

**ASSEMBLY, No. 5460**

---

**STATE OF NEW JERSEY**

**221st LEGISLATURE**

---

INTRODUCED MARCH 17, 2025

**Sponsored by:**

**Assemblyman ALEXANDER "AVI" SCHNALL**

**District 30 (Monmouth and Ocean)**

**Assemblyman AL ABDELAZIZ**

**District 35 (Bergen and Passaic)**

**Assemblywoman TENNILLE R. MCCOY**

**District 14 (Mercer and Middlesex)**

**SYNOPSIS**

Revises value of solar alternative compliance payment.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning solar generation incentives, 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 basic  
10 generation service provider to disclose on a customer's bill or on  
11 customer contracts or marketing materials, a uniform, common set  
12 of information about the environmental characteristics of the energy  
13 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 Department  
2 of Environmental Protection, after notice and opportunity for public  
3 comment, an emissions portfolio standard applicable to all electric  
4 power suppliers and basic generation service providers, upon a  
5 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 II renewable energy sources;

6 (2) beginning on January 1, 2020, that 21 percent of the kilowatt  
7 hours sold in this State by each electric power supplier and each  
8 basic generation service provider be from Class I renewable energy  
9 sources. The board shall increase the required percentage for Class  
10 I renewable energy sources so that by January 1, 2025, 35 percent  
11 of the kilowatt hours sold in this State by each electric power  
12 supplier and each basic generation service provider shall be from  
13 Class I renewable energy sources, and by January 1, 2030, 50  
14 percent of the kilowatt hours sold in this State by each electric  
15 power supplier and each basic generation service provider shall be  
16 from Class I renewable energy sources. Notwithstanding the  
17 requirements of this subsection, the board shall ensure that the cost  
18 to customers of the Class I renewable energy requirement imposed  
19 pursuant to this subsection shall not exceed nine percent of the total  
20 paid for electricity by all customers in the State for energy year  
21 2019, energy year 2020, and energy year 2021, respectively, and  
22 shall not exceed seven percent of the total paid for electricity by all  
23 customers in the State in any energy year thereafter; provided that,  
24 if in energy years 2019 through 2021 the cost to customers of the  
25 Class I renewable energy requirement is less than nine percent of  
26 the total paid for electricity by all customers in the State, the board  
27 may increase the cost to customers of the Class I renewable energy  
28 requirement in energy years 2022 through 2024 to a rate greater  
29 than seven percent, as long as the total costs to customers for  
30 energy years 2019 through 2024 does not exceed the sum of nine  
31 percent of the total paid for electricity by all customers in the State  
32 in energy years 2019 through 2021 and seven percent of the total  
33 paid for electricity by all customers in the State in energy years  
34 2022 through 2024. In calculating the cost to customers of the  
35 Class I renewable energy requirement imposed pursuant to this  
36 subsection, the board shall not include the costs of the offshore  
37 wind energy certificate program established pursuant to paragraph  
38 (4) of this subsection. In calculating the cost to customers of the  
39 Class I renewable energy requirement, the board shall reflect any  
40 energy and environmental savings attributable to the Class I  
41 program in its calculation, which shall include, but not be limited  
42 to, the social cost of carbon dioxide emissions at a value no less  
43 than the most recently published three percent discount rate  
44 scenario of the United States Government Interagency Working  
45 Group on Social Cost of Greenhouse Gases. The board shall take  
46 any steps necessary to prevent the exceedance of the cap on the cost  
47 to customers including, but not limited to, adjusting the Class I  
48 renewable energy requirement.

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

5 (3) that the board establish a multi-year schedule, applicable to  
6 each electric power supplier or basic generation service provider in  
7 this State, beginning with the one-year period commencing on June  
8 1, 2010, and continuing for each subsequent one-year period up to  
9 and including, the one-year period commencing on June 1, 2033,  
10 that requires the following number or percentage, as the case may  
11 be, of kilowatt-hours sold in this State by each electric power  
12 supplier and each basic generation service provider to be from solar  
13 electric power generators connected to the distribution system or  
14 transmission system in this State:

15	EY 2011	306 Gigawatthours (Gwhrs)
16	EY 2012	442 Gwhrs
17	EY 2013	596 Gwhrs
18	EY 2014	2.050%
19	EY 2015	2.450%
20	EY 2016	2.750%
21	EY 2017	3.000%
22	EY 2018	3.200%
23	EY 2019	4.300%
24	EY 2020	4.900%
25	EY 2021	5.100%
26	EY 2022	5.100%
27	EY 2023	5.100%
28	EY 2024	4.900%
29	EY 2025	4.800%
30	EY 2026	4.500%
31	EY 2027	4.350%
32	EY 2028	3.740%
33	EY 2029	3.070%
34	EY 2030	2.210%
35	EY 2031	1.580%
36	EY 2032	1.400%
37	EY 2033	1.100%

38 No later than 180 days after the date of enactment of P.L.2018,  
39 c.17 (C.48:3-87.8 et al.), the board shall adopt rules and regulations  
40 to close the SREC program to new applications upon the attainment  
41 of 5.1 percent of the kilowatt-hours sold in the State by each  
42 electric power supplier and each basic generation provider from  
43 solar electric power generators connected to the distribution system.  
44 The board shall continue to consider any application filed before the  
45 date of enactment of P.L.2018, c.17 (C.48:3-87.8 et al.). The board  
46 shall provide for an orderly and transparent mechanism that will  
47 result in the closing of the existing SREC program on a date certain  
48 but no later than June 1, 2021.

1 No later than 24 months after the date of enactment of P.L.2018,  
2 c.17 (C.48:3-87.8 et al.), the board shall complete a study that  
3 evaluates how to modify or replace the SREC program to encourage  
4 the continued efficient and orderly development of solar renewable  
5 energy generating sources throughout the State. The board shall  
6 submit the written report thereon to the Governor and, pursuant to  
7 section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature. The  
8 board shall consult with public utilities, industry experts, regional  
9 grid operators, solar power providers and financiers, and other State  
10 agencies to determine whether the board can modify the SREC  
11 program such that the program will:

- 12 - continually reduce, where feasible, the cost of achieving the  
13 solar energy goals set forth in this subsection;
- 14 - provide an orderly transition from the SREC program to a  
15 new or modified program;
- 16 - develop megawatt targets for grid connected and distribution  
17 systems, including residential and small commercial rooftop  
18 systems, community solar systems, and large scale behind the meter  
19 systems, as a share of the overall solar energy requirement, which  
20 targets the board may modify periodically based on the cost,  
21 feasibility, or social impacts of different types of projects;
- 22 - establish and update market-based maximum incentive  
23 payment caps periodically for each of the above categories of solar  
24 electric power generation facilities;
- 25 - encourage and facilitate market-based cost recovery through  
26 long-term contracts and energy market sales; and
- 27 - where cost recovery is needed for any portion of an efficient  
28 solar electric power generation facility when costs are not  
29 recoverable through wholesale market sales and direct payments  
30 from customers, utilize competitive processes such as competitive  
31 procurement and long-term contracts where possible to ensure such  
32 recovery, without exceeding the maximum incentive payment cap  
33 for that category of facility.

34 The board shall approve, conditionally approve, or disapprove  
35 any application for designation as connected to the distribution  
36 system of a solar electric power generation facility filed with the  
37 board after the date of enactment of P.L.2018, c.17 (C.48:3-87.8 et  
38 al.), no more than 90 days after receipt by the board of a completed  
39 application. For any such application for a project greater than 25  
40 kilowatts, the board shall require the applicant to post a notice  
41 escrow with the board in an amount of \$40 per kilowatt of DC  
42 nameplate capacity of the facility, not to exceed \$40,000. The  
43 notice escrow amount shall be reimbursed to the applicant in full  
44 upon either denial of the application by the board or upon  
45 commencement of commercial operation of the solar electric power  
46 generation facility. The escrow amount shall be forfeited to the  
47 State if the facility is designated as connected to the distribution  
48 system pursuant to this subsection but does not commence

1 commercial operation within two years following the date of the  
2 designation by the board.

3 For all applications for designation as connected to the  
4 distribution system of a solar electric power generation facility filed  
5 with the board after the date of enactment of P.L.2018, c.17  
6 (C.48:3-87.8 et al.), the SREC term shall be 10 years.

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

11 (b) No more than 24 months following the date of enactment of  
12 P.L.2012, c.24, the board shall complete a proceeding to investigate  
13 approaches to mitigate solar development volatility and prepare and  
14 submit, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a  
15 report to the Legislature, detailing its findings and  
16 recommendations. As part of the proceeding, the board shall  
17 evaluate other techniques used nationally and internationally;

18 (c) The solar renewable portfolio standards requirements in this  
19 paragraph shall exempt those existing supply contracts which are  
20 effective prior to the date of enactment of P.L.2018, c.17 (C.48:3-  
21 87.8 et al.) from any increase beyond the number of SRECs  
22 mandated by the solar renewable energy portfolio standards  
23 requirements that were in effect on the date that the providers  
24 executed their existing supply contracts. This limited exemption for  
25 providers' existing supply contracts shall not be construed to lower  
26 the Statewide solar sourcing requirements set forth in this  
27 paragraph. Such incremental requirements that would have  
28 otherwise been imposed on exempt providers shall be distributed  
29 over the providers not subject to the existing supply contract  
30 exemption until such time as existing supply contracts expire and  
31 all providers are subject to the new requirement in a manner that is  
32 competitively neutral among all providers and suppliers.  
33 Notwithstanding any rule or regulation to the contrary, the board  
34 shall recognize these new solar purchase obligations as a change  
35 required by operation of law and implement the provisions of this  
36 subsection in a manner so as to prevent any subsidies between  
37 suppliers and providers and to promote competition in the  
38 electricity supply industry.

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, or  
43 compliance with the requirements of this subsection may be  
44 demonstrated to the board by suppliers or providers through the  
45 purchase of SRECs.

46 The renewable energy portfolio standards adopted by the board  
47 pursuant to paragraphs (1) and (2) of this subsection shall be  
48 effective as regulations immediately upon filing with the Office of

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

5 The renewable energy portfolio standards adopted by the board  
6 pursuant to this paragraph shall be effective as regulations  
7 immediately upon filing with the Office of Administrative Law and  
8 shall be effective for a period not to exceed 30 months after such  
9 filing, and shall, thereafter, be amended, adopted or readopted by  
10 the board in accordance with the "Administrative Procedure Act";  
11 and

12 (4) within 180 days after the date of enactment of P.L.2010,  
13 c.57 (C.48:3-87.1 et al.), that the board establish an offshore wind  
14 renewable energy certificate program to require that a percentage of  
15 the kilowatt hours sold in this State by each electric power supplier  
16 and each basic generation service provider be from offshore wind  
17 energy in order to support at least 3,500 megawatts of generation  
18 from qualified offshore wind projects.

19 The percentage established by the board pursuant to this  
20 paragraph shall serve as an offset to the renewable energy portfolio  
21 standard established pursuant to paragraph (2) of this subsection  
22 and shall reduce the corresponding Class I renewable energy  
23 requirement.

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

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

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



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

6 (1) net metering standards for electric power suppliers and basic  
7 generation service providers. The standards shall require electric  
8 power suppliers and basic generation service providers to offer net  
9 metering at non-discriminatory rates to industrial, large  
10 commercial, residential and small commercial customers, as those  
11 customers are classified or defined by the board, that generate  
12 electricity, on the customer's side of the meter, using a Class I  
13 renewable energy source, for the net amount of electricity supplied  
14 by the electric power supplier or basic generation service provider  
15 over an annualized period. Systems of any sized capacity, as  
16 measured in watts, are eligible for net metering. If the amount of  
17 electricity generated by the customer-generator, plus any kilowatt  
18 hour credits held over from the previous billing periods, exceeds the  
19 electricity supplied by the electric power supplier or basic  
20 generation service provider, then the electric power supplier or  
21 basic generation service provider, as the case may be, shall credit  
22 the customer-generator for the excess kilowatt hours until the end of  
23 the annualized period at which point the customer-generator will be  
24 compensated for any remaining credits or, if the customer-generator  
25 chooses, credit the customer-generator on a real-time basis, at the  
26 electric power supplier's or basic generation service provider's  
27 avoided cost of wholesale power or the PJM electric power pool's  
28 real-time locational marginal pricing rate, adjusted for losses, for  
29 the respective zone in the PJM electric power pool. Alternatively,  
30 the customer-generator may execute a bilateral agreement with an  
31 electric power supplier or basic generation service provider for the  
32 sale and purchase of the customer-generator's excess generation.  
33 The customer-generator may be credited on a real-time basis, so  
34 long as the customer-generator follows applicable rules prescribed  
35 by the PJM electric power pool for its capacity requirements for the  
36 net amount of electricity supplied by the electric power supplier or  
37 basic generation service provider. The board may authorize an  
38 electric power supplier or basic generation service provider to cease  
39 offering net metering to customers that are not already net metered  
40 whenever the total rated generating capacity owned and operated by  
41 net metering customer-generators Statewide equals 5.8 percent of  
42 the total annual kilowatt-hours sold in this State by each electric  
43 power supplier and each basic generation service provider during  
44 the prior one-year period;

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

1       Such standards or rules shall take into consideration the goals of  
2 the New Jersey Energy Master Plan, applicable industry standards,  
3 and the standards of other states and the Institute of Electrical and  
4 Electronics Engineers. The board shall allow electric public  
5 utilities to recover the costs of any new net meters, upgraded net  
6 meters, system reinforcements or upgrades, and interconnection  
7 costs through either their regulated rates or from the net metering  
8 customer-generator;

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

13       (4) net metering aggregation standards to require electric public  
14 utilities to provide net metering aggregation to single electric public  
15 utility customers that operate a solar electric power generation  
16 system installed at one of the customer's facilities or on property  
17 owned by the customer, provided that any such customer is a State  
18 entity, school district, county, county agency, county authority,  
19 municipality, municipal agency, or municipal authority. The  
20 standards shall provide that, in order to qualify for net metering  
21 aggregation, the customer must operate a solar electric power  
22 generation system using a net metering billing account, which  
23 system is located on property owned by the customer, provided that:  
24 (a) the property is not land that has been actively devoted to  
25 agricultural or horticultural use and that is valued, assessed, and  
26 taxed pursuant to the "Farmland Assessment Act of 1964,"  
27 P.L.1964, c.48 (C.54:4-23.1 et seq.) at any time within the 10-year  
28 period prior to the effective date of P.L.2012, c.24, provided,  
29 however, that the municipal planning board of a municipality in  
30 which a solar electric power generation system is located may  
31 waive the requirement of this subparagraph (a), (b) the system is not  
32 an on-site generation facility, (c) all of the facilities of the single  
33 customer combined for the purpose of net metering aggregation are  
34 facilities owned or operated by the single customer and are located  
35 within its territorial jurisdiction except that all of the facilities of a  
36 State entity engaged in net metering aggregation shall be located  
37 within five miles of one another, and (d) all of those facilities are  
38 within the service territory of a single electric public utility and are  
39 all served by the same basic generation service provider or by the  
40 same electric power supplier. The standards shall provide that, in  
41 order to qualify for net metering aggregation, the customer's solar  
42 electric power generation system shall be sized so that its annual  
43 generation does not exceed the combined metered annual energy  
44 usage of the qualified customer facilities, and the qualified  
45 customer facilities shall all be in the same customer rate class under  
46 the applicable electric public utility tariff. For the customer's  
47 facility or property on which the solar electric generation system is  
48 installed, the electricity generated from the customer's solar electric

1 generation system shall be accounted for pursuant to the provisions  
2 of paragraph (1) of this subsection to provide that the electricity  
3 generated in excess of the electricity supplied by the electric power  
4 supplier or the basic generation service provider, as the case may  
5 be, for the customer's facility on which the solar electric generation  
6 system is installed, over the annualized period, is credited at the  
7 electric power supplier's or the basic generation service provider's  
8 avoided cost of wholesale power or the PJM electric power pool  
9 real-time locational marginal pricing rate. All electricity used by  
10 the customer's qualified facilities, with the exception of the facility  
11 or property on which the solar electric power generation system is  
12 installed, shall be billed at the full retail rate pursuant to the electric  
13 public utility tariff applicable to the customer class of the customer  
14 using the electricity. A customer may contract with a third party to  
15 operate a solar electric power generation system, for the purpose of  
16 net metering aggregation. Any contractual relationship entered into  
17 for operation of a solar electric power generation system related to  
18 net metering aggregation shall include contractual protections that  
19 provide for adequate performance and provision for construction  
20 and operation for the term of the contract, including any appropriate  
21 bonding or escrow requirements. Any incremental cost to an  
22 electric public utility for net metering aggregation shall be fully and  
23 timely recovered in a manner to be determined by the board. The  
24 board shall adopt net metering aggregation standards within 270  
25 days after the effective date of P.L.2012, c.24.

26 Such rules shall require the board or its designee to issue a credit  
27 or other incentive to those generators that do not use a net meter but  
28 otherwise generate electricity derived from a Class I renewable  
29 energy source and to issue an enhanced credit or other incentive,  
30 including, but not limited to, a solar renewable energy credit, to  
31 those generators that generate electricity derived from solar  
32 technologies.

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

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

1 g. The board shall adopt, pursuant to the "Administrative  
2 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), an electric  
3 energy efficiency program in order to ensure investment in cost-  
4 effective energy efficiency measures, ensure universal access to  
5 energy efficiency measures, and serve the needs of low-income  
6 communities that shall require each electric public utility to  
7 implement energy efficiency measures that reduce electricity usage  
8 in the State pursuant to section 3 of P.L.2018, c.17 (C.48:3-87.9).  
9 Nothing in this subsection shall be construed to prevent an electric  
10 public utility from meeting the requirements of this subsection by  
11 contracting with another entity for the performance of the  
12 requirements.

13 h. The board shall adopt, pursuant to the "Administrative  
14 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), a gas energy  
15 efficiency program in order to ensure investment in cost-effective  
16 energy efficiency measures, ensure universal access to energy  
17 efficiency measures, and serve the needs of low-income  
18 communities that shall require each gas public utility to implement  
19 energy efficiency measures that reduce natural gas usage in the  
20 State pursuant to section 3 of P.L.2018, c.17 (C.48:3-87.9).  
21 Nothing in this subsection shall be construed to prevent a gas public  
22 utility from meeting the requirements of this subsection by  
23 contracting with another entity for the performance of the  
24 requirements.

25 i. After the board establishes a schedule of solar kilowatt-hour  
26 sale or purchase requirements pursuant to paragraph (3) of  
27 subsection d. of this section, the board may initiate subsequent  
28 proceedings and adopt, after appropriate notice and opportunity for  
29 public comment and public hearing, increased minimum solar  
30 kilowatt-hour sale or purchase requirements, provided that the  
31 board shall not reduce previously established minimum solar  
32 kilowatt-hour sale or purchase requirements, or otherwise impose  
33 constraints that reduce the requirements by any means.

34 j. The board shall **【determine an appropriate level of solar**  
35 **alternative compliance payment, and】** permit each supplier or  
36 provider to submit an SACP to comply with the solar electric  
37 generation requirements of paragraph (3) of subsection d. of this  
38 section. The value of the SACP for each Energy Year, for Energy  
39 Years 2014 through 2033 per megawatt hour from solar electric  
40 generation required pursuant to this section, shall be:

41	EY 2014	\$339
42	EY 2015	\$331
43	EY 2016	\$323
44	EY 2017	\$315
45	EY 2018	\$308
46	EY 2019	\$268
47	EY 2020	\$258
48	EY 2021	\$248

1	EY 2022	\$238
2	EY 2023	\$228
3	EY 2024	\$218
4	EY 2025	\$208
5	EY 2026	<b>[\$198]</b> <u>\$50</u>
6	EY 2027	<b>[\$188]</b> <u>\$40</u>
7	EY 2028	<b>[\$178]</b> <u>\$30</u>
8	EY 2029	<b>[\$168]</b> <u>\$20</u>
9	EY 2030	<b>[\$158]</b> <u>\$10</u>
10	EY 2031	<b>[\$148]</b> <u>\$10</u>
11	EY 2032	<b>[\$138]</b> <u>\$10</u>
12	EY 2033	<b>[\$128]</b> <u>\$10</u> .

13       The board may initiate subsequent proceedings and adopt, after  
14 appropriate notice and opportunity for public comment and public  
15 hearing, an increase in solar alternative compliance payments,  
16 provided that the board shall not reduce previously established  
17 levels of solar alternative compliance payments, nor shall the board  
18 provide relief from the obligation of payment of the SACP by the  
19 electric power suppliers or basic generation service providers in any  
20 form. Any SACP payments collected shall be refunded directly to  
21 the ratepayers by the electric public utilities. Any cost savings that  
22 accrue to an electric public utility as a result of the changes to the  
23 alternative compliance payment rate made pursuant to  
24 P.L. , c. (C. ) (pending before the Legislature as this bill)  
25 shall be reflected in the rates charged by the electric public utility,  
26 as determined by the board.

27       k. The board may allow electric public utilities to offer long-  
28 term contracts through a competitive process, direct electric public  
29 utility investment and other means of financing, including but not  
30 limited to loans, for the purchase of SRECs and the resale of SRECs  
31 to suppliers or providers or others, provided that after such  
32 contracts have been approved by the board, the board's approvals  
33 shall not be modified by subsequent board orders. If the board  
34 allows the offering of contracts pursuant to this subsection, the  
35 board may establish a process, after hearing, and opportunity for  
36 public comment, to provide that a designated segment of the  
37 contracts approved pursuant to this subsection shall be contracts  
38 involving solar electric power generation facility projects with a  
39 capacity of up to 250 kilowatts.

40       1. 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 shall be eligible for use in renewable energy portfolio

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

3 q. (1) During the energy years of 2014, 2015, and 2016, a solar  
4 electric power generation facility project that is not: (a) net  
5 metered; (b) an on-site generation facility; (c) qualified for net  
6 metering aggregation; or (d) certified as being located on a  
7 brownfield, on an area of historic fill or on a properly closed  
8 sanitary landfill facility, as provided pursuant to subsection t. of this  
9 section may file an application with the board for approval of a  
10 designation pursuant to this subsection that the facility is connected  
11 to the distribution system. An application filed pursuant to this  
12 subsection shall include a notice escrow of \$40,000 per megawatt of  
13 the proposed capacity of the facility. The board shall approve the  
14 designation if: the facility has filed a notice in writing with the  
15 board applying for designation pursuant to this subsection, together  
16 with the notice escrow; and the capacity of the facility, when added  
17 to the capacity of other facilities that have been previously  
18 approved for designation prior to the facility's filing under this  
19 subsection, does not exceed 80 megawatts in the aggregate for each  
20 year. The capacity of any one solar electric power supply project  
21 approved pursuant to this subsection shall not exceed 10 megawatts.  
22 No more than 90 days after its receipt of a completed application  
23 for designation pursuant to this subsection, the board shall approve,  
24 conditionally approve, or disapprove the application. The notice  
25 escrow shall be reimbursed to the facility in full upon either  
26 rejection by the board or the facility entering commercial operation,  
27 or shall be forfeited to the State if the facility is designated pursuant  
28 to this subsection but does not enter commercial operation pursuant  
29 to paragraph (2) of this subsection.

30 (2) If the proposed solar electric power generation facility does  
31 not commence commercial operations within two years following  
32 the date of the designation by the board pursuant to this subsection,  
33 the designation of the facility shall be deemed to be null and void,  
34 and the facility shall not be considered connected to the distribution  
35 system thereafter.

36 (3) Notwithstanding the provisions of paragraph (2) of this  
37 subsection, a solar electric power generation facility project that as  
38 of May 31, 2017 was designated as "connected to the distribution  
39 system," but failed to commence commercial operations as of that  
40 date, shall maintain that designation if it commences commercial  
41 operations by May 31, 2018.

42 r. (1) For all proposed solar electric power generation facility  
43 projects except for those solar electric power generation facility  
44 projects approved pursuant to subsection q. of this section, and for  
45 all projects proposed in energy year 2019 and energy year 2020, the  
46 board may approve projects for up to 50 megawatts annually in  
47 auctioned capacity in two auctions per year as long as the board is  
48 accepting applications. If the board approves projects for less than

1 50 megawatts in energy year 2019 or less than 50 megawatts in  
2 energy year 2020, the difference in each year shall be carried over  
3 into the successive energy year until 100 megawatts of auctioned  
4 capacity has been approved by the board pursuant to this  
5 subsection. A proposed solar electric power generation facility that  
6 is neither net metered nor an on-site generation facility, may be  
7 considered "connected to the distribution system" only upon  
8 designation as such by the board, after notice to the public and  
9 opportunity for public comment or hearing. A proposed solar  
10 electric power generation facility seeking board designation as  
11 "connected to the distribution system" shall submit an application to  
12 the board that includes for the proposed facility: the nameplate  
13 capacity; the estimated energy and number of SRECs to be  
14 produced and sold per year; the estimated annual rate impact on  
15 ratepayers; the estimated capacity of the generator as defined by  
16 PJM for sale in the PJM capacity market; the point of  
17 interconnection; the total project acreage and location; the current  
18 land use designation of the property; the type of solar technology to  
19 be used; and such other information as the board shall require.

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

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

26 (b) the approval of the designation of the proposed facility  
27 would not significantly impact the preservation of open space in  
28 this State;

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

31 (d) there will be no impingement on the ability of an electric  
32 public utility to maintain its property and equipment in such a  
33 condition as to enable it to provide safe, adequate, and proper  
34 service to each of its customers.

35 (3) The board shall act within 90 days of its receipt of a  
36 completed application for designation of a solar electric power  
37 generation facility as "connected to the distribution system," to  
38 either approve, conditionally approve, or disapprove the  
39 application. If the proposed solar electric power generation facility  
40 does not commence commercial operations within two years  
41 following the date of the designation by the board pursuant to this  
42 subsection, the designation of the facility as "connected to the  
43 distribution system" shall be deemed to be null and void, and the  
44 facility shall thereafter be considered not "connected to the  
45 distribution system."

46 s. In addition to any other requirements of P.L.1999, c.23 or  
47 any other law, rule, regulation or order, a solar electric power  
48 generation facility that is not net metered or an on-site generation



1 facility and which is located on land that has been actively devoted  
2 to agricultural or horticultural use that is valued, assessed, and  
3 taxed pursuant to the "Farmland Assessment Act of 1964,"  
4 P.L.1964, c.48 (C.54:4-23.1 et seq.) at any time within the 10-year  
5 period prior to the effective date of P.L.2012, c.24, shall only be  
6 considered "connected to the distribution system" if (1) the board  
7 approves the facility's designation pursuant to subsection q. of this  
8 section; or (2) (a) PJM issued a System Impact Study for the facility  
9 on or before June 30, 2011, (b) the facility files a notice with the  
10 board within 60 days of the effective date of P.L.2012, c.24,  
11 indicating its intent to qualify under this subsection, and (c) the  
12 facility has been approved as "connected to the distribution system"  
13 by the board. Nothing in this subsection shall limit the board's  
14 authority concerning the review and oversight of facilities, unless  
15 such facilities are exempt from such review as a result of having  
16 been approved pursuant to subsection q. of this section.

17 t. (1) No more than 180 days after the date of enactment of  
18 P.L.2012, c.24, the board shall, in consultation with the Department  
19 of Environmental Protection and the New Jersey Economic  
20 Development Authority, and, after notice and opportunity for public  
21 comment and public hearing, complete a proceeding to establish a  
22 program to provide SRECs to owners of solar electric power  
23 generation facility projects certified by the board, in consultation  
24 with the Department of Environmental Protection, as being located  
25 on a brownfield, on an area of historic fill or on a properly closed  
26 sanitary landfill facility, including those owned or operated by an  
27 electric public utility and approved pursuant to section 13 of  
28 P.L.2007, c.340 (C.48:3-98.1). Projects certified under this  
29 subsection shall be considered "connected to the distribution  
30 system", shall not require such designation by the board, and shall  
31 not be subject to board review required pursuant to subsections q.  
32 and r. of this section. Notwithstanding the provisions of section 3  
33 of P.L.1999, c.23 (C.48:3-51) or any other law, rule, regulation, or  
34 order to the contrary, for projects certified under this subsection, the  
35 board shall establish a financial incentive that is designed to  
36 supplement the SRECs generated by the facility in order to cover  
37 the additional cost of constructing and operating a solar electric  
38 power generation facility on a brownfield, on an area of historic fill  
39 or on a properly closed sanitary landfill facility. Any financial  
40 benefit realized in relation to a project owned or operated by an  
41 electric public utility and approved by the board pursuant to section  
42 13 of P.L.2007, c.340 (C.48:3-98.1), as a result of the provision of a  
43 financial incentive established by the board pursuant to this  
44 subsection, shall be credited to ratepayers. The issuance of SRECs  
45 for all solar electric power generation facility projects pursuant to  
46 this subsection shall be deemed "Board of Public Utilities financial  
47 assistance" as provided under section 1 of P.L.2009, c.89 (C.48:2-  
48 29.47).

1       (2) Notwithstanding the provisions of the "Spill Compensation  
2 and Control Act," P.L.1976, c.141 (C.58:10-23.11 et seq.) or any  
3 other law, rule, regulation, or order to the contrary, the board, in  
4 consultation with the Department of Environmental Protection, may  
5 find that a person who operates a solar electric power generation  
6 facility project that has commenced operation on or after the  
7 effective date of P.L.2012, c.24, which project is certified by the  
8 board, in consultation with the Department of Environmental  
9 Protection pursuant to paragraph (1) of this subsection, as being  
10 located on a brownfield for which a final remediation document has  
11 been issued, on an area of historic fill or on a properly closed  
12 sanitary landfill facility, which projects shall include, but not be  
13 limited to projects located on a brownfield for which a final  
14 remediation document has been issued, on an area of historic fill or  
15 on a properly closed sanitary landfill facility owned or operated by  
16 an electric public utility and approved pursuant to section 13 of  
17 P.L.2007, c.340 (C.48:3-98.1), or a person who owns property  
18 acquired on or after the effective date of P.L.2012, c.24 on which  
19 such a solar electric power generation facility project is constructed  
20 and operated, shall not be liable for cleanup and removal costs to  
21 the Department of Environmental Protection or to any other person  
22 for the discharge of a hazardous substance provided that:

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

25       (b) the person did not discharge the hazardous substance, is not  
26 in any way responsible for the hazardous substance, and is not a  
27 successor to the discharger or to any person in any way responsible  
28 for the hazardous substance or to anyone liable for cleanup and  
29 removal costs pursuant to section 8 of P.L.1976, c.141 (C.58:10-  
30 23.11g);

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

35       (d) the person does not disrupt or change, without prior written  
36 permission from the Department of Environmental Protection, any  
37 engineering or institutional control that is part of a remedial action  
38 for the contaminated site or any landfill closure or post-closure  
39 requirement;

40       (e) the person does not exacerbate the contamination at the  
41 property;

42       (f) the person does not interfere with any necessary remediation  
43 of the property;

44       (g) the person complies with any regulations and any permit the  
45 Department of Environmental Protection issues pursuant to section  
46 19 of P.L.2009, c.60 (C.58:10C-19) or paragraph (2) of subsection  
47 a. of section 6 of P.L.1970, c.39 (C.13:1E-6);

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

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

11 Only the person who is liable to clean up and remove the  
12 contamination pursuant to section 8 of P.L.1976, c.141 (C.58:10-  
13 23.11g) and who does not have a defense to liability pursuant to  
14 subsection d. of that section shall be liable for cleanup and removal  
15 costs.

16 u. No more than 180 days after the date of enactment of  
17 P.L.2012, c.24, the board shall complete a proceeding to establish a  
18 registration program. The registration program shall require the  
19 owners of solar electric power generation facility projects  
20 connected to the distribution system to make periodic milestone  
21 filings with the board in a manner and at such times as determined  
22 by the board to provide full disclosure and transparency regarding  
23 the overall level of development and construction activity of those  
24 projects Statewide.

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

31 w. No more than 270 days after the date of enactment of  
32 P.L.2012, c.24, the board shall, after notice and opportunity for  
33 public comment and public hearing, complete a proceeding to  
34 consider whether to establish a program to provide, to owners of  
35 solar electric power generation facility projects certified by the  
36 board as being three megawatts or greater in capacity and being net  
37 metered, including facilities which are owned or operated by an  
38 electric public utility and approved by the board pursuant to section  
39 13 of P.L.2007, c.340 (C.48:3-98.1), a financial incentive that is  
40 designed to supplement the SRECs generated by the facility to  
41 further the goal of improving the economic competitiveness of  
42 commercial and industrial customers taking power from such  
43 projects. If the board determines to establish such a program  
44 pursuant to this subsection, the board may establish a financial  
45 incentive to provide that the board shall issue one SREC for no less  
46 than every 750 kilowatt-hours of solar energy generated by the  
47 certified projects. Any financial benefit realized in relation to a  
48 project owned or operated by an electric public utility and approved

1 by the board pursuant to section 13 of P.L.2007, c.340 (C.48:3-  
2 98.1), as a result of the provisions of a financial incentive  
3 established by the board pursuant to this subsection, shall be  
4 credited to ratepayers.

5 x. Solar electric power generation facility projects that are  
6 located on an existing or proposed commercial, retail, industrial,  
7 municipal, professional, recreational, transit, commuter,  
8 entertainment complex, multi-use, or mixed-use parking lot with a  
9 capacity to park 350 or more vehicles where the area to be utilized  
10 for the facility is paved, or an impervious surface may be owned or  
11 operated by an electric public utility and may be approved by the  
12 board pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1).  
13 (cf: P.L.2021, c.169, s.10)  
14

15 2. The Board of Public Utilities may adopt rules and regulations  
16 to implement the provisions of this act. The rules and regulations  
17 shall be effective immediately upon filing with the Office of  
18 Administrative Law and shall be in effect for a period not to exceed  
19 18 months, and shall, thereafter, be amended, adopted, or readopted  
20 by the board in accordance with the provisions of the  
21 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
22 seq.)  
23

24 3. This act shall take effect immediately.  
25  
26

## 27 STATEMENT

28

29 This bill would reduce the value of the solar alternative  
30 compliance payment, which may be used to satisfy the solar  
31 renewable portfolio standard in lieu of purchasing and retiring a  
32 solar renewable energy certificate (SREC), for Energy Years (EY)  
33 2025 through 2033 (i.e, from June 1, 2025 to May 31, 2033).

34 The bill would provide that the value of the solar alternative  
35 compliance payment would be \$50 in EY 2026, \$40 in EY 2027,  
36 \$30 in EY 2028, \$20 in EY 2029, and \$10 in EY 2030 and  
37 thereafter. The bill would also clarify that the value of the solar  
38 alternative compliance is to be determined by the amounts provided  
39 in section 38 of P.L.1999, c.23 (C.48:3-87), and is not to be  
40 determined by the Board of Public Utilities (BPU). The bill would  
41 provide that any cost savings that accrue to an electric public utility  
42 as a result of the changes to the alternative compliance payment rate  
43 made pursuant to the bill would be reflected in the utility's rates.  
44 Finally, the bill would authorize the BPU to adopt rules and  
45 regulations to implement the provisions of the bill that would be  
46 effective immediately upon filing with the Office of Administrative  
47 Law for a period of 18 months.