition bonds" means bonds, notes, certificates of
15 participation or beneficial interest or other evidences of
16 indebtedness or ownership issued pursuant to an indenture, contract
17 or other agreement of an electric public utility or a financing entity,
18 the proceeds of which are used, directly or indirectly, to recover,
19 finance or refinance bondable stranded costs and which are, directly
20 or indirectly, secured by or payable from bondable transition
21 property. References in P.L.1999, c.23 (C.48:3-49 et al.) to
22 principal, interest, and acquisition or redemption premium with
23 respect to transition bonds which are issued in the form of
24 certificates of participation or beneficial interest or other evidences
25 of ownership shall refer to the comparable payments on such
26 securities;

27 "Transition period" means the period from August 1, 1999
28 through July 31, 2003;

29 "Transmission and distribution system" means, with respect to an
30 electric public utility, any facility or equipment that is used for the
31 transmission, distribution or delivery of electricity to the customers
32 of the electric public utility including, but not limited to, the land,
33 structures, meters, lines, switches and all other appurtenances
34 thereof and thereto, owned or controlled by the electric public
35 utility within this State; **[and]**

36 "Universal service" means any service approved by the board
37 with the purpose of assisting low-income residential customers in
38 obtaining or retaining electric generation or delivery service; and

39 "Virtual metering aggregation" means the combination of
40 readings from instruments for determining the amount of, and
41 billing for, all the electric power consumption of a single customer
42 which is a school district, a county or any agency, authority, or
43 other entity thereof, or a municipality, or any agency, authority, or
44 other entity thereof, which owns or leases properties and which
45 operates a solar electric power generation facility that is not an on-
46 site generation facility, by means of the electric public utility's
47 billing process, rather than through physical rewiring of the
48 customer's property to provide a single point of contact, provided

1 that each such property, including the solar electric generation
2 facility, is located no more than three miles from each of the others
3 and within the service territory of a single electric public utility. A
4 customer engaged in virtual metering aggregation shall not be
5 considered a public utility. Any incremental cost to electric public
6 utilities for virtual metering aggregation shall be fully and timely
7 recovered in a manner determined by the board.

8 (cf: P.L.2011, c.9, s.2)

9

10 2. Section 38 of P.L.1999, c.23 (C.48:3-87) is amended to read
11 as follows:

12 38. a. The board shall require an electric power supplier or basic
13 generation service provider to disclose on a customer's bill or on
14 customer contracts or marketing materials, a uniform, common set
15 of information about the environmental characteristics of the energy
16 purchased by the customer, including, but not limited to:

17 (1) Its fuel mix, including categories for oil, gas, nuclear, coal,
18 solar, hydroelectric, wind and biomass, or a regional average
19 determined by the board;

20 (2) Its emissions, in pounds per megawatt hour, of sulfur
21 dioxide, carbon dioxide, oxides of nitrogen, and any other pollutant
22 that the board may determine to pose an environmental or health
23 hazard, or an emissions default to be determined by the board; and

24 (3) Any discrete emission reduction retired pursuant to rules and
25 regulations adopted pursuant to P.L.1995, c.188.

26 b. Notwithstanding any provisions of the "Administrative
27 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
28 contrary, the board shall initiate a proceeding and shall adopt, in
29 consultation with the Department of Environmental Protection, after
30 notice and opportunity for public comment and public hearing,
31 interim standards to implement this disclosure requirement,
32 including, but not limited to:

33 (1) A methodology for disclosure of emissions based on output
34 pounds per megawatt hour;

35 (2) Benchmarks for all suppliers and basic generation service
36 providers to use in disclosing emissions that will enable consumers
37 to perform a meaningful comparison with a supplier's or basic
38 generation service provider's emission levels; and

39 (3) A uniform emissions disclosure format that is graphic in
40 nature and easily understandable by consumers. The board shall
41 periodically review the disclosure requirements to determine if
42 revisions to the environmental disclosure system as implemented
43 are necessary.

44 Such standards shall be effective as regulations immediately
45 upon filing with the Office of Administrative Law and shall be
46 effective for a period not to exceed 18 months, and may, thereafter,
47 be amended, adopted or readopted by the board in accordance with
48 the provisions of the "Administrative Procedure Act."

1 c. (1) The board may adopt, in consultation with the
2 Department of Environmental Protection, after notice and
3 opportunity for public comment, an emissions portfolio standard
4 applicable to all electric power suppliers and basic generation
5 service providers, upon a finding that:

6 (a) The standard is necessary as part of a plan to enable the
7 State to meet federal Clean Air Act or State ambient air quality
8 standards; and

9 (b) Actions at the regional or federal level cannot reasonably be
10 expected to achieve the compliance with the federal standards.

11 (2) By July 1, 2009, the board shall adopt, pursuant to the
12 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
13 seq.), a greenhouse gas emissions portfolio standard to mitigate
14 leakage or another regulatory mechanism to mitigate leakage
15 applicable to all electric power suppliers and basic generation
16 service providers that provide electricity to customers within the
17 State. The greenhouse gas emissions portfolio standard or any other
18 regulatory mechanism to mitigate leakage shall:

19 (a) Allow a transition period, either before or after the effective
20 date of the regulation to mitigate leakage, for a basic generation
21 service provider or electric power supplier to either meet the
22 emissions portfolio standard or other regulatory mechanism to
23 mitigate leakage, or to transfer any customer to a basic generation
24 service provider or electric power supplier that meets the emissions
25 portfolio standard or other regulatory mechanism to mitigate
26 leakage. If the transition period allowed pursuant to this
27 subparagraph occurs after the implementation of an emissions
28 portfolio standard or other regulatory mechanism to mitigate
29 leakage, the transition period shall be no longer than three years;
30 and

31 (b) Exempt the provision of basic generation service pursuant to
32 a basic generation service purchase and sale agreement effective
33 prior to the date of the regulation.

34 Unless the Attorney General or the Attorney General's designee
35 determines that a greenhouse gas emissions portfolio standard
36 would unconstitutionally burden interstate commerce or would be
37 preempted by federal law, the adoption by the board of an electric
38 energy efficiency portfolio standard pursuant to subsection g. of this
39 section, a gas energy efficiency portfolio standard pursuant to
40 subsection h. of this section, or any other enhanced energy
41 efficiency policies to mitigate leakage shall not be considered
42 sufficient to fulfill the requirement of this subsection for the
43 adoption of a greenhouse gas emissions portfolio standard or any
44 other regulatory mechanism to mitigate leakage.

45 d. Notwithstanding any provisions of the "Administrative
46 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
47 contrary, the board shall initiate a proceeding and shall adopt, after

1 notice, provision of the opportunity for comment, and public
2 hearing, renewable energy portfolio standards that shall require:

3 (1) that two and one-half percent of the kilowatt hours sold in
4 this State by each electric power supplier and each basic generation
5 service provider be from Class I or Class II renewable energy
6 sources;

7 (2) beginning on January 1, 2001, that one-half of one percent
8 of the kilowatt hours sold in this State by each electric power
9 supplier and each basic generation service provider be from Class I
10 renewable energy sources. The board shall increase the required
11 percentage for Class I renewable energy sources so that by January
12 1, 2006, one percent of the kilowatt hours sold in this State by each
13 electric power supplier and each basic generation service provider
14 shall be from Class I renewable energy sources and shall
15 additionally increase the required percentage for Class I renewable
16 energy sources by one-half of one percent each year until January 1,
17 2012, when four percent of the kilowatt hours sold in this State by
18 each electric power supplier and each basic generation service
19 provider shall be from Class I renewable energy sources.

20 An electric power supplier or basic generation service provider
21 may satisfy the requirements of this subsection by participating in a
22 renewable energy trading program approved by the board in
23 consultation with the Department of Environmental Protection;

24 (3) that the board establish a multi-year schedule, applicable to
25 each electric power supplier or basic generation service provider in
26 this State, beginning with the one-year period commencing on June
27 1, 2010, and continuing for each subsequent one-year period up to
28 and including, the one-year period commencing on **June 1, 2025**
29 June 1, 2028, that requires **suppliers or providers to purchase at**
30 **least** the following number or percentage, as the case may be, of
31 kilowatt-hours sold in this State by each electric power supplier and
32 each basic generation service provider to be from solar electric
33 power generators connected to the distribution system in this State:

34 EY 2011	306 Gigawatthours (Gwhrs)
35 EY 2012	442 Gwhrs
36 EY 2013	596 Gwhrs
37 EY 2014	772 Gwhrs <u>1.99%</u>
38 EY 2015	965 Gwhrs <u>2.24%</u>
39 EY 2016	1,150 Gwhrs <u>2.54%</u>
40 EY 2017	1,357 Gwhrs <u>2.87%</u>
41 EY 2018	1,591 Gwhrs <u>3.25%</u>
42 EY 2019	1,858 Gwhrs <u>3.67%</u>
43 EY 2020	2,164 Gwhrs <u>3.90%</u>
44 EY 2021	2,518 Gwhrs <u>4.03%</u>
45 EY 2022	2,928 Gwhrs <u>4.13%</u>
46 EY 2023	3,433 Gwhrs <u>4.23%</u>
47 EY 2024	3,989 Gwhrs <u>4.31%</u>

1 EY 2025 **[4,610 Gwhrs]** 4.39%
2 EY 2026 **[5,316 Gwhrs]** 4.47%
3 EY 2027 4.55%
4 EY 2028, 4.63%, and for every energy year thereafter, at least
5 **[5,316 Gwhrs]** 4.63% per energy year to reflect an increasing
6 number of kilowatt-hours to be purchased by suppliers or providers
7 from solar electric power generators connected to the distribution
8 system in this State, and to establish a framework within which, of
9 the electricity that the generators sell in this State, suppliers and
10 providers shall **[purchase]** each obtain at least **[2,518 Gwhrs]**
11 4.03% in the energy year 2021 and **[5,316 Gwhrs]** 4.63% in the
12 energy year **[2026]** 2028 from solar electric power generators
13 connected to the distribution system in this State, provided,
14 however, that

15 **[the number of solar kilowatt-hours required to be purchased by**
16 **each supplier or provider, when expressed as a percentage of the**
17 **total number of solar kilowatt-hours purchased in this State, shall be**
18 **equivalent to each supplier's or provider's proportionate share of the**
19 **total number of kilowatt-hours sold in this State by all suppliers and**
20 **providers.] :**

21 (a) The board shall determine an appropriate period of no less
22 than 120 days following the end of an energy year prior to which a
23 provider or supplier must demonstrate compliance for that energy
24 year with the annual renewable portfolio standard;

25 (b) No more than 24 months following the date of enactment of
26 P.L. , c. (C.) (pending before the Legislature as this bill),
27 the board shall complete a proceeding to investigate approaches to
28 mitigate solar development volatility and prepare and submit,
29 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report to
30 the Legislature, detailing its findings and recommendations. As
31 part of the proceeding, the board shall evaluate other techniques
32 used nationally and internationally;

33 (c) The solar renewable portfolio standards requirements in this
34 paragraph shall exempt those existing supply contracts which are
35 effective prior to the date of enactment of P.L. , c. (C.)
36 (pending before the Legislature as this bill) from any increase
37 beyond the number of SRECs that exceeds the number mandated by
38 the solar renewable portfolio standards requirements that were in
39 effect on the date that the providers executed their existing supply
40 contracts. This limited exemption for providers' existing supply
41 contracts shall not be construed to lower the Statewide solar
42 sourcing requirements set forth in this paragraph. Such incremental
43 new requirements shall be distributed over the electric power
44 suppliers and providers not subject to the existing supply contract
45 exemption until such time as existing supply contracts expire and
46 all suppliers are subject to the new requirement in a manner that is
47 competitively neutral among all providers and suppliers, such that

1 non-exempt providers are assigned the requirements that would
2 have otherwise been assigned to the exempt providers.

3 (d) The solar renewable portfolio standards requirements in this
4 paragraph **[(3) of this subsection]** shall automatically increase by
5 20% for the remainder of the schedule in the event that the
6 following two conditions are met: **[(a)]** (i) the number of SRECs
7 generated meets or exceeds the requirement for three consecutive
8 reporting years, starting with energy year **[2013] 2014**; and **[(b)]**
9 (ii) the average current market SREC price for **[all]** SRECs
10 purchased by entities with renewable energy portfolio standards
11 obligations **[has decreased]** in each of the same three consecutive
12 reporting years is less than the average current market SREC price
13 in the year prior to the three consecutive reporting years; and

14 (e) The board shall exempt providers' **[existing]** supply
15 contracts that are **[: (a)]** effective prior to the date of **[P.L.2009,**
16 **c.289;** or (b) effective prior to any future increase in the solar
17 renewable portfolio standard beyond the multi-year schedule
18 established in paragraph (3) of this subsection **] any such increase**.
19 This exemption shall apply to the number of SRECs that exceeds
20 the number mandated by the solar renewable portfolio standards
21 requirements that were in effect on the date that the suppliers or
22 providers executed their existing supply contracts. This limited
23 exemption for providers' existing supply contracts shall not be
24 construed to lower the Statewide solar purchase requirements set
25 forth in this paragraph **[(3) of this subsection]**. Such incremental
26 new requirements shall be distributed over the electric power
27 suppliers and providers not subject to the existing supply contract
28 exemption until such time as existing supply contracts expire and
29 all suppliers are subject to the new requirement in a manner that is
30 competitively neutral among all suppliers and providers, such that
31 non-exempt providers are assigned the requirements that would
32 have otherwise been assigned to the exempt providers.

33 An electric power supplier or basic generation service provider
34 may satisfy the requirements of this subsection by participating in a
35 renewable energy trading program approved by the board in
36 consultation with the Department of Environmental Protection, or
37 compliance with the requirements of this subsection may be
38 demonstrated to the board by suppliers or providers through the
39 purchase of SRECs.

40 The renewable energy portfolio standards adopted by the board
41 pursuant to paragraphs (1) and (2) of this subsection shall be
42 effective as regulations immediately upon filing with the Office of
43 Administrative Law and shall be effective for a period not to exceed
44 18 months, and may, thereafter, be amended, adopted or readopted
45 by the board in accordance with the provisions of the
46 "Administrative Procedure Act."

1 The renewable energy portfolio standards adopted by the board
2 pursuant to this paragraph [(3) of this subsection] shall be effective
3 as regulations immediately upon filing with the Office of
4 Administrative Law and shall be effective for a period not to exceed
5 30 months after such filing, and shall, thereafter, be amended,
6 adopted or readopted by the board in accordance with the
7 "Administrative Procedure Act"; and

8 (4) within 180 days after the date of enactment of P.L.2010,
9 c.57 (C.48:3-87.1 et al.), that the board establish an offshore wind
10 renewable energy certificate program to require that a percentage of
11 the kilowatt hours sold in this State by each electric power supplier
12 and each basic generation service provider be from offshore wind
13 energy in order to support at least 1,100 megawatts of generation
14 from qualified offshore wind projects.

15 The percentage established by the board pursuant to this
16 paragraph shall serve as an offset to the renewable energy portfolio
17 standard established pursuant to paragraphs (1) and (2) of this
18 subsection and shall reduce the corresponding Class I renewable
19 energy requirement.

20 The percentage established by the board pursuant to this
21 paragraph shall reflect the projected OREC production of each
22 qualified offshore wind project, approved by the board pursuant to
23 section 3 of P.L.2010, c.57 (C.48:3-87.1), for twenty years from the
24 commercial operation start date of the qualified offshore wind
25 project which production projection and OREC purchase
26 requirement, once approved by the board, shall not be subject to
27 reduction.

28 An electric power supplier or basic generation service provider
29 shall comply with the OREC program established pursuant to this
30 paragraph through the purchase of offshore wind renewable energy
31 certificates at a price and for the time period required by the board.
32 In the event there are insufficient offshore wind renewable energy
33 certificates available, the electric power supplier or basic generation
34 service provider shall pay an offshore wind alternative compliance
35 payment established by the board. Any offshore wind alternative
36 compliance payments collected shall be refunded directly to the
37 ratepayers by the electric public utilities.

38 The rules established by the board pursuant to this paragraph
39 shall be effective as regulations immediately upon filing with the
40 Office of Administrative Law and shall be effective for a period not
41 to exceed 18 months, and may, thereafter, be amended, adopted or
42 readopted by the board in accordance with the provisions of the
43 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
44 seq.).

45 e. Notwithstanding any provisions of the "Administrative
46 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
47 contrary, the board shall initiate a proceeding and shall adopt, after

1 notice, provision of the opportunity for comment, and public
2 hearing:

3 (1) net metering standards for electric power suppliers and basic
4 generation service providers. The standards shall require electric
5 power suppliers and basic generation service providers to offer net
6 metering at non-discriminatory rates to industrial, large
7 commercial, residential and small commercial customers, as those
8 customers are classified or defined by the board, that generate
9 electricity, on the customer's side of the meter, using a Class I
10 renewable energy source, for the net amount of electricity supplied
11 by the electric power supplier or basic generation service provider
12 over an annualized period. Systems of any sized capacity, as
13 measured in watts, are eligible for net metering. If the amount of
14 electricity generated by the customer-generator, plus any kilowatt
15 hour credits held over from the previous billing periods, exceeds the
16 electricity supplied by the electric power supplier or basic
17 generation service provider, then the electric power supplier or
18 basic generation service provider, as the case may be, shall credit
19 the customer-generator for the excess kilowatt hours until the end of
20 the annualized period at which point the customer-generator will be
21 compensated for any remaining credits or, if the customer-generator
22 chooses, credit the customer-generator on a real-time basis, at the
23 electric power supplier's or basic generation service provider's
24 avoided cost of wholesale power or the PJM electric power pool's
25 real-time locational marginal pricing rate, adjusted for losses, for
26 the respective zone in the PJM electric power pool. Alternatively,
27 the customer-generator may execute a bilateral agreement with an
28 electric power supplier or basic generation service provider for the
29 sale and purchase of the customer-generator's excess generation.
30 The customer-generator may be credited on a real-time basis, so
31 long as the customer-generator follows applicable rules prescribed
32 by the PJM electric power pool for its capacity requirements for the
33 net amount of electricity supplied by the electric power supplier or
34 basic generation service provider. The board may authorize an
35 electric power supplier or basic generation service provider to cease
36 offering net metering whenever the total rated generating capacity
37 owned and operated by net metering customer-generators Statewide
38 equals 2.5 percent of the State's peak electricity demand;

39 (2) safety and power quality interconnection standards for Class
40 I renewable energy source systems used by a customer-generator
41 that shall be eligible for net metering.

42 Such standards or rules shall take into consideration the goals of
43 the New Jersey Energy Master Plan, applicable industry standards,
44 and the standards of other states and the Institute of Electrical and
45 Electronic Engineers. The board shall allow electric public utilities
46 to recover the costs of any new net meters, upgraded net meters,
47 system reinforcements or upgrades, and interconnection costs

1 through either their regulated rates or from the net metering
2 customer-generator; and

3 (3) credit or other incentive rules for generators using Class I
4 renewable energy generation systems that connect to New Jersey's
5 electric public utilities' distribution system but who do not net
6 meter.

7 Such rules shall require the board or its designee to issue a credit
8 or other incentive to those generators that do not use a net meter but
9 otherwise generate electricity derived from a Class I renewable
10 energy source and to issue an enhanced credit or other incentive,
11 including, but not limited to, a solar renewable energy credit, to
12 those generators that generate electricity derived from solar
13 technologies.

14 Such standards or rules shall be effective as regulations
15 immediately upon filing with the Office of Administrative Law and
16 shall be effective for a period not to exceed 18 months, and may,
17 thereafter, be amended, adopted or readopted by the board in
18 accordance with the provisions of the "Administrative Procedure
19 Act."

20 f. The board may assess, by written order and after notice and
21 opportunity for comment, a separate fee to cover the cost of
22 implementing and overseeing an emission disclosure system or
23 emission portfolio standard, which fee shall be assessed based on an
24 electric power supplier's or basic generation service provider's share
25 of the retail electricity supply market. The board shall not impose a
26 fee for the cost of implementing and overseeing a greenhouse gas
27 emissions portfolio standard adopted pursuant to paragraph (2) of
28 subsection c. of this section, the electric energy efficiency portfolio
29 standard adopted pursuant to subsection g. of this section, or the gas
30 energy efficiency portfolio standard adopted pursuant to subsection
31 h. of this section.

32 g. The board may adopt, pursuant to the "Administrative
33 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), an electric
34 energy efficiency portfolio standard that may require each electric
35 public utility to implement energy efficiency measures that reduce
36 electricity usage in the State by 2020 to a level that is 20 percent
37 below the usage projected by the board in the absence of such a
38 standard. Nothing in this section shall be construed to prevent an
39 electric public utility from meeting the requirements of this section
40 by contracting with another entity for the performance of the
41 requirements.

42 h. The board may adopt, pursuant to the "Administrative
43 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), a gas energy
44 efficiency portfolio standard that may require each gas public utility
45 to implement energy efficiency measures that reduce natural gas
46 usage for heating in the State by 2020 to a level that is 20 percent
47 below the usage projected by the board in the absence of such a
48 standard. Nothing in this section shall be construed to prevent a gas

1 public utility from meeting the requirements of this section by
 2 contracting with another entity for the performance of the
 3 requirements.

4 i. After the board establishes a schedule of solar kilowatt-hour
 5 sale or purchase requirements pursuant to paragraph (3) of
 6 subsection d. of this section, the board may initiate subsequent
 7 proceedings and adopt, after appropriate notice and opportunity for
 8 public comment and public hearing, increased minimum solar
 9 kilowatt-hour sale or purchase requirements, provided that the
 10 board shall not reduce previously established minimum solar
 11 kilowatt-hour sale or purchase requirements, or otherwise impose
 12 constraints that reduce the requirements by any means.

13 j. The board shall determine an appropriate level of solar
 14 alternative compliance payment, and ~~establish a 15-year solar~~
 15 ~~alternative compliance payment schedule, that permits~~ permit each
 16 supplier or provider to submit an SACP to comply with the solar
 17 electric generation requirements of paragraph (3) of subsection d. of
 18 this section. The value of the SACP for each Energy Year, for
 19 Energy Years 2014 through 2028 per megawatt hour from solar
 20 electric generation required pursuant to this section, shall be:

21	<u>EY 2014</u>	<u>\$400</u>
22	<u>EY 2015</u>	<u>\$390</u>
23	<u>EY 2016</u>	<u>\$380</u>
24	<u>EY 2017</u>	<u>\$371</u>
25	<u>EY 2018</u>	<u>\$362</u>
26	<u>EY 2019</u>	<u>\$353</u>
27	<u>EY 2020</u>	<u>\$344</u>
28	<u>EY 2021</u>	<u>\$335</u>
29	<u>EY 2022</u>	<u>\$327</u>
30	<u>EY 2023</u>	<u>\$319</u>
31	<u>EY 2024</u>	<u>\$311</u>
32	<u>EY 2025</u>	<u>\$303</u>
33	<u>EY 2026</u>	<u>\$293</u>
34	<u>EY 2027</u>	<u>\$259</u>
35	<u>EY 2028</u>	<u>\$252</u>

36 The board may initiate subsequent proceedings and adopt, after
 37 appropriate notice and opportunity for public comment and public
 38 hearing, an increase in solar alternative compliance payments,
 39 provided that the board shall not reduce previously established
 40 levels of solar alternative compliance payments, nor shall the board
 41 provide relief from the obligation of payment of the SACP by the
 42 electric power suppliers or basic generation service providers in any
 43 form. Any SACP payments collected shall be refunded directly to
 44 the ratepayers by the electric public utilities.

45 k. The board may allow electric public utilities to offer long-
 46 term contracts through a competitive process, direct electric public
 47 utility investment and other means of financing, including but not
 48 limited to loans, for the purchase of SRECs and the resale of SRECs

1 to suppliers or providers or others, provided that after such
2 contracts have been approved by the board, the board's approvals
3 shall not be modified by subsequent board orders.

4 1. The board shall implement its responsibilities under the
5 provisions of this section in such a manner as to:

6 (1) place greater reliance on competitive markets, with the
7 explicit goal of encouraging and ensuring the emergence of new
8 entrants that can foster innovations and price competition;

9 (2) maintain adequate regulatory authority over non-competitive
10 public utility services;

11 (3) consider alternative forms of regulation in order to address
12 changes in the technology and structure of electric public utilities;

13 (4) promote energy efficiency and Class I renewable energy
14 market development, taking into consideration environmental
15 benefits and market barriers;

16 (5) make energy services more affordable for low and moderate
17 income customers;

18 (6) attempt to transform the renewable energy market into one
19 that can move forward without subsidies from the State or public
20 utilities;

21 (7) achieve the goals put forth under the renewable energy
22 portfolio standards;

23 (8) promote the lowest cost to ratepayers; and

24 (9) allow all market segments to participate.

25 m. The board shall ensure the availability of financial incentives
26 under its jurisdiction, including, but not limited to, long-term
27 contracts, loans, SRECs, or other financial support, to ensure
28 market diversity, competition, and appropriate coverage across all
29 ratepayer segments, including, but not limited to, residential,
30 commercial, industrial, non-profit, farms, schools, and public entity
31 customers.

32 n. For projects which are owned, or directly invested in, by a
33 public utility pursuant to section 13 of P.L.2007, c.340 (C.48:3-
34 98.1), the board shall determine the number of SRECs with which
35 such projects shall be credited; and in determining such number the
36 board shall ensure that the market for SRECs does not detrimentally
37 affect the development of non-utility solar projects and shall
38 consider how its determination may impact the ratepayers.

39 o. The board, in consultation with the Department of
40 Environmental Protection, electric public utilities, the Division of
41 Rate Counsel in, but not of, the Department of the Treasury,
42 affected members of the solar energy industry, and relevant
43 stakeholders, shall periodically consider increasing the renewable
44 energy portfolio standards beyond the minimum amounts set forth
45 in subsection d. of this section, taking into account the cost impacts
46 and public benefits of such increases including, but not limited to:

47 (1) reductions in air pollution, water pollution, land disturbance,
48 and greenhouse gas emissions;

1 (2) reductions in peak demand for electricity and natural gas,
2 and the overall impact on the costs to customers of electricity and
3 natural gas;

4 (3) increases in renewable energy development, manufacturing,
5 investment, and job creation opportunities in this State; and

6 (4) reductions in State and national dependence on the use of
7 fossil fuels.

8 p. Class I RECs and ORECS shall be eligible for use in
9 renewable energy portfolio standards compliance in the energy year
10 in which they are generated, and for the following two energy years.
11 SRECs **【and ORECs】** shall be eligible for use in renewable energy
12 portfolio standards compliance in the energy year in which they are
13 generated, and for the following **【two】** four energy years.

14 q. (1) During the energy years of 2014, 2015, and 2016, a solar
15 electric power generation facility project which is not net metered,
16 not an on-site generation facility, or not certified as being located
17 on a brownfield or a properly closed sanitary landfill facility, as
18 provided pursuant to subsection t. of this section, shall be
19 considered "connected to the distribution system" if (a) the facility
20 files a notice with the board indicating its intent to qualify under
21 this subsection; and (b) the capacity of the facility, when added to
22 the capacity of other facilities that have been approved for
23 connection prior to the facility's filing under this subsection, does
24 not exceed 100 megawatts in the aggregate for each year. The
25 board shall act within 180 days of its receipt of a completed
26 application for designation of a solar power electric generation
27 facility as "connected to the distribution system," to either approve,
28 conditionally approve, or disapprove the application. Filings made
29 pursuant to this subsection shall include a notice escrow of \$40,000
30 per megawatt of the proposed capacity of the facility. The notice
31 escrow shall be reimbursed to the facility in full upon the facility
32 entering commercial operation, or shall be forfeited to the State if
33 the facility is determined to be "connected to the distribution
34 system" pursuant to this paragraph but does not enter commercial
35 operation pursuant to paragraph (2) of this subsection.

36 (2) If the proposed solar power electric generation facility does
37 not commence commercial operations within two years following
38 the date of the designation by the board pursuant to this subsection,
39 the designation of the facility as "connected to the distribution
40 system" shall be deemed to be null and void, and the facility shall
41 thereafter be considered not "connected to the distribution system."

42 r. (1) For solar power electric generation facility projects
43 proposed in addition to those approved pursuant to subsection q. of
44 this section and for all projects proposed in each energy year
45 following energy year 2016, a proposed solar power electric
46 generation facility that is neither net metered nor an on-site
47 generation facility, may be considered "connected to the
48 distribution system" only upon designation as such by the board,

1 after notice to the public and opportunity for public comment or
2 hearing. A proposed solar power electric generation facility
3 seeking board designation as "connected to the distribution system"
4 shall submit an application to the board that includes for the
5 proposed facility: the nameplate capacity; the estimated energy and
6 number of SRECs to be produced and sold per year; the estimated
7 annual rate impact on ratepayers; the estimated capacity of the
8 generator as defined by PJM for sale in the PJM capacity market;
9 the point of interconnection; the total acreage and location; the
10 current land use designation of the property; the type of solar
11 technology to be used; and other such information as the board shall
12 require.

13 (2) The board shall approve the designation of the proposed
14 solar power electric generation facility as "connected to the
15 distribution system" if the board determines that:

16 (a) the SRECs forecasted to be produced by the facility do not
17 have a detrimental impact on the SREC market or on the
18 appropriate development of solar power in the State;

19 (b) the loss of tillable acreage that would result from the
20 approval of the designation of the proposed facility, together with
21 the tillable acreage of all other facilities approved pursuant to this
22 subsection, would cumulatively constitute a loss of less than one
23 percent of the total tillable acres of farmland in the State on the date
24 of enactment of P.L. , c. (C.) (pending before the
25 Legislature as this bill), pursuant to information provided by the
26 New Jersey Department of Agriculture; and

27 (c) the impact of the designation on electric rates and economic
28 development is beneficial.

29 (3) The board shall act within 180 days of its receipt of a
30 completed application for designation of a solar power electric
31 generation facility as "connected to the distribution system," to
32 either approve, conditionally approve, or disapprove the
33 application. If the proposed solar power electric generation facility
34 does not commence commercial operations within two years
35 following the date of the designation by the board pursuant to this
36 subsection, the designation of the facility as "connected to the
37 distribution system" shall be deemed to be null and void, and the
38 facility shall thereafter be considered not "connected to the
39 distribution system."

40 s. Notwithstanding the foregoing provisions of this section, a
41 solar power electric generation facility located on farmland, and not
42 heretofore approved pursuant to subsection q. of this section, shall
43 not be considered "connected to the distribution system" unless the
44 facility has been approved as such by the board and (1) PJM issued
45 a System Impact Study for the facility prior to March 31, 2011; or
46 (2) the facility files a notice with the board within 60 days of the
47 effective date of P.L. , c. (C.) (pending before the

1 Legislature as this bill), indicating its intent to qualify under this
2 subsection.

3 t. No more than 180 days after the date of enactment of
4 P.L. , c. (C.) (pending before the Legislature as this bill),
5 the board shall, in consultation with the Department of
6 Environmental Protection and the New Jersey Economic
7 Development Authority, and, after notice and opportunity for public
8 comment and public hearing, complete a proceeding to establish a
9 program to provide SRECs to owners of solar power electric
10 generation facility projects certified by the board as being located
11 on a brownfield or a properly closed sanitary landfill facility.
12 Projects certified under this subsection (1) shall be considered
13 “connected to the distribution system” and shall not require such
14 designation by the board, and (2) shall not be subject to board
15 review required pursuant to subsections q. and r. of this section.
16 For projects certified under this subsection, the board shall credit
17 additional incentives to be determined by the board for each
18 megawatt hour (MWh) of solar energy that is generated by the
19 project. The issuance of SRECs for all solar electric generation
20 facility projects pursuant to this subsection shall be deemed “Board
21 of Public Utilities financial assistance” as provided under section 1
22 of P.L.2009, c.89 (C.48:2-29.47).

23 u. No more than 180 days after the date of enactment of
24 P.L. , c. (C.) (pending before the Legislature as this bill),
25 the board shall complete a proceeding to establish a registration
26 program. The registration program shall require the owners of solar
27 power electric generation facility projects connected to the
28 distribution system to make periodic milestone filings with the
29 board in a manner and at such times as determined by the board to
30 provide full disclosure and transparency regarding the overall level
31 of development and construction activity of those projects
32 Statewide.

33 v. The issuance of SRECs for all solar power electric
34 generation facility projects pursuant to this section, for projects
35 connected to the distribution system with a capacity of one
36 megawatt or greater, shall be deemed “Board of Public Utilities
37 financial assistance” as provided pursuant to under section 1 of
38 P.L.2009, c.89 (C.48:2-29.47).

39 w. Electricity used for virtual metering aggregation shall be
40 delivered to customers pursuant to the electric public utility
41 transmission and distribution tariffs applicable to the customer class
42 of the customer using the energy. A customer that is a school
43 district, a county or any agency, authority, or other entity thereof, or
44 a municipality, or any agency, authority, or other thereof, may
45 purchase such electricity through virtual metering aggregation to
46 meet its electricity requirements.

47 (cf: P.L.2010, c.57, s.2)

1 3. This act shall take effect immediately.

2

3

4

STATEMENT

5

6 The bill amends sections 3 and 38 of P.L.1999, c.23 (C.48:3-49
7 et al.) (“EDECA”) concerning solar renewable energy programs,
8 and purchase requirements. The bill would provide that a solar
9 power electric generation facility shall be deemed by the Board of
10 Public Utilities (“BPU”) as “connected to the distribution system”
11 (“connected”) if it is: (1) connected to a metering customer’s side of
12 a meter, regardless of the voltage at which that customer connects
13 to the electric grid, or (2) directly connected to the electric grid at
14 69 kilovolts or less, regardless of how an electric public utility
15 classifies that portion of its electric grid, except that a solar facility
16 that is neither net metered nor an on-site generation facility would
17 not be considered “connected” unless it was designated as such by
18 the BPU as provided pursuant to the bill’s provisions except that,
19 during the energy years of 2014 through 2016, a solar electric
20 generation facility project which is not net metered, not an on-site
21 generation facility, and not certified as being located on a
22 brownfield or a properly closed sanitary landfill facility shall be
23 considered “connected” if the capacity of the facility, when added
24 to the capacity of other facilities that have been approved for
25 connection prior to the facility’s filing, does not exceed 100
26 megawatts in the aggregate for each energy year. Such facilities
27 would not be subject to BPU review. Failure to commence
28 commercial operations within two years following the date of the
29 “connected” designation would void the designation.

30 Notwithstanding the foregoing criteria, the BPU must approve
31 the designation of the proposed facility as “connected” if it
32 determines that: (1) the solar renewable energy certificates
33 (“SREC”)s forecasted to be produced by the facility do not have a
34 detrimental impact on the SREC market or on the appropriate
35 development of solar power in the State; (2) the loss of tillable
36 acreage that would result from the approval of the designation of
37 the proposed facility, together with the tillable acreage of all other
38 similar facilities, would cumulatively constitute a loss of less than
39 one percent of the total tillable acres of farmland in the State on the
40 date of the bill’s enactment, pursuant to information provided by
41 the New Jersey Department of Agriculture; and (3) the impact of
42 the designation on electric rates and economic development is
43 beneficial provided, however, that a solar facility constructed on
44 farmland would not be considered “connected” unless it is approved
45 by the BPU as such and (a) it is approved as a facility not subject to
46 BPU review for energy years 2014, 2015, or 2016, or (b) PJM
47 issued a System Impact Study for the facility prior to March 31,
48 2011 and the facility files a notice with the board within 60 days of

1 the bill's effective date indicating its intent to qualify as connected
2 under the bill.

3 The bill directs the BPU to, within 180 days of the bill's
4 enactment, and in consultation with the Department of
5 Environmental Protection and the New Jersey Economic
6 Development Authority, establish a program to provide SRECs to
7 owners of solar power electric generation facility projects certified
8 as being located on a brownfield or a properly closed sanitary
9 landfill facility and provide that such projects shall (1) be
10 considered "connected to the distribution system," (2) not be
11 subject to board review, and (3) be credited additional incentives
12 for each megawatt hour of solar energy that is generated by the
13 project.

14 The bill provides that the issuance of SRECs for projects located
15 on brownfields and landfills, and for projects greater than one
16 megawatt are to be deemed "Board of Public Utilities financial
17 assistance" as provided under section 1 of P.L.2009, c.89 (C.48:2-
18 29.47), to provide that prevailing wage rates would apply to such
19 projects.

20 The bill requires the BPU to establish a solar registration
21 program, which would require that all owners of solar electric
22 power generation facilities that are filing with the BPU for approval
23 to generate SRECs, to file documents detailing the size, location,
24 interconnection plan, land use, and other project information as
25 required by the BPU.

26 The bill would extend the scope of "Class I renewable energy"
27 producers to include small scale hydropower facilities with a
28 capacity of three megawatts or less that are put into service after the
29 effective date of the bill. "Small scale hydropower facility" is
30 defined to mean a facility located within New Jersey that is
31 connected to the distribution system, and that meets the
32 requirements of, and has been certified by, a nationally recognized
33 low-impact hydropower organization. Electricity from any
34 hydropower facility with a capacity greater than three megawatts
35 would be included in the category of "Class II renewable energy."

36 The bill would provide that for a resource recovery facility to be
37 considered as generating Class II renewable energy, the facility
38 must be in compliance with current environmental standards,
39 including, but not limited to, all applicable requirements of the
40 federal "Clean Air Act." The bill clarifies that a "combined heat
41 and power facility" or "co-generation facility" means a generation
42 facility which produces electric energy and steam. The bill also
43 provides that an on-site generation facility shall include an on-site
44 facility that produces Class I or Class II renewable energy.

45 The bill would change the solar alternative compliance payment
46 ("SACP") schedule from a 15-year schedule with obligations set by
47 the board to a statutorily established schedule with specifically
48 prescribed SACP values for each energy year.

1 The bill revises the multi-year schedule of Statewide solar
2 gigawatt hour requirements applicable to electric power suppliers
3 and basic generation providers for Energy Years 2014 to 2028. The
4 requirements are stated in percentages, instead of being enumerated
5 in gigawatt hours, from 1.99% in 2014 to 4.63% in 2028 and every
6 energy year thereafter. The bill also provides for the BPU to
7 determine whether a provider or supplier is in compliance with
8 annual renewable portfolio standards within a period of no less than
9 120 days following the end of an energy year, and to provide for a
10 future adjustment in annual Statewide gigawatt hour requirements
11 based upon any shortfall that is determined by the BPU.

12 The bill requires the BPU to, within 24 months following
13 enactment, complete a proceeding to investigate approaches to
14 mitigate solar development volatility and prepare and submit a
15 report to the Legislature, detailing its findings and
16 recommendations. As part of the proceeding, the BPU must
17 evaluate other techniques used nationally and internationally.

18 The bill would provide that the additional solar purchase
19 requirements distributed over the electric power providers not
20 subject to the existing supply contract exemption provided under
21 section 38 of EDECA, shall be distributed in a manner that is
22 competitively neutral among all providers, such that non-exempt
23 providers are assigned the requirements that would have otherwise
24 been assigned to the exempt providers.

25 The bill provides that long-term SREC purchase contracts
26 offered by the BPU, shall be offered through a competitive process,
27 including direct investment by electric utilities.

28 Finally, the bill permits a customer that is a school district,
29 county or municipality, including any agency, authority, or other
30 entity thereof to purchase electricity through virtual metering
31 aggregation where the customer's properties are within three miles
32 of each other and within the service territory of a single electric
33 utility serving the customer. Virtual metering aggregation is a
34 process for billing electric utility customers whereby all the electric
35 power consumption of a customer which operates a solar electric
36 power generation facility that is not an on-site generation, for all
37 properties of that customer, is read and aggregated, according to the
38 terms of the utility's tariff, provided that such properties, including
39 the solar electric generation facility, are located three miles within
40 the boundaries of each other and within the service territory of a
41 single electric public utility. The bill provides that any incremental
42 cost to electric public utilities related to virtual metering
43 aggregation shall be recovered to the utility in a manner as
44 determined by the BPU.

ASSEMBLY TELECOMMUNICATIONS AND UTILITIES
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 2966

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 7, 2012

The Assembly Telecommunications and Utilities Committee reports favorably Assembly Bill No. 2966 with committee amendments.

As amended, this bill amends P.L.1999, c.23 (C.48:3-49 et al.) ("Electric Discount and Energy Competition Act," or "EDECA") to make changes to solar renewable energy programs and purchase requirements, and directs the Board of Public Utilities ("BPU" or "board") to adopt standards for virtual net metering aggregation.

The amended bill would define "connected to the distribution system" to mean, for a solar electric power generation facility, one that is: (1) connected to a net metering customer's side of a meter, regardless of the voltage at which that customer connects to the electric grid; (2) an on-site generation facility; (3) qualified for virtual net metering aggregation as provided pursuant to paragraph (4) of subsection e. of section 38 of P.L.1999, c.23 (C.48:3-87); (4) owned or operated by an electric public utility and approved by the board pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1); or (7) directly connected to the electric grid at 69 kilovolts or less, regardless of how an electric public utility classifies that portion of its electric grid, and is designated as connected to the distribution system by the board pursuant to the amended bill's provisions or is certified by the board as being located on a brownfield or a properly closed sanitary landfill facility. The definition would further provide that any solar electric power generation facility, other than that of a net metering customer on the customer's side of the meter, connected above 69 kilovolts, would not be considered connected to the distribution system.

The amended bill would change the solar alternative compliance payment ("SACP") schedule from a 15-year schedule with obligations set by the board to a statutorily established schedule with specifically prescribed SACP values for each energy year.

The amended bill revises the multi-year schedule of Statewide solar gigawatt hour requirements applicable to electric power suppliers and basic generation providers for Energy Years 2014 to 2028. The

requirements are stated in percentages of kilowatt-hours sold in the State by each electric power supplier and each basic generation service provider, instead of being enumerated in gigawatt hours, from 0.752% in 2014 to 4.1% in 2028 and every energy year thereafter. The bill also provides for the BPU to determine whether a provider or supplier is in compliance with annual renewable portfolio standards within a period of no less than 120 days following the end of an energy year, and to provide for a future adjustment in annual Statewide gigawatt hour requirements based upon any shortfall that is determined by the BPU.

The amended bill would provide that for energy years 2014 through 2016, a solar electric power generation facility project which is not: (1) net metered, (2) an on-site generation facility, (3) qualified for virtual net metering aggregation, or (4) certified as being located on a brownfield or properly closed sanitary landfill facility, may apply to the board for a designation that the facility is connected to the distribution system. The application would be required to include a notice escrow of \$40,000 per megawatt of the proposed capacity of the facility. The board would approve the designation if the capacity of the facility, when added to the capacity of other facilities that have previously been approved for connection prior to the facility's filing, does not exceed 80 megawatts in the aggregate for each energy year. Failure to commence commercial operations within two years following the date of the designation would void the designation and require forfeiture of the notice escrow.

For projects in excess of 80 megawatts for energy years 2014 through 2016, and for all projects approved thereafter, the BPU must approve the designation of the proposed facility as connected to the distribution system if it determines that: (1) the solar renewable energy certificates ("SRECs") forecasted to be produced by the facility do not have a detrimental impact on the SREC market or on the appropriate development of solar power in the State; (2) approval of the facility would not have a significant impact on the preservation of open space; (3) the impact of the designation on electric rates and economic development is beneficial; and (4) electric public utilities are not affected in their ability to provide safe, adequate and proper service to all customers. The amended bill would also provide that a solar electric power generation facility located on farmland, or on land that was actively devoted to agricultural or horticultural use within the 10 years prior to the effective date of the bill, would only be considered connected to the distribution system if (1) the board approves a facility's designation pursuant to the procedure established for energy years 2014 through energy year 2016 as provided in subsection q. of P.L.1999, c.23 (C.48:3-87), or (2) is not: (i) net metered, or (ii) an on-site generation facility and the facility files a PJM issued System Impact Study for the facility prior to March 31, 2011 and a notice of intent with the board within 60 days of the bill's effective date.

The amended bill directs the BPU, in consultation with the Department of Environmental Protection and the New Jersey Economic Development Authority, to establish a program to provide SRECs to owners of solar electric power generation facility projects it certifies as being located on a brownfield, an existing or proposed commercial, retail, industrial, municipal, professional, recreational, transit, commuter, entertainment complex, multi-use, or mixed-use parking lot with a capacity to park 350 or more vehicles where the area to be utilized for the facility is paved, or is an impervious surface, or a properly closed sanitary landfill facility and provide that such projects will (1) be considered "connected to the distribution system," and (2) not be subject to additional board review. For those projects, excluding those projects involving parking lots, the amended bill directs the board to establish a financial incentive designed to supplement the SRECs generated by the facility in order to cover the additional cost of constructing and operating a solar electric power generating facility on a brownfield or closed sanitary landfill facility. The bill provides that the issuance of SRECs for projects located on brownfields and closed landfills, and for projects greater than one megawatt, are to be deemed "Board of Public Utilities financial assistance" as provided under section 1 of P.L.2009, c.89 (C.48:2-29.47).

The amended bill requires the BPU to establish a solar registration program, which would require that all owners of solar electric power generation facilities that are filing with the BPU for approval to generate SRECs, to file documents detailing the size, location, interconnection plan, land use, and other project information as required by the BPU.

The amended bill would extend the scope of Class I renewable energy producers to include small scale hydropower facilities with a capacity of three megawatts or less that are put into service after the bill's effective date. Small scale hydropower facility is defined to mean a facility located within New Jersey that is connected to the distribution system, and that meets the requirements of, and has been certified by, a nationally recognized low-impact hydropower organization. Electricity from any hydropower facility with a capacity greater than three megawatts would be included in the category of Class II renewable energy.

The amended bill would provide that for a resource recovery facility to be considered as generating Class II renewable energy, the facility must be in compliance with current environmental standards, including, but not limited to, all applicable requirements of the federal "Clean Air Act." The amended bill clarifies that a "combined heat and power facility" or "co-generation facility" means a generation facility which produces electric energy and steam. The bill also provides that an on-site generation facility must include an on-site facility that produces Class I or Class II renewable energy.

The amended bill requires the BPU to, within 24 months following enactment into law, complete a proceeding to investigate approaches to mitigate solar development volatility and prepare and submit a report to the Legislature, detailing its findings and recommendations. As part of the proceeding, the BPU must evaluate other techniques used nationally and internationally.

The bill would provide that the additional solar purchase requirements distributed over the electric power providers not subject to the existing supply contract exemption provided under section 38 of EDECA, shall be distributed in a manner that is competitively neutral among all providers, such that non-exempt providers are assigned the requirements that would have otherwise been assigned to the exempt providers.

The amended bill provides that long-term SREC purchase contracts offered by the BPU be offered through a competitive process, including direct investment by electric utilities, and that if the BPU should offer such contracts, it must establish a process to set aside a specific segment of such contracts for projects that are equal to or less than 250 kilowatts in capacity.

The amended bill would allow facilities located on certain parking lots with more than 350 spaces to be certified by the BPU so that such facilities will not be subject to BPU review.

The amended bill would require the BPU to establish a process to provide that net metered facilities which are three megawatts or greater would be “connected to the distribution system” and would not be subject to BPU review and, within that process, to permit the BPU, at its discretion, to allow such facilities to receive one SREC for every 750 kilowatts of solar energy generated.

The amended bill provides that the BPU may find that a person who owns real property where there is constructed a solar project certified by the board as being located on a brownfield or landfill shall not be liable for cleanup and removal costs or for any other costs or damages to the State or to any other person for the discharge of a hazardous substance provided that: (a) the person acquired or leased the real property after the discharge of that hazardous substance at the real property; (b) the person did not discharge the hazardous substance, is not in any way responsible for the hazardous substance, and is not a successor to the discharger or to any person in any way responsible for the hazardous substance or to anyone liable for cleanup and removal costs pursuant to section 8 of P.L.1976, c.141 (C.58:10-23.11g); (c) the person, within 30 days after acquisition of the property, gave notice of the discharge to the department in a manner the department prescribes; (d) the person does not disrupt or change, without the department’s prior written permission, any engineering or institutional control that is part of a remedial action for the contaminated site; (e) the person does not exacerbate the contamination at the property; (f) the person cooperates with any

necessary remediation of the property; and (g) the person complies with any regulations and any permit the department issues pursuant to section 19 of P.L. 2009, c. 60 (C. 58:10C-19).

Finally, the amended bill permits a customer that is a State entity, school district, county or municipality, including any agency or authority thereof, to purchase electricity through net metering aggregation. The board is directed to establish standards that would provide that to qualify for net metering aggregation the customer must operate a solar electric power generation facility that is directly connected to the electric grid and is not an on-site generation facility. All of the facilities of the single customer that are combined for the purpose of virtual net metering aggregation must be facilities owned or operated by the single customer, located within the customer's territorial jurisdiction, and located within the service territory of a single electric public utility. The customer's solar electric power generation facility must be sized so that its annual generation does not exceed the combined annual energy usage of the qualified customer facilities. All electricity used by a customer engaged in net metering aggregation must be delivered pursuant to the electric public utility tariff. The electricity generated from the customer's solar electric generation system shall be accounted for pursuant to the provisions of paragraph (1) of subsection e. of section 38 of EDECA to provide that the electricity generated in excess of the electricity supplied by the electric power supplier or the basic generation service provider, as the case may be, for the customer's facility on which the solar electric generation system is installed, over the annualized period, is credited to the electric power supplier's or the basic generation service provider's avoided cost of wholesale power or the PJM electric power pool real-time locational marginal pricing rate.

As reported by the committee, Assembly Bill No. 2966, as amended, is identical to Senate Bill No. 1925 (SCS) (1R), as amended by the committee, which was also reported by the committee on this date.

COMMITTEE AMENDMENTS

The committee amended the bill to:

- add to the list of solar electric power generation facilities to be designated as “connected to the distribution system”, those facilities that are owned or operated by an electric public utility and approved by the BPU pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1), facilities that are three megawatts or greater, and facilities located on certain parking lots with more than 350 spaces to be certified by the BPU so that such facilities will not be subject to BPU review;
- change the percentage amount requirements in the multi-year schedule of Statewide solar gigawatt hour requirements applicable to electric power suppliers and basic generation providers for Energy Years 2014 to 2028 provided in the bill;

- provide that if the BPU offers long-term SREC contracts under subsection k. of chapter 38 of EDECA, then it must establish a process to set aside a specific segment of such contracts for projects that are equal to or less than 250 kilowatts in capacity;
- provide that the BPU may find that, under certain circumstances specified in the bill's provisions, a person may be relieved of liability with respect to certain provisions of the "Spill Compensation and Control Act";
- reduce the amount of megawatts of aggregate capacity applicable those facilities designated as "connected to the distribution system" and not subject to BPU review by virtue of having been approved as a facility included in the facilities comprising the first 100 megawatts of capacity in each of the energy years of 2014 through 2016, from 100 megawatts to 80 megawatts, and cap the amount of capacity of each qualifying project at 10 megawatts;
- clarify that, for solar electric power generation facilities located on farmland, the designation as "connected to the distribution system" for facilities which have filed a PJM issued System Impact Study for the facility prior to March 31, 2011, shall not apply to facilities that are not: (1) net metered, or (2) on-site generation facilities and further clarifies that facilities on farmland which do qualify by showing of a filed a PJM issued System Impact Study for the facility prior to March 31, 2011 shall remain subject to BPU review as provided under EDECA and the provisions of the bill, as appropriate;
- change the added incentives for solar energy generation on brownfields, and properly closed sanitary landfills from an incentive to be determined by the board for each megawatt hour (MWh) of solar energy that is generated by the project to a financial incentive that is designed to supplement the SRECs generated by the facility in order to cover the additional cost of constructing and operating a solar electric power generation facility on a brownfield or properly closed sanitary landfill and expand eligibility for such incentives to solar facilities on a portion of a properly closed sanitary landfill;
- allow facilities on certain parking lots with more than 350 spaces to be certified by the BPU so that such facilities will not be subject to BPU review;
- require, for the designation of solar facilities located on farmland as a result of having filed a PJM issued Impact Study as "connected to the distribution system", that the land was actively devoted to agricultural or horticultural use within the 10 years prior to the bill's effective date and clarifies that such facilities would remain under BPU review and that qualifying facilities would not include those which are: (1) net metered, or (2) on-site generation facilities;
- require the BPU to establish a process to provide that net metered facilities which are three megawatts or greater would be "connected to the distribution system" and would not be subject to BPU review and, within that process, to permit the BPU, at its discretion, to allow such

facilities to receive one SREC for every 750 kilowatts of solar energy generated; and

- change the term “virtual net metering aggregation” to “net metering aggregation”, allow State entity’s to qualify for net metering aggregation, and provide that the BPU establish standards with respect to its implementation.

STATEMENT TO
[First Reprint]
ASSEMBLY, No. 2966

with Assembly Floor Amendments
(Proposed by Assemblyman CHIVUKULA)

ADOPTED: JUNE 21, 2012

These Assembly floor amendments amend Assembly Bill No. 2966 (1R) to:

- provide that the municipal planning board of a municipality in which a solar electric power generation system engaged in net metering aggregation is located may waive the requirement that the land on which the system is located not be on land that has been actively devoted to agricultural or horticultural use and that is valued, assessed, and taxed pursuant to the "Farmland Assessment Act of 1964";
- remove the provisions of the bill designating solar projects on certain parking lots as being designated as "connected to the distribution system" and relieved of Board of Public Utilities (BPU) review, and provide instead that such projects may be owned or operated by an electric public utility and approved by the BPU pursuant to section 13 of P.L.2007, c.34 C.48:3-98.1);
- remove the provision of the bill changing the solar renewable portfolio standards (RPS) requirements of section 38 of the Electric Discount and Energy Competition Act" ("EDECA"), P.L.1999, c.23 (C.48:3-87) applicable to Energy Year 2013;
- remove the provision of section 38 of EDECA providing for an automatic increase in the RPS requirements by 20% for the remainder of the schedule in the event that the following two conditions are met: (a) the number of solar renewable energy certificates (SRECs) generated meets or exceeds the requirement for one reporting year, instead of three consecutive reporting years, which year shall be energy year 2013; and (b) the average SREC price for all SRECs purchased by entities with RPS obligations has decreased in the same that same reporting year, instead of three years;
- change the date of issuance applicable to a PJM issued System Impact Study for solar facilities located on certain farmland from, on or before March 31, 2011, to, on or before, June 30, 2011;
- clarify that State entities qualify for net metering aggregation and that systems engaged in net metering aggregation may be on property owned by the customer;
- provide that notice escrow paid in relation to proposed solar projects pursuant to subsection q. of section 2 of the bill, and

reimbursed upon the commencement of commercial operation of such projects, shall be also be reimbursed upon rejection by the BPU;

- provide that, with regard to the exemption from an increase of RPS requirements with respect to existing supply contracts which are in effect prior to the bill's date of enactment, (1) the exemption would not apply to the excess RPS requirements mandated by those requirements that were in effect on the date that the providers executed their existing supply contracts, (2) the requirements that would have otherwise been imposed on exempt providers shall be distributed only over the providers not subject to the existing supply contract exemption, and not the suppliers, and (3) the BPU is required to implement the provisions of the bill concerning the exemption in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry;
- change the bill's directive providing that, with respect to net metered facilities which are three megawatts or greater, the BPU shall undertake a proceeding to establish a program by which it may provide for the issuance of one SREC for every 750 kilowatts of solar energy generated by such facilities, to provide instead that the proceeding shall be undertaken to "consider whether to establish" such a program, and that such a program would provide, to owners of such facilities, a financial incentive that is designed to supplement the SRECs generated by the facility, and that such a program may provide that owners receive one SREC for generating "no less than" 750 kilowatt-hours;
- remove, from the definition of "Brownfield", the provision that a brownfield is a certain site, as included in the "Brownfields Redevelopment Task Force" inventory;
- remove the provision of the bill authorizing the BPU to find that owners of property upon which there is constructed a solar electric power generation facility located on a brownfield or properly closed sanitary landfill facility may be relieved of liability for cleanup and removal costs or damages for the discharge of a hazardous substance under certain circumstances; and
- make certain technical corrections to the bill.

Governor Christie Builds on Record of Growing Renewable Energy Sources with Action to Strengthen Solar Market

Monday, July 23, 2012 Tags: [Energy and the Environment](#)

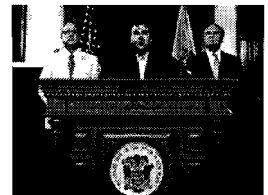
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Bipartisan Legislation Advances Administration's Commitment to Development of Renewable Energy Resources in New Jersey

Trenton, NJ – Taking action that continues the Christie Administration's commitment to fostering the development of renewable energy resources in New Jersey, Governor Chris Christie today signed into law bipartisan legislation to strengthen and encourage the continued growth of New Jersey's solar industry, while protecting ratepayers from increased costs. The bill, S-1925, couples an acceleration of the renewable portfolio standard (RPS) for solar energy with a reduction of the solar alternate compliance payments, meeting an important goal of the Governor's 2011 Energy Master Plan (EMP), strengthening the solar market in New Jersey, and securing the state's place as a national solar energy leader.

"Since my time running for office, I made it clear that my Administration would be unrivaled in our aggressive support for the development of renewable sources of energy in New Jersey. Renewable energy not only helps meet our goals of increasing sustainability and protecting the environment, but can be an engine for economic growth and the creation of good-paying jobs for the people of our state," said Governor Christie. "The bill I am signing today furthers these goals and will help us remain a national leader in the solar energy industry as we continue to promote innovative approaches to solar development, like developing landfills and other unusable lands and transforming them into sources of usable clean energy, all while holding down costs for families and businesses."

Solar Alternative Compliance Payments (SACPs) set a ceiling on the market price of Solar Renewable Energy Certificates (SRECs), which the suppliers and providers of electricity are required to purchase in an amount that satisfies the annual RPS requirement. The Division of Rate Counsel estimates that the law will save ratepayers approximately \$1.076 billion over the next 15 years as compared to the current solar subsidy schedule.

Demand for SRECs is set by the Renewable Portfolio Standard ("RPS"). Under the bill, the 15-year RPS schedule is changed from a fixed megawatt requirement each year to a percentage of overall energy usage in New Jersey, ensuring that the level of solar obligation rises and falls with overall energy demand, which can vary due to economic factors as well as the success of energy efficiency and conservation programs.

Under the legislation, the Board of Public Utilities ("Board") has the authority to review all proposed grid-supply solar projects, except for a limited amount (80 MW a year) for Energy Years 2014 through 2016, consistent with the Christie Administration's objective of promoting dual-benefit net-metered projects and discouraging large-scale solar projects on farmland and open space; creates a sub-program to incent the development of solar projects on landfills and brownfields; and lowers costs for participating schools and government entities through net-metering aggregation.

New Jersey installed more solar capacity in the first quarter of 2012 than any other state, and led the nation in solar installations on commercial and industrial properties in 2011. There are over 16,000 solar installations on homes, offices, schools, and hospitals throughout the state. The state currently has over 800 MW in installed capacity and another 600 MW of solar in various stages of installation. Of the electricity generated in New Jersey, over 1% now comes from solar energy.


Governor Christie has acted on a commitment to aggressively support renewable energy generation in New Jersey. According to the Department of Energy, New Jersey has the 7th highest Renewable Energy Portfolio Standard in the nation at 22.5% by 2021. 13 states maintain no renewable energy standard whatsoever. In addition, Governor Christie's 2011 Energy Master Plan commits to no new coal-fired plants in New Jersey, ensuring that additional generation capacity comes from cleaner sources.

Sponsors of the legislation include Senate President Stephen M. Sweeney (D-Cumberland, Gloucester, Salem) and Senator Bob Smith (D-Middlesex and Somerset).

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"A Model For Policymakers Across The Country"

Tuesday, July 24, 2012 Tags: [Energy and the Environment](#)

The Solar Energy Legislation Signed By Governor Christie "Will Grow Our Economy", "Create Jobs" And Keep New Jersey As "The Nation's Solar Leader"

"We pledge to continue to move forward with our commitment to develop these sources to meet the goals that we have in the Energy Master Plan, and to continue to lead the way in solar energy throughout the country... This is another example of ways that we can act in a bipartisan fashion for the good of all the citizens of our state. Having renewable energy in our state, having it be a larger part of our portfolio, creating jobs, is not a Republican issue or a Democratic issue it's an issue that the people of our state demand that we work on together."
- Governor Chris Christie, Remarks At The Solar Energy Bill Signing, July 23, 2012

Solar Energy Advocates And Environmental Leaders

Environment New Jersey's Clean Energy Advocate Matt Elliott: "Today we applaud the Legislature and the governor for supporting a bill to help New Jersey continue to be the nation's solar leader..." (Environment New Jersey, "NJ's Solar Energy Economy Gets a Boost: Gov. Christie signs a Pro-Solar Bill That Will Deliver More Clean Energy in Coming Years," Press Release, 7/23/12)

Elliott: "This bill ensures the continued success of our state's solar economy."
Elliott: "Without a doubt, today is a good day for solar in New Jersey."

Solar Energy Industries Association President and CEO Rhone Resch: "Thanks to the leadership of Governor Christie and our champions in the state legislature, in particular Senator Smith, Senate President Sweeney, and Assemblyman Chivukula, New Jersey's solar industry will now continue to provide jobs, investment and energy security for years to come." (Solar Energy Industries Association, "Governor Christie Signs Legislation to Stabilize New Jersey Solar Market," Press Release, 7/23/12)

Resch: "Bipartisan support for solar in New Jersey is a useful a model for policymakers across the country... All politicians should take notice"

Solar Energy Industries Association Spokeswoman Katie Bolcar-Rever: "It keeps New Jersey in the forefront and keeps the energy market growing..." (Michael Miller, "New Jersey orders bigger share of power come from sun," Press of Atlantic City, 7/23/12)

Mid-Atlantic Solar Energy Industries Association President Dennis Wilson: "The sponsors of the legislation and the governor worked long and hard to craft this bill, and we are grateful for their strong commitment to keeping the Jersey solar industry alive." (Mid-Atlantic Solar Energy Industries Association, "Governor Christie signs S1925, Solar Acceleration Legislation, saving thousands of solar jobs," Press Release, 7/23/12)

New Jersey Sierra Club Executive Director Jeff Tittel: "This law is a victory for solar in New Jersey because without it the solar program would have died. Solar is important for New Jersey because it is electricity without pollution. We get to grow our economy and create jobs..." (Kevin McArdle, "NJ Solar Program Gets New Life Under New Law," NJ 101.5, 7/23/12)

Tittel: "We thank Governor Christie for signing the bill because it is important in keeping the solar program moving forward in New Jersey."

Legislative Leaders

Senate President Sweeney (D-Gloucester, Cumberland and Salem): "This law is vital to the continued success of the state's solar market and in ensuring that the good-paying construction and installation jobs created by the solar industry stay in New Jersey..." (New Jersey Senate Democrats, "Smith And Sweeney Bill To Stabilize New Jersey Solar Market Becomes Law," Press Release, 7/23/12)

Sweeney: "There is great economic potential in growing this industry here in the Garden State and this law will help to attract more investment in the industry and ultimately provide more jobs for New Jersey's workers. That is what

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this measure is really about – supporting quality, good-paying jobs for New Jersey's workers."

Senator Smith (D-Middlesex and Somerset): "With the signing of this law, we will bring stability to the market, increase our use of a clean, domestically-produced energy source and ensure the continuation of manufacturing and installation jobs for many New Jersey residents, while keeping the costs down for electric ratepayers." (New Jersey Senate Democrats, "Smith And Sweeney Bill To Stabilize New Jersey Solar Market Becomes Law," Press Release, 7/23/12)

Assemblyman Upendra Chivukula (D-Somerset/Middlesex): "There are lots of jobs that are being created because of the solar industry and having a stable price will make it easier for people to obtain the financing...When you have the financing, they'll be able to build the projects thereby creating the jobs." (Phil Gregory, "N.J. aims to reinvigorate solar energy development," WHYY, 7/23/12)

Industry Leaders

Atlantic City Electric Spokeswoman Lendel Jones: "We were pleased with the outcome of the legislation. We needed a way to give developers an option..." (Michael Miller, "New Jersey orders bigger share of power come from sun," Press of Atlantic City, 7/23/12)

Solar Developer Pardee Resources Co. Vice President of Renewable Energy Michael Slom: "The law averted problems for the solar industry. ...Without it, we were in really grave danger..." (Jared Kaltwasser and Andrew Kitchenman, "Christie signs solar rescue bill," NJBIZ, 7/23/12)

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