



New Jersey Board of Public Utilities

NEWS RELEASE

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Report Credits Christie Administration with Stabilizing New Jersey's Solar Market

State Hits Milestone of Producing 2% of Retail Electric Supply from Solar

TRENTON, N.J. –The New Jersey Board of Public Utilities (BPU) has concluded an analysis of the volatility of the State's solar market and transmitted a report of its findings and recommendations to the New Jersey Legislature. A report by Rutgers' Bloustein School of Planning and Public Policy entitled *Solar Market Development Volatility in New Jersey* provides a review of the drivers of past solar market volatility along with potential options for future mitigation of volatility.

Early in the Christie Administration, the Governor and the Board recognized the need to address volatility in the solar market, and responded with specific policy recommendations in the 2011 New Jersey Energy Master Plan, issued Dec.6, 2011. The Christie Administration worked to incorporate these recommendations in the bi-partisan effort that resulted in the Solar Act of 2012.

N.J. Board of Public Utilities President Dianne Solomon stated, "New Jersey's solar market is sound." Solomon continued, "The bipartisan actions taken by the Christie Administration and the state legislature provided needed stability in New Jersey's solar market and the Board's continued implementation of the Solar Act will help to further stabilize the market."

In a shining example of the strength of the state's solar industry, as of June 2014, New Jersey is now capable of producing 2% of its retail electric supply requirements through 1.3 GWdc of installed solar capacity (based on the current rate of annual electricity consumption). Furthermore, New Jersey's solar market reclaimed the ranking of second largest U.S. market for quarterly installed solar capacity for the first quarter of 2014 (Solar Energy Industries Association).

In compliance with mandates of the Solar Act of 2012, the Board conducted stakeholder proceedings to investigate approaches to mitigating solar market development volatility and presented a report of its findings and recommendations to the legislature. The report confirms that volatility in the market was primarily due to developers installing solar faster than annual increases in New Jersey's renewable

portfolio standard (RPS), which was driven by generous federal incentives, falling solar equipment costs and the high value of solar renewable energy certificates (SREC).

The independent report confirms that the bipartisan Solar Act of 2012 provided a counterbalance to market volatility by accelerating the solar requirements for energy year 2014, adjusting the solar alternative compliance payment schedule downward, and extending the shelf life of SRECs from 3 years to 5 years.

In preparing the *Solar Market Development Volatility in New Jersey* report, current solar policy, alternative methods, and public stakeholder input were reviewed and briefed in the report as possible approaches to mitigation against future volatility. The options reviewed in the report are in the areas of:

- Continuation of the Current Course and Implementation of Solar Act;
- Implementation of Complementary Initiatives;
- Supply Responsive Demand Formula with an SREC Price Floor; or
- Implementation of a Capped-Quantity Incentive.

In response to the report, the Board directed Staff to continue monitoring solar market development activity while also working with stakeholders to identify gaps in data availability and to continue to improve data transparency. In the event that significant solar development volatility returns for three consecutive quarters, the Board recommends the following actions:

- Evaluation of whether the changes are cyclical and/or normal variations not requiring intervention;
- If intervention is warranted, engagement of stakeholders in development of appropriate responses such as limiting EDC sales of SRECs to recover costs for their EDC owned solar investments, exercising the Board's statutory authority to authorize retail electricity suppliers and providers to cease offering net metering for large solar electric generation facilities since the aggregate net metered capacity has exceeded 2.5% of statewide peak electricity demand, or consider other approaches to mitigating solar development volatility; and
- Consideration of possible means to further restrict eligibility to participate in the SREC market of projects that present potential and significant SREC market impacts.

The report, *Solar Market Development Volatility in New Jersey* and the Board Secretary's Letter to the New Jersey Legislature can be found here: <http://nj.gov/bpu/newsroom/reports/>