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LAW/IS 6/19/08

P.L. 2007, CHAPTER 300, *approved January 13, 2008*
Senate Committee Substitute for
Senate, No. 2936

1 **AN ACT** concerning electric power net metering, safety and power
2 quality interconnection standards, and renewable energy credit
3 rules, and amending 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 38 of P.L.1999, c.23 (C.48:3-87) is amended to read
9 as follows:

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

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

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

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

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

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

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

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

42 Such standards shall be effective as regulations immediately
43 upon filing with the Office of Administrative Law and shall be

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 effective for a period not to exceed 18 months, and may, thereafter,
2 be amended, adopted or readopted by the board in accordance with
3 the provisions of the "Administrative Procedure Act."

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

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

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

14 (2) If a State department or agency adopts regulations to
15 implement a State policy or an interstate or regional agreement to
16 reduce Statewide greenhouse gas emissions related to electricity
17 generation, then the board shall adopt, pursuant to the
18 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
19 seq.), a greenhouse gas emissions portfolio standard to mitigate
20 leakage or another regulatory mechanism to mitigate leakage
21 applicable to all electric power suppliers and basic generation
22 service providers that provide electricity to customers within the
23 State. Any regulation to mitigate leakage shall:

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

36 (b) Exempt the provision of basic generation service pursuant to
37 a basic generation service purchase and sale agreement effective
38 prior to the date of the regulation.

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

45 (1) that two and one-half percent of the kilowatt hours sold in
46 this State by each electric power supplier and each basic generation

1 service provider be from Class I or Class II renewable energy
2 sources; and

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

16 An electric power supplier or basic generation service provider
17 may satisfy the requirements of this subsection by participating in a
18 renewable energy trading program approved by the board in
19 consultation with the Department of Environmental Protection.

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

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

30 (1) net metering standards for electric power suppliers and basic
31 generation service providers.

32 The standards shall require electric power suppliers and basic
33 generation service providers to offer net metering at non-
34 discriminatory rates to industrial, large commercial, residential and
35 small commercial customers, as those customers are classified or
36 defined by the board, that generate electricity, on the customer's
37 side of the meter, using **[wind or solar photovoltaic systems]** a
38 Class I renewable energy source, for the net amount of electricity
39 supplied by the electric power supplier or basic generation service
40 provider over an annualized period. **[Where]** If the amount of
41 electricity generated by the customer-generator, plus any kilowatt
42 hour credits held over from the previous billing periods **[exceed]** ,
43 exceeds the electricity supplied by the electric power supplier or
44 basic generation service provider, then the electric power supplier
45 or basic generation service provider, as the case may be, shall credit
46 the **[customer]** customer-generator for the excess kilowatt hours
47 until the end of the annualized period at which point the customer-

1 generator will be compensated for any remaining credits or, if the
2 customer-generator chooses, credit the customer-generator on a
3 real-time basis, at the electric power supplier's or basic generation
4 service provider's avoided cost of wholesale power or the PJM
5 electric power pool's real-time locational marginal pricing rate,
6 adjusted for losses, for the respective zone in the PJM electric
7 power pool. Alternatively, the customer-generator may execute a
8 bilateral agreement with an electric power supplier or basic
9 generation service provider for the sale and purchase of the
10 customer-generator's excess generation. The customer-generator
11 may be credited on a real-time basis, so long as the customer-
12 generator follows applicable rules prescribed by the PJM electric
13 power pool for its capacity requirements for the net amount of
14 electricity supplied by the electric power supplier or basic
15 generation service provider. The board may authorize an electric
16 power supplier or basic generation service provider to cease
17 offering net metering whenever the total rated generating capacity
18 owned and operated by net metering customer-generators Statewide
19 equals [0.1] 2.5 percent of the State's peak electricity demand [or
20 the annual aggregate financial impact to electric power suppliers
21 and basic generation service providers Statewide, as determined by
22 the board, exceeds \$2,000,000, whichever is less]; [and]

23 (2) safety and power quality interconnection standards for
24 [wind and solar photovoltaic systems that] Class I renewable
25 energy source systems used by a customer-generator that shall be
26 eligible for net metering.

27 Such standards shall take into consideration the goals of the New
28 Jersey Energy Master Plan, applicable industry standards, and the
29 standards of other states and the Institute of Electrical and
30 Electronic Engineers [and shall allow customers to use a single,
31 non-demand, non-time differentiated meter]. The board shall allow
32 electric public utilities to recover the costs of any new net meters,
33 upgraded net meters, system reinforcements or upgrades, and
34 interconnection costs through either their regulated rates or from the
35 net metering customer-generator; and

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

40 Such rules shall require the board or its designee to issue a credit
41 or other incentive to those generators that do not use a net meter but
42 otherwise generate electricity derived from a Class I renewable
43 energy source and to issue an enhanced credit or other incentive,
44 including, but not limited to, a solar renewable energy credit, to
45 those generators that generate electricity derived from solar
46 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," a gas energy efficiency portfolio standard that may
31 require each gas public utility to implement energy efficiency
32 measures that reduce natural gas usage for heating in the State by
33 2020 to a level that is 20 percent below the usage projected by the
34 board in the absence of such a standard. Nothing in this section
35 shall be construed to prevent a gas public utility from meeting the
36 requirements of this section by contracting with another entity for
37 the performance of the requirements.

38 i. As used in this section:

39 "Energy efficiency portfolio standard" means a requirement to
40 procure a specified amount of energy efficiency or demand side
41 management resources as a means of managing and reducing energy
42 usage and demand by customers.

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 “Leakage” means an increase in greenhouse gas emissions
2 related to generation sources located outside of the State that are not
3 subject to a state, interstate or regional greenhouse gas emissions
4 cap or standard that applies to generation sources located within the
5 State.

6 (cf: P.L.2007, c.112, s.8)

7

8 2. This act shall take effect on the 180th day after the date of
9 enactment, but the Board of Public Utilities may take such
10 anticipatory administrative action in advance thereof as shall be
11 necessary for the implementation of this act.

12

13

14

15

16 Revises law concerning electric power net metering, safety and
17 power quality interconnection standards; requires BPU to adopt
18 certain renewable energy credit rules.

SENATE, No. 2936

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED NOVEMBER 8, 2007

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Senator BARBARA BUONO

District 18 (Middlesex)

SYNOPSIS

Revises law concerning net metering for electricity and renewable energy portfolio standards.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning net metering for electricity and renewable
2 energy portfolio standards 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 38 of P.L.1999, c.23 (C.48:3-87) is amended to read
8 as follows:

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

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

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

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

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

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

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

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

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

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 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) If a State department or agency adopts regulations to
12 implement a State policy or an interstate or regional agreement to
13 reduce Statewide greenhouse gas emissions related to electricity
14 generation, then the board shall adopt, pursuant to the
15 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
16 seq.), a greenhouse gas emissions portfolio standard to mitigate
17 leakage or another regulatory mechanism to mitigate leakage
18 applicable to all electric power suppliers and basic generation
19 service providers that provide electricity to customers within the
20 State. Any regulation to mitigate leakage shall:

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

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

36 d. Notwithstanding any provisions of the "Administrative
37 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
38 contrary, the board shall initiate a proceeding and shall adopt, after
39 notice, provision of the opportunity for comment, and public
40 hearing, **[interim]** renewable energy portfolio standards that shall
41 require:

42 (1) that two and one-half percent of the kilowatt hours sold in
43 this State by each electric power supplier and each basic generation
44 service provider be from Class I or Class II renewable energy
45 sources; **[and]**

46 (2) beginning on January 1, 2001, that one-half of one percent
47 of the kilowatt hours sold in this State by each electric power
48 supplier and each basic generation service provider be from Class I

1 renewable energy sources. The board shall increase the required
2 percentage for Class I renewable energy sources so that by January
3 1, 2006, one percent of the kilowatt hours sold in this State by each
4 electric power supplier and each basic generation service provider
5 shall be from Class I renewable energy sources [and shall
6 additionally increase the required percentage for Class I renewable
7 energy sources by one-half of one percent each year until January 1,
8 2012, when four percent of the kilowatt hours sold in this State by
9 each electric power supplier and each basic generation service
10 provider shall be from Class I renewable energy sources] ; and

11 (3) beginning on January 1, 2009, that three percent of the
12 kilowatt hours sold in this State by each electric power supplier and
13 each basic generation service provider be from Class I renewable
14 energy sources. The board shall increase the required percentage
15 for Class I renewable energy sources so that by January 1, 2020,
16 five percent of the kilowatt hours sold in this State by each electric
17 power supplier and each basic generation service provider shall be
18 from Class I renewable energy sources .

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

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

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

33 (1) net metering standards for electric power suppliers and basic
34 generation service providers. The standards shall require electric
35 power suppliers and basic generation service providers to offer real-
36 time net metering at non-discriminatory rates to [residential and
37 small commercial customers that generate] any customer who
38 generates electricity, on the customer's side of the meter, using
39 [wind or solar photovoltaic systems] a Class I renewable energy
40 source, without limitation on the amount of generating capacity, for
41 the net amount of electricity supplied by the electric power supplier
42 or basic generation service provider [over an annualized period] on
43 a real-time basis. [Where] If the amount of electricity generated by
44 the customer-generator [plus any kilowatt hour credits held over
45 from the previous billing periods exceed] exceeds the electricity
46 supplied by the electric power supplier or basic generation service
47 provider on a real-time basis , then the electric power supplier or

1 basic generation service provider, as the case may be, shall credit
2 the customer for the excess kilowatt hours [until the end of the
3 annualized period at which point the customer-generator will be
4 compensated for any remaining credits] at the electric power
5 supplier's or basic generation service provider's hourly avoided cost
6 of wholesale power or the PJM power pool's real time locational
7 marginal pricing hourly rate plus marginal capacity cost, adjusted
8 for losses, for the respective zone in the PJM power pool.
9 Alternatively, the customer-generator may execute a bilateral
10 agreement for the sale and purchase of its excess generation . The
11 board may authorize an electric power supplier or basic generation
12 service provider to cease offering net metering whenever the total
13 rated generating capacity owned and operated by net metering
14 customer-generators Statewide equals [0.1] 2.5 percent of the
15 State's peak electricity demand or the annual aggregate financial
16 impact to electric power suppliers and basic generation service
17 providers Statewide, as determined by the board, exceeds
18 \$2,000,000, whichever is less; and

19 (2) safety and power quality interconnection standards for
20 [wind and solar photovoltaic systems that shall be] any customer
21 who generates electricity using a Class I renewable energy source,
22 without limitation on the amount of generating capacity, and who is
23 eligible for net metering.

24 Such standards shall take into consideration the goals of the New
25 Jersey Energy Master Plan, applicable industry standards, and the
26 standards of other states [and the Institute of Electrical and
27 Electronic Engineers] and shall allow customers to use a single,
28 non-demand, non-time differentiated meter.

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

34 f. The board may assess, by written order and after notice and
35 opportunity for comment, a separate fee to cover the cost of
36 implementing and overseeing an emission disclosure system or
37 emission portfolio standard, which fee shall be assessed based on an
38 electric power supplier's or basic generation service provider's share
39 of the retail electricity supply market. The board shall not impose a
40 fee for the cost of implementing and overseeing a greenhouse gas
41 emissions portfolio standard adopted pursuant to paragraph (2) of
42 subsection c. of this section, the electric energy efficiency portfolio
43 standard adopted pursuant to subsection g. of this section, or the gas
44 energy efficiency portfolio standard adopted pursuant to subsection
45 h. of this section.

46 g. The board may adopt, pursuant to the "Administrative
47 Procedure Act," P.L. 1968, c.410 (C. 52:14B-1 et seq.), an electric

1 energy efficiency portfolio standard that may require each electric
2 public utility to implement energy efficiency measures that reduce
3 electricity usage in the State by 2020 to a level that is 20 percent
4 below the usage projected by the board in the absence of such a
5 standard. Nothing in this section shall be construed to prevent an
6 electric public utility from meeting the requirements of this section
7 by contracting with another entity for the performance of the
8 requirements.

9 h. The board may adopt, pursuant to the “Administrative
10 Procedure Act,” a gas energy efficiency portfolio standard that may
11 require each gas public utility to implement energy efficiency
12 measures that reduce natural gas usage for heating in the State by
13 2020 to a level that is 20 percent below the usage projected by the
14 board in the absence of such a standard. Nothing in this section
15 shall be construed to prevent a gas public utility from meeting the
16 requirements of this section by contracting with another entity for
17 the performance of the requirements.

18 i. As used in this section:

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 “Greenhouse gas emissions portfolio standard” means a
24 requirement that addresses or limits the amount of carbon dioxide
25 emissions indirectly resulting from the use of electricity as applied
26 to any electric power suppliers and basic generation service
27 providers of electricity.

28 “Leakage” means an increase in greenhouse gas emissions
29 related to generation sources located outside of the State that are not
30 subject to a state, interstate or regional greenhouse gas emissions
31 cap or standard that applies to generation sources located within the
32 State.

33 (cf: P.L.2007, c.112, s.8)

34

35 2. This act shall take effect immediately.

36

37

38

STATEMENT

39

40 This bill would update the renewable energy portfolio standards
41 contained in current law. This bill would require the Board of
42 Public Utilities (BPU) to adopt renewable energy portfolio
43 standards requiring, beginning on January 1, 2009, three percent of
44 the kilowatt hours sold in this State by each electric power supplier
45 and each basic generation service provider to be from Class I
46 renewable energy sources. The bill would further require the BPU
47 to increase the required percentage for Class I renewable energy
48 sources so that by January 1, 2020, five percent of the kilowatt

1 hours sold in this State by each electric power supplier and each
2 basic generation service provider be from Class I renewable energy
3 sources.

4 Currently, the "Electric Discount and Energy Competition Act"
5 requires the BPU to adopt renewable energy portfolio standards that
6 require, beginning on January 1, 2001, one-half of one percent of
7 the kilowatt hours sold in this State by each electric power supplier
8 and each basic generation service provider be from Class I
9 renewable energy sources. The current law also requires the BPU
10 to increase the required percentage for Class I renewable energy
11 sources so that by January 1, 2006, one percent of the kilowatt
12 hours sold in this State by each electric power supplier and each
13 basic generation service provider be from Class I renewable energy
14 sources and additionally increase the required percentage by one-
15 half of one percent each year until January 1, 2012, when four
16 percent of the kilowatt hours sold in this State by each electric
17 power supplier and each basic generation service provider would be
18 from Class I renewable energy sources.

19 This bill would also revise the standards for net metering for
20 electricity. Under current law, the BPU is required to develop net
21 metering standards that require electric power suppliers and basic
22 generation service providers to offer net metering at non-
23 discriminatory rates to residential and small commercial customers
24 who generate electricity, on the customer's side of the meter, using
25 wind or solar photovoltaic systems for the net amount of electricity
26 supplied by the electric power supplier or basic generation service
27 provider over an annualized period. Current law also requires the
28 BPU to develop safety and power quality interconnection standards
29 for wind and solar photovoltaic systems that are eligible for net
30 metering.

31 This bill would allow any customer who generates electricity
32 using any Class I renewable energy source to net meter, without
33 limitation on the amount of generating capacity.

34 This bill would further require the safety and power quality
35 interconnection standards developed by the BPU be for any
36 customer who generates electricity using a Class I renewable energy
37 source, without limitation on the amount of generating capacity.

38 The current law also provides that the BPU may authorize an
39 electric power supplier or basic generation service provider to cease
40 offering net metering whenever the total rated generating capacity
41 owned and operated by net metering customer-generators Statewide
42 equals 0.1% of the State's peak electricity demand or the annual
43 aggregate financial impact to electric power suppliers and basic
44 generation service providers Statewide, as determined by the board,
45 exceeds \$2 million, whichever is less. This bill would increase the
46 capacity used to make this authorization from 0.1% to 2.5% of the
47 State's peak electricity demand.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 2936**

STATE OF NEW JERSEY

DATED: DECEMBER 17, 2007

The Senate Economic Growth Committee reports favorably a Senate Committee Substitute for Senate Bill No. 2936.

This bill, as substituted, would require the Board of Public Utilities (“BPU”) to establish standards requiring electric power (“EP”) suppliers and basic generation service (“BGS”) providers to offer net metering at non-discriminatory rates to industrial and large commercial customers that generate electricity from certain renewable energy sources, on the customer’s side of the meter, for the net amount of electricity supplied by the EP supplier or BGS provider over an annualized period. Under current law, the BPU is required to develop such standards only for residential and small commercial customer-generators who use wind or solar photovoltaic systems.

Under current law, if the amount of electricity generated by such customer-generators, plus any kilowatt hour credits held over from the previous billing periods, exceeds the electricity supplied by the EP supplier or BGS provider, then the EP supplier or BGS provider, as the case may be, is to credit the customer-generator for the excess kilowatt hours until the end of the annualized period, at which point the customer-generator is to be compensated for any remaining credits. The bill provides that if the customer-generator so chooses, the credit shall be allowed on a real-time basis. The rate of the credit is currently set at the EP supplier's or BGS provider's avoided cost of wholesale power; the bill authorizes computation of the credit at the PJM electric power pool’s real-time locational marginal pricing rate, adjusted for losses, for the respective zone in the PJM electric power pool. As an alternative to the statutory crediting regimes, the bill authorizes the customer-generator to execute a bilateral agreement with an EP supplier or BGS provider for the sale and purchase of the customer-generator’s excess generation. The bill requires a customer-generator wishing to be credited on a real-time basis to follow applicable rules prescribed by the PJM electric power pool for its capacity requirements for the net amount of electricity supplied by the EP supplier or BGS provider.

Current law authorizes an EP supplier or BGS provider to cease offering net metering to customer-generators whenever the total rated

generating capacity owned and operated by net metering customer-generators Statewide equals 0.1 percent of the State's peak electricity demand or exceeds \$2 million in value; the bill eliminates the dollar value threshold and increases the net metering capacity threshold to 2.5 percent of the Statewide demand.

The substitute bill requires the BPU to establish safety and power quality interconnection standards for all customer-generators, including industrial and large commercial, who are eligible for net metering. Current law requires the BPU to develop safety and power quality interconnection standards solely for residential and small commercial customers using wind and solar photovoltaic systems that are eligible for net metering and establish certain conditions to be included in the standards. Currently the interconnection standards must take into consideration the standards of other states and the Institute of Electrical and Electronic Engineers; under the bill, the standards would also have to take account of the goals of the New Jersey Energy Master Plan and applicable industry standards. The bill requires the BPU to allow electric public utilities the ability to recover the costs of any new net meters, upgraded net meters, system reinforcements or upgrades, and interconnection costs, through either regulated rates or from those net metering customer-generators.

Finally, the substitute bill requires the BPU to adopt rules that require the BPU or its designee to issue: 1) a credit or other incentive to Class I renewable energy source generators that do not use a net meter but otherwise connect to New Jersey's electric public utilities' distribution system; and 2) an enhanced credit or other incentive, including, but not limited to, a solar renewable energy credit, to solar technology employing generators that do not use a net meter but otherwise connect to New Jersey's electric public utilities' distribution system.

ASSEMBLY, No. 4554

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED NOVEMBER 19, 2007

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex)

SYNOPSIS

Revises law concerning net metering for electricity.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning net metering for electricity and amending
2 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 38 of P.L.1999, c.23 (C.48:3-87) is amended to read
8 as follows:

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

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

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

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

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

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

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

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

41 Such standards shall be effective as regulations immediately
42 upon filing with the Office of Administrative Law and shall be
43 effective for a period not to exceed 18 months, and may, thereafter,
44 be amended, adopted or readopted by the board in accordance with

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 the provisions of the "Administrative Procedure Act."

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

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

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

12 (2) If a State department or agency adopts regulations to
13 implement a State policy or an interstate or regional agreement to
14 reduce Statewide greenhouse gas emissions related to electricity
15 generation, then the board shall adopt, pursuant to the
16 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
17 seq.), a greenhouse gas emissions portfolio standard to mitigate
18 leakage or another regulatory mechanism to mitigate leakage
19 applicable to all electric power suppliers and basic generation
20 service providers that provide electricity to customers within the
21 State. Any regulation to mitigate leakage shall:

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

34 (b) Exempt the provision of basic generation service pursuant to
35 a basic generation service purchase and sale agreement effective
36 prior to the date of the regulation.

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

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

47 (2) beginning on January 1, 2001, that one-half of one percent
48 of the kilowatt hours sold in this State by each electric power

1 supplier and each basic generation service provider be from Class I
2 renewable energy sources. The board shall increase the required
3 percentage for Class I renewable energy sources so that by January
4 1, 2006, one percent of the kilowatt hours sold in this State by each
5 electric power supplier and each basic generation service provider
6 shall be from Class I renewable energy sources and shall
7 additionally increase the required percentage for Class I renewable
8 energy sources by one-half of one percent each year until January 1,
9 2012, when four percent of the kilowatt hours sold in this State by
10 each electric power supplier and each basic generation service
11 provider shall be from Class I renewable energy sources.

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.

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

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

26 (1) net metering standards for electric power suppliers and basic
27 generation service providers. The standards shall require electric
28 power suppliers and basic generation service providers to offer net
29 metering at non-discriminatory rates to **residential and small**
30 **commercial customers that generate** any customer who generates
31 electricity, on the customer's side of the meter, using wind or solar
32 photovoltaic systems a Class I renewable energy source, without
33 limitation on the amount of generating capacity, for the net amount
34 of electricity supplied by the electric power supplier or basic
35 generation service provider **over an annualized period**. **Where**
36 **If** the amount of electricity generated by the customer-generator
37 **plus any kilowatt hour credits held over from the previous billing**
38 **periods exceed** exceeds the electricity supplied by the electric
39 power supplier or basic generation service provider, then the
40 electric power supplier or basic generation service provider, as the
41 case may be, shall credit the customer for the excess kilowatt hours
42 **until the end of the annualized period at which point the customer-**
43 **generator will be compensated for any remaining credits** at the
44 electric power supplier's or basic generation service provider's
45 hourly avoided cost of wholesale power or the PJM power pool's
46 real time locational marginal pricing hourly rate plus marginal
47 capacity cost, adjusted for losses, for the respective zone in the PJM

1 power pool. Alternatively, the customer-generator may execute a
2 bilateral agreement for the sale and purchase of its excess
3 generation . The board may authorize an electric power supplier or
4 basic generation service provider to cease offering net metering
5 whenever the total rated generating capacity owned and operated by
6 net metering customer-generators Statewide equals ~~0.1~~ 2.5
7 percent of the State's peak electricity demand or the annual
8 aggregate financial impact to electric power suppliers and basic
9 generation service providers Statewide, as determined by the board,
10 exceeds \$2,000,000, whichever is less; and

11 (2) safety and power quality interconnection standards for
12 ~~wind and solar photovoltaic systems that shall be~~ any customer
13 who generates electricity using a Class I renewable energy source,
14 without limitation on the amount of generating capacity, and who is
15 eligible for net metering.

16 Such standards shall take into consideration the standards of
17 other states and the Institute of Electrical and Electronic Engineers
18 and shall allow customers to use a single, non-demand, non-time
19 differentiated meter.

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

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

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

47 h. The board may adopt, pursuant to the "Administrative
48 Procedure Act," a gas energy efficiency portfolio standard that may

1 require each gas public utility to implement energy efficiency
2 measures that reduce natural gas usage for heating in the State by
3 2020 to a level that is 20 percent below the usage projected by the
4 board in the absence of such a standard. Nothing in this section
5 shall be construed to prevent a gas public utility from meeting the
6 requirements of this section by contracting with another entity for
7 the performance of the requirements.

8 i. As used in this section:

9 “Energy efficiency portfolio standard” means a requirement to
10 procure a specified amount of energy efficiency or demand side
11 management resources as a means of managing and reducing energy
12 usage and demand by customers.

13 “Greenhouse gas emissions portfolio standard” means a
14 requirement that addresses or limits the amount of carbon dioxide
15 emissions indirectly resulting from the use of electricity as applied
16 to any electric power suppliers and basic generation service
17 providers of electricity.

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

23 (cf: P.L.2007, c.112, s.8)

24

25 2. This act shall take effect immediately.

26

27

28

STATEMENT

29

30 This bill would revise the standards for net metering for
31 electricity. Under current law, the Board of Public Utilities (BPU)
32 is required to develop net metering standards that require electric
33 power suppliers and basic generation service providers to offer net
34 metering at non-discriminatory rates to residential and small
35 commercial customers who generate electricity, on the customer's
36 side of the meter, using wind or solar photovoltaic systems for the
37 net amount of electricity supplied by the electric power supplier or
38 basic generation service provider over an annualized period.
39 Current law also requires the BPU to develop safety and power
40 quality interconnection standards for wind and solar photovoltaic
41 systems that are eligible for net metering.

42 This bill would allow any customer who generates electricity
43 using any Class I renewable energy source to net meter, without
44 limitation on the amount of generating capacity.

45 This bill would further require the safety and power quality
46 interconnection standards developed by the BPU be for any
47 customer who generates electricity using a Class I renewable energy
48 source, without limitation on the amount of generating capacity.

A4554 MCKEON

7

1 The current law also provides that the BPU may authorize an
2 electric power supplier or basic generation service provider to cease
3 offering net metering whenever the total rated generating capacity
4 owned and operated by net metering customer-generators Statewide
5 equals 0.1% of the State's peak electricity demand or the annual
6 aggregate financial impact to electric power suppliers and basic
7 generation service providers Statewide, as determined by the board,
8 exceeds \$2 million, whichever is less. This bill would increase the
9 capacity used to make this authorization from 0.1% to 2.5% of the
10 State's peak electricity demand.

ASSEMBLY TELECOMMUNICATIONS AND UTILITIES
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4554

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 10, 2007

The Assembly Telecommunications and Utilities Committee reports favorably with committee amendments Assembly Bill No. 4554.

As amended, this bill would require the Board of Public Utilities ("BPU") to develop net metering standards for industrial and large commercial customers who employ net metering for electricity produced from certain renewable energy sources. Under current law, the BPU is required to develop net metering standards that require electric power ("EP") suppliers and basic generation service ("BGS") providers to offer net metering at non-discriminatory rates solely to residential and small commercial customers who generate electricity, on the customer's side of the meter, using wind or solar photovoltaic systems for the net amount of electricity supplied by the EP supplier or BGS provider over an annualized period.

This bill, as amended, would require EP suppliers and BGS providers to offer net metering at non-discriminatory rates to industrial and large commercial customers who generate electricity using Class I renewable energy sources, without limitation on the amount of generating capacity, so long as the customer follows applicable rules prescribed by the PJM electric power pool for such capacity for the net amount of electricity supplied by the EP supplier or BGS provider. If the amount of electricity generated by the customer-generator exceeds the electricity supplied by the EP supplier or BGS provider, then the EP supplier or BGS provider, as the case may be, shall credit the customer for the excess kilowatt hours on a monthly basis at the EP supplier's or BGS provider's avoided cost of wholesale power or the PJM electric power pool's real time locational marginal pricing rate, adjusted for losses, for the respective zone in the PJM electric power pool. Alternatively, the customer-generator may execute a bilateral agreement for the sale and purchase of its excess generation with an EP supplier or BGS provider.

The bill also authorizes the BPU to allow an EP supplier or BGS provider to cease offering net metering to industrial and large

commercial customers whenever the total rated generating capacity owned and operated by net metering customer-generators Statewide equals 0.1 percent of the State's peak electricity demand or the annual aggregate financial impact to EP suppliers or BGS providers Statewide, as determined by the BPU, exceeds \$4,000,000, whichever is less.

The bill requires the BPU to establish safety and power quality interconnection standards for industrial and large commercial customers who are eligible for net metering. Such standards shall take into consideration the goals of the New Jersey Energy Master Plan, applicable industry standards, the standards of other states, and the Institute of Electrical and Electronic Engineers. Such standards shall include a provision which requires an EP supplier or BGS provider to submit to the board for approval, within six months of the effective date of the bill, a schedule for the upgrade as necessary of the net meters used by those industrial and large commercial customers of an EP supplier or BGS provider on the effective date of the bill; and, within the first year of operation of such upgraded net meters, the ability to recover the costs of such upgrades either through regulated rates charged to customers or from those net metering customers. Such standards shall allow EP suppliers or BGS providers to recover the costs of any new net meters, system reinforcements or upgrades, and interconnection costs through either their regulated rates charged to customers or from the net metering customer-generator.

Under current law, the BPU is required to develop safety and power quality interconnection standards that are applicable solely to those residential and small commercial customers using wind and solar photovoltaic systems that are eligible for net metering, and to establish certain conditions to be included in those standards.

The committee amendments: 1) restore the renewable portfolio standards provisions in current law that would have been deleted under the bill as introduced; 2) restore both the net metering and the safety and power quality interconnection standards provisions, also deleted under the bill as introduced, in current law that apply only for residential and small commercial customers; 3) require the BPU to establish a separate set of net metering and safety and power quality interconnection standards specifically for industrial and large commercial customers as hereinabove described; and 4) delay the effective date of the bill to 180 days after the date of enactment, but allow the BPU to take anticipatory administrative action in advance thereof as shall be necessary for the implementation of the bill.

STATEMENT TO
[First Reprint]
ASSEMBLY, No. 4554

with Assembly Floor Amendments
(Proposed By Assemblyman MCKEON)

ADOPTED: JANUARY 7, 2008

These amendments: 1) require the Board of Public Utilities (“BPU”) to establish standards requiring electric power (“EP”) suppliers and basic generation service (“BGS”) providers to offer net metering at non-discriminatory rates to industrial and large commercial customers that generate electricity from certain renewable energy sources, on the customer’s side of the meter, for the net amount of electricity supplied by the EP supplier or BGS provider over an annualized period; 2) provide that if the amount of electricity generated by such customer-generators, plus any kilowatt hour credits held over from the previous billing periods, exceeds the electricity supplied by the EP supplier or BGS provider, then the EP supplier or BGS provider, as the case may be, is to credit the customer-generator for the excess kilowatt hours until the end of the annualized period, at which point the customer-generator is to be compensated for any remaining credits or, if the customer-generator so chooses, the credit is to be allowed on a real-time basis, at the EP supplier's or BGS provider's avoided cost of wholesale power or the PJM electric power pool’s real-time locational marginal pricing rate, adjusted for losses, for the respective zone in the PJM electric power pool; 3) authorize the customer-generator to execute a bilateral agreement with an EP supplier or BGS provider for the sale and purchase of the customer-generator’s excess generation; 4) allow a customer-generator wishing to be credited on a real-time basis to follow applicable rules prescribed by the PJM electric power pool for its capacity requirements for the net amount of electricity supplied by the EP supplier or BGS provider; 5) change from 0.1 to 2.5 percent of Statewide demand the net metering capacity threshold the BPU would authorize an EP supplier or BGS provider to cease offering net metering and eliminates the dollar value threshold; 6) require the BPU to establish safety and power quality interconnection standards for all customer-generators, including industrial and large commercial, using Class I renewable energy sources who are eligible for net metering; 7) remove the provision in law that such safety standards allow customers to use a single, non-demand, non-time differentiated meter; 8) provide that such safety standards allow electric public utilities the ability to recover the costs of any new net meters, upgraded net meters, system reinforcements or upgrades, and interconnection costs, through either regulated rates or from those net metering customer-generators; and 9)

require the BPU to adopt rules that require the BPU or its designee to issue (a) a credit or other incentive to Class I renewable energy source generators that do not use a net meter but otherwise connect to New Jersey's electric public utilities' distribution system and (b) an enhanced credit or other incentive, including, but not limited to, a solar renewable energy credit, to solar technology employing generators that do not use a net meter but otherwise connect to New Jersey's electric public utilities' distribution system.