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NOTICE¹

New Jersey's Solar Market Transition

Stakeholder Meeting

The Staff of the New Jersey Board of Public Utilities ("BPU") invites all interested parties and members of the public to a Stakeholder Meeting to discuss a number of issues to inform the development and transition of the New Jersey Solar Renewable Energy Certificate ("SREC") Program.

On May 23, 2018, P.L.2018, c.17 (the "Clean Energy Act," formerly known as A3723/S2314) was signed into law, directing the BPU to transition the solar market away from SRECs and into a new methodology. Specifically, the statute requires that:

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

[N.J.S.A. 48:3-87(d)(3).]

The statute further requires that:

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

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

[N.J.S.A. 48:3-87(d)(3).]

The BPU has proposed the initial rule to allow for the closing of the program, and that stakeholder process is ongoing; now, the BPU Staff seeks stakeholder input on the remaining issues surrounding the orderly transition to a new program and the creation of the new program itself.

New Jersey's Solar Market Transition:

Date: Wednesday, October 17, 2018

Location: Larson Auditorium
Seton Hall Law School
One Newark Center
Newark, NJ 07102

Time: 4 p.m.-7 p.m.

Stakeholders who wish to be called first should submit a summary of their comments to the BPU, as these summaries will enable the BPU to organize the order of comments and to prepare questions to stakeholders. Summaries must be submitted via email to Rule.Comments@bpu.nj.gov no later than **5:00 p.m. on October 15, 2018**. Stakeholders wishing to speak at the public meeting without previously submitting summaries may do so by signing up upon arrival to the public meeting.

Written comments are also encouraged and must be submitted to Aida Camacho, Secretary, New Jersey Board of Public Utilities, 44 South Clinton Avenue, 3rd Floor, Suite 314, CN 350, Trenton, New Jersey 08625. Written comments may also be submitted electronically to Rule.Comments@bpu.nj.gov in PDF or Microsoft Word Format. All comments must be received on or before **5:00 p.m. on November 2, 2018**.

Please take further notice that the discussion points contained in this Request for Comments have been prepared by Board Staff for discussion purposes only.

Request for Comments

Stakeholders are invited to submit comments on the issues below. Staff requests detailed input on the following specific areas and questions:

1. How should the BPU identify, determine, and calculate the “attainment of 5.1 percent of the kilowatt-hours sold in the State by each electric power supplier and each basic generation provider from solar electric power generators connected to the distribution system”?
2. Would closing the SREC program to new applications before there is an oversupply cause SREC prices to reach or exceed the Class I renewables cost cap (per the Clean Energy Act)? Would closing the SREC program to new applications after there is an oversupply cause SREC prices to drop significantly? Please explain your analysis.
3. Explain your understanding of what constitutes an “orderly and transparent mechanism that will result in the closing of the existing SREC program on a date certain but no later than June 1, 2021.” How much notice is needed, and what specific information should be published?

4. How can the Board ensure SREC prices are sufficient to support an orderly and transparent closure of the SREC program, while providing enough money under the cost cap to fund new solar incentive programs and other Class I renewables to meet the 50% RPS requirement by 2030?
5. What alternative approaches should be considered to allow for adequate compensation of existing solar projects while preserving enough money under the cost cap to support continued growth in solar and other Class I renewables?
6. Consistent with the guidelines in the law, how can the BPU ensure continuity between the closure of the SREC program to new applications and the establishment of a new or modified set of solar programs?
7. Are there approaches or concepts the Board should consider for early implementation as it explores new or modified solar incentive programs?
8. As the Board begins to consider the structure of new or modified solar incentive programs, what goals or approaches are most important to assuring the long-term growth of a sustainable solar industry?
9. The Clean Energy Act requires the Board, when conducting a study on how to modify or replace the current SREC program, to ensure that the program will continually reduce, where feasible, the cost of achieving the solar energy goals set forth in the act. How can the Board best ensure that the new program will continually reduce the cost of the achieving the State's solar energy goals?
10. What alternate models in other states or localities should the Board evaluate as it considers the structure of a new or modified solar program?
11. Please provide general comments on any issues not specifically addressed in the questions above. Please do not reiterate previously made comments, and kindly keep these comments succinct.



Aida Camacho-Welch
Board Secretary

Dated: October 5, 2018