



Agenda Date: 3/19/25
Agenda Item: 8I

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF A SUCCESSOR SOLAR) ORDER REALLOCATING CAPACITY
INCENTIVE PROGRAM PURSUANT TO P.L. 2021, C.) IN THE ADI PROGRAM
169)
) DOCKET NO. QO25020054

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board") considers the reallocation of capacity among the Administratively Determined Incentive ("ADI") solar program market segments.

BACKGROUND

On May 23, 2018, the Clean Energy Act, L. 2018, c. 17 ("CEA" or "Act"), was signed into law. Among other mandates, the Act directed the Board to adopt rules and regulations to close the Solar Renewable Energy Certificate ("SREC") Registration Program ("SRP") to new registrations once 5.1% of the kilowatt-hours sold in the State were generated by solar electric power connected to the distribution system (known as the 5.1% Milestone), and to develop a new solar incentive program. In addition, the CEA directed the Board to complete a study that evaluates how to modify or replace the SRP to encourage the continued efficient and orderly development of solar renewable energy generating sources throughout the State.

Toward fulfillment of this mandate, by Order dated December 6, 2019, the Board ordered the creation of the Transition Incentive ("TI") Program, which provided incentives to eligible solar facilities by means of fixed price, factorized Transition Renewable Energy Certificates ("TRECs").¹ Rules for the TI Program took effect upon publication in the New Jersey Register on October 5, 2020 ("TI Rules").²

¹ In re a New Jersey Solar Transition Pursuant to P.L. 2018, c. 17, BPU Docket No. QO19010068, Order dated December 6, 2019.

² 52 N.J.R. 1850(a).

On July 9, 2021, Governor Murphy signed the Solar Act of 2021 (“Solar Act”).³ The Solar Act directed the Board to establish a program to incent the development of at least 3,750 MW of new solar by 2026. The Solar Act directed the Board to establish a program to incent the development of 3,750 MW of solar by 2026, by establishing a new program for incentivizing solar in New Jersey through the mechanism of SREC-IIs, representing the value of the environmental attributes produced by the solar electric power generation facility. The Solar Act further directed the Board to create a small solar facilities program with administratively set incentive values, and a solicitation process for awarding contracts for grid supply solar facilities and net metered solar facilities greater than five (5) megawatts (“MW”).

On July 28, 2021, following an extensive stakeholder process, the Board approved the creation of the Successor Solar Incentive (“SuSI”) Program, consisting of the ADI Program and the Competitive Solar Incentive (“CSI”) Program.⁴ The ADI Program launched on August 28, 2021 and the CSI Program was approved by the Board via Order on December 7, 2021.⁵

The ADI Program is open to residential projects, net metered non-residential projects equal to or less than five (5) MW, and community solar projects. Rules governing the ADI Program took effect on February 22, 2022. N.J.A.C. 14:8-11.1 to 11.9 (“ADI Rules”).

The SuSI Program Order and the ADI Rules also provided that the ADI Program would be open, on an interim basis, to projects located on property types that were previously eligible to seek conditional certification from the Board pursuant to N.J.S.A. 48:3-87(t) (“Subsection t”), which are referred to as “interim subsection (t) projects”.

Pursuant to the ADI Rules, the Board makes an annual allocation of capacity to each market segment established in the ADI Program. N.J.A.C. 14:8-11.7. The annual allocation of capacity to market segments for Energy Year (“EY”) 2025 (“EY25”) was made by Order dated May 22, 2024.⁶

³ L. 2021, c. 169; N.J.S.A. 48:3-114 et al.

⁴ In re A New Jersey Solar Transition Pursuant to P.L. 2018, C. 17, BPU Docket No. QO19010068, Order dated July 28, 2021 (“SuSI Program Order”).

⁵ Rules governing the CSI Program took effect on December 18, 2023. 55 N.J.R. 2555(a).

⁶ In re Certification of Energy Year 2023 Cost Cap Calculations and Setting ADI Program Megawatt Blocks for Energy Year 2025, BPU Docket No. QO24020117, Order dated May 22, 2024.

Table 1. ADI Megawatt Block Capacity Allocation for EY25⁷

System Type	Size	EY 2024 MW Block	EY 2025 MW Block
Net Metered Residential	All sizes	200 MW	200 MW
Net Metered Non- Residential (all installation types)	All sizes at or below 5 MW	150 MW plus unused EY 2023 capacity (124.89 MW)	200 MW
Remote Net Metering Program	All sizes at or below 5 MW	n/a	50 MW
Community Solar	All sizes at or below 5 MW	500MW	Unused EY 2024 capacity

The ADI Rules at N.J.A.C. 14:8-11.7 (c) provide that

...the Board may adjust the market segments or create new market segments through a Board order to reflect changes in the solar market. In considering an adjustment, the Board shall include consideration of whether increased or decreased differentiation between market segments is necessary in light of the costs and revenues of different project types, administrative complexity, or the emergence of new technologies.

At its December 7, 2022 agenda meeting, after reviewing the existing demand and the remaining capacity in the various market segments of the EY 2023 ADI Program, the Board determined that absent Board action, the residential market segment would be fully subscribed significantly earlier than the end of the EY. The Board thus approved a reallocation of capacity from the net metered non-residential and the Interim Subsection t market segments to the residential segment.⁸

No such reallocation was necessary in EY 2024.

The current EY began on June 1, 2024. Since that date, ADI registrations have been submitted for projects in the net metered residential market segment on a pace that will commit the full 200 MW of allocated capacity well before the conclusion of EY25. As of March 3, 2025, 161.5 MW have been subscribed, with approximately 38.5 MW remaining. The net metered non-residential market segment, on the other hand, has proceeded at a slower pace.

⁷ As noted in the May 2024 Order, P.L. 2023, c. 200, since codified at N.J.S.A. 48: 3-87(d), set an expanded goal for the community solar market segment; since applications did not exceed 500 MW as of the date of the May 2024 Order, the Board rolled over the unused EY24 capacity into EY25.

⁸ In re a Successor Solar Incentive Program Pursuant to P.L. 2021, C. 169 – Order Reallocating Capacity in the ADI Program, Order dated December 7, 2022, BPU Dkt. No. QW22030128. In a companion item on this agenda, the Board closed the Interim Subsection t program to new applications.

Table 2. ADI Energy Year 2025 Capacity Subscribed as of March 3, 2025

Market Segment	Capacity Block (dc)	Capacity Subscribed (dc)	Capacity Available (dc)
Net Metered Residential	200,000 kW	161,495.05 kW	38,504.95 kW
Net Metered Non-Residential	200,000 kW	74,471.21 kW	125,528.79 kW
Remote Net Metering ⁹	50,000 kW	0 kW	50,000 kW
Community Solar ¹⁰	500,000 kW	496,200 kW	3,800 kW

^ <https://njadi.programprocessing.com/> accessed March 3, 2025

DISCUSSION AND FINDINGS

The ADI Rules state that “the Board may adjust the market segments... through a Board order to reflect changes in the solar market.” In considering an adjustment, the Board shall include consideration of whether increased or decreased differentiation between market segments is necessary in light of the costs and revenues of different project types, administrative complexity, or the emergence of new technologies. N.J.A.C. 14:8-11.7 (c). In determining whether a reallocation among the market segments is warranted, the Board looks to the disparity in registration activity shown in Table 2. The Board **FINDS** that the residential market segment is on track to fully subscribe its allocated 200 MW of capacity well in advance of the end of EY25. Without Board action, the residential market segment will be forced to close until the next energy year begins on June 1, 2025. Such a result would undermine the stability of the incentive program and detrimental to the stable development of New Jersey’s solar market. The Board **FINDS** that the net metered non-residential market segment has subscribed seventy-four (74) MW or thirty-seven percent (37%) of its allocated 200 MW of capacity, such that 125 MW remain in that market segment. The costs and revenues of these net-metered non-residential projects have not resulted in more robust subscription levels. The Board **FINDS** that this market segment is very unlikely to use all of its remaining capacity prior to the end of this energy year.

The Board **FINDS** that reallocating seventy-five (75) MW from the non-residential market segment to the residential market segment is in the best interest of ratepayers. Therefore, the Board **DIRECTS** Board Staff to reallocate seventy-five (75) MW of capacity from the non-residential market segment to the residential market segment.

⁹ The Remote Net Metering market segment began accepting applications on February 17, 2025.

¹⁰ Pursuant to N.J.S.A. 48: 3-87.11(f)(2), an additional 250 MW is anticipated to be added to the Community Solar market segment prior to June 1, 2025.

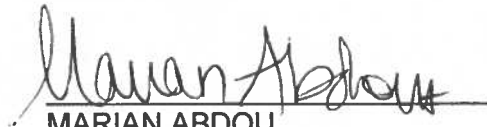
The effective date of this Order is March 26, 2025.

DATED: March 19, 2025

BOARD OF PUBLIC UTILITIES
BY:

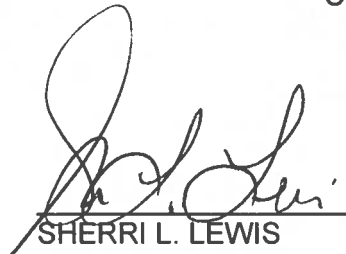

CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


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ATTEST:


SHERRI L. LEWIS
BOARD SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF A SUCCESSOR SOLAR INCENTIVE PROGRAM PURSUANT TO P.L. 2021, C.169 - ORDER
REALLOCATING CAPACITY IN THE ADMINISTRATIVELY DETERMINED INCENTIVE PROGRAM

BPU DOCKET NO. QO25020054

SERVICE LIST

New Jersey Board of Public Utilities

44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, NJ 08625-0350

Sherri Lewis, Secretary
board.secretary@bpu.nj.gov

Bob Brabston, Esq., Executive Director
robert.brabston@bpu.nj.gov

Stacy Peterson, Deputy Executive Director
stacy.peterson@bpu.nj.gov

Taryn Boland, Chief of Staff
taryn.boland@bpu.nj.gov

General Counsel's Office

Colin Emerle, Deputy General Counsel
colin.emerle@bpu.nj.gov

Elsbeth Faiman Hans, Deputy General Counsel
elsbeth.hans@bpu.nj.gov

Rachel Boylan, Regulatory Officer
rachel.boyland@bpu.nj.gov

Division of Clean Energy

Véronique Oomen, Director
veronique.oomen@bpu.nj.gov

Bence Oliver, Deputy Director
bence.oliver@bpu.nj.gov

Zainab Durda, Program Administrator
zainab.durda@bpu.nj.gov

Earl Thomas Pierce
earl.pierce@bpu.nj.gov

New Jersey Division of Rate Counsel

Brian O. Lipman, Esq., Director
140 East Front Street, 4th Floor
Trenton, NJ 08625
blipman@rpa.nj.gov

New Jersey Division of Law

Public Utilities Section
R.J. Hughes Justice Complex
25 Market Street, P.O. Box 112
Trenton, NJ 08625

Daren Eppley, Section Chief, DAG
daren.eppley@law.njoag.gov

Pamela Owen, Assistant Section Chief, DAG
pamela.owen@law.njoag.gov

Steven Chaplar, DAG
steven.chaplar@law.njoag.gov

TRC Energy Solutions

900 Route 9 North, Suite 404
Woodbridge, NJ 07095

Thomas A. Kowalczyk, Manager, Regulatory
Compliance
317 George Street, Suite 520
New Brunswick, NJ 08901
tkowalczyk@trcsolutions.com

Michael Ambrosio, Director, Policy and Planning
mambrosio@trcsolutions.com

Tammy VanBlarcom, Manager, SREC Registration
Program
tvanblarcom@trccompanies.com