

Agenda Date: 11/21/25

Agenda Item: 8G

STATE OF NEW JERSEY

Board of Public Utilities 44 South Clinton Avenue, 1st Floor Trenton, New Jersey 08625-0350 www.nj.gov/bpu/

		<u>CLEAN ENERGY</u>
N THE MATTER OF THE VERIFIED PETITION OF THE PASSAIC VALLEY SEWERAGE COMMISSION FOR WAIVERS OF CERTAIN ADMINISTRATIVELY DETERMINED INCENTIVE PROGRAM REQUIREMENTS AND RELATED RELIEF))))	ORDER DOCKET NO. QW25050302

Parties of Record:

Steven S. Goldenberg, Esq., on behalf of Passaic Valley Sewerage Commission

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board" or "BPU") considers the petition of the Passaic Valley Sewerage Commission ("PVSC") for a waiver of the restrictions on colocation for solar facilities in the Administratively Determined Incentive ("ADI") Program.

BACKGROUND

On May 23, 2018, the Clean Energy Act, L. 2018, c. 17 ("CEA") was signed into law. Among other mandates, the CEA directed the Board 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 ("5.1% Milestone"). On July 9, 2021, Governor Murphy signed into law the Solar Act of 2021 ("Solar Act"), 1 which directed the Board to establish a program to incent the development of at least 3,750 megawatts ("MW")² of new solar by 2026 through programs for small solar facilities and for grid-supply and large solar facilities. The resultant Successor Solar Incentive ("SuSI") Program is designed to implement this mandate and increase the supply of electricity that New Jersey consumers receive from clean solar energy, while simultaneously bringing down the costs of solar generation in the State.

Pursuant to the CEA, the SRP closed on April 30, 2020, following the Board's determination that the 5.1% Milestone had been attained. The SRP was replaced by the interim Transition Incentive ("TI") Program, which was created to provide a bridge between the SREC Program and the

¹ L. 2021, c. 169; N.J.S.A. 48:3-114 et al.

² All references to solar capacity in megawatts are measured in direct current

successor incentive program. The TI Program portal opened to new applications on May 1, 2020; pursuant to Board Order³ and the TI Rules,⁴ the TI Program remained open to new registrations through August 27, 2021.

Pursuant to the Solar Act, on July 28, 2021, the Board established the SuSI Program, comprised of two subprograms: 1) the ADI Program for net metered residential facilities, net metered non-residential facilities of 5 MW or less, and community solar facilities; and 2) the Competitive Solar Incentive ("CSI") Program for grid-supply solar projects and net metered non-residential projects above 5 MWdc.⁵ The ADI Program opened to new registrations on August 28, 2021, and the first solicitation of the CSI Program opened for pregualification on February 1, 2023.

On August 16, 2023, the Board established the Community Solar Energy Program ("CSEP") and simultaneously proposed program rules that set forth the methodology by which it would be governed.⁶ The CSEP provides incentives to qualifying projects up to 5 MW in capacity as part of the ADI Program.

Since the ADI Program provides a fixed incentive and greater certainty than the competitive structure of the CSI Program, the Board recognized that developers might choose to divide a net metered project that would otherwise be over 5 MW and CSI-eligible into smaller, ADI-eligible projects. Likewise, the ADI Program provides a larger incentive for projects under 1 MW in size than for those larger than 1 MW, which could create the same perverse incentive to separate projects that would otherwise have been a single larger project. In order to deter such artificial division and encourage participation in the CSI Program or in the large net metered ADI market segment, the Board placed restrictions on the location of multiple projects on the same property or on contiguous properties, defined as "co-location" in the ADI rules.

Prior Petition

PVSC filed a petition on September 29, 2022, seeking an eighteen-month extension in the TI Program for four projects totaling 19 MW at its wastewater treatment plant in Newark, New Jersey ("Treatment Plant") ("TI Petition"). In a supplement to the TI Petition, PVSC decreased the size of the projects subject to the petition to 4.8 MW. On October 9, 2024, the Board issued an order that permitted the registration in the TI Program of a 903.96 kW DC rooftop portion of the project that had timely received permission to operate ("PTO"). In the same order, the Board denied an extension in the TI Program to the remainder of the Petitioner's projects, which were sited on rooftops and the floodwall, and stated that the projects could submit an application for eligibility in the ADI Program.⁷

³ In re a New Jersey Solar Transition Pursuant to P.L. 2018, c. 17, BPU Docket No. QO19010068, Order dated January 8, 2020.

⁴ N.J.A.C. 14:8-10

⁵ In re a New Jersey Solar Transition Pursuant to P.L. 2018, c. 17, BPU Docket No. QO19010068, Order dated July 28, 2021 ("2021 SuSI Order")

⁶ In re a Rulemaking Proceeding to Establish the Community Solar Energy Program Pursuant to P.L. 2018, c. 17, BPU Docket No. QX23070434, Approval dated August 16, 2023.

⁷ <u>In re the Verified Petition of the Passaic Valley Sewerage Commission for Approval of an Extension of the Transition Incentive Program Commercial Operation Deadline</u>, BPU Docket No. QO22090615, Order dated October 9, 2024 ("October 2024 Order").

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PETITION

On May 31, 2025, PVSC filed a petition requesting waivers of the Board's rule at N.J.A.C. 14:8-11.4(f), which prohibits co-location in the ADI Program ("ADI Petition"). According to the ADI Petition, the proposed projects are necessary for Petitioner's Treatment Plant resilience initiative, and the ADI Program incentives are necessary to ensure the completion of these projects. In support of its request, Petitioner cited a decision issued by the New Jersey Department of Environmental Protection ("DEP") on July 18, 2024, that authorized the modification of PVSC's previously authorized air permit provided several conditions were met. One condition required PVSC to install the maximum feasible and no less than 5 MW of solar generation at the Treatment Plant by December 31, 2026. In addition to a proposed natural gas-fired power plant, the solar projects would provide backup power in the event of the loss of grid power due to major storms or other power outages such as that experienced during Hurricane Sandy in 2012.

According to the Petitioner, there is good cause for the relief sought because of the public interest in ensuring that the PVSC facility has backup power to continue operation in the event of severe flooding, which could otherwise discharge untreated sewage, causing damage to residents and the environment. The Petitioner further states that the on-site solar facilities were originally designed when the TI Program was in place, which did not have capacity or co-location restrictions.

The Petitioner grouped the solar facilities constructed or planned for construction at the site as follows:

- Category 1 comprises four projects that were accepted into the TI Program, having timely reached commercial operation under that program. These have a combined capacity of 903.96 kW.
- Category 2 consists of five projects that received conditional approval for the TI Program
 and have begun commercial operation but did not do so prior to their TI Program
 deadlines. These projects obtained utility PTO on April 4, 2024. The Board denied an
 extension in the TI Program for these projects in the October 2024 Order. The Petitioner
 intends to submit complete registration packages for these projects in the ADI Program.
 These projects have a combined capacity of 515.16 kW.
- Category 3 includes eleven projects intended to be constructed and completed in 2025 or 2026. These projects would be built as canopy or ground mount projects and have a combined capacity of 3220.56 kW.

Stating that the total capacity of the on-site facilities is insufficient to meet the DEP's 5 MW minimum of solar power, PVSC is developing additional projects on contiguous properties:

- Centerpoint Properties project with a capacity of 2.09 MW
- New Jersey Transit project with capacity of 4.98 MW.

These projects would also serve the PVSC facility and be co-located with the on-site projects; since their combined capacities would exceed 5 MW, these projects would require a waiver to participate in the ADI Program.

In addition, the Petitioner seeks to develop community solar facilities on non-contiguous properties owned by FAPS, Inc. and the Morris Company. These facilities would supply electricity to the grid under normal conditions but would also be connected to the PVSC facility to supply

backup power during emergency conditions as part of a microgrid. According to the Petitioner, the rooftop of the Morris Company building is large enough to install two co-located 5 MW projects ("Morris Company Projects") which, again, would require a waiver to be permitted to participate in the ADI Program.

To construct the above-described projects, the Petitioner requested five waivers:

First, the Petitioner requested a waiver of the requirement at N.J.A.C. 14:8-11.4(b) that ADI Projects must receive a notice of conditional registration prior to beginning construction on the facility, which would allow facilities in the second category of projects, which had begun construction while registered in the TI Program, to register in the ADI Program. The Petitioner states that there should be a smooth transition between programs and that projects should not be stranded without an incentive due to inability to reach commercial operation prior to their deadline in the TI Program.

Second, the Petitioner requested a waiver of the restriction on co-location of projects at N.J.A.C 14:8-11.4(f) with respect to its net-metered projects. The Petitioner stated that it developed these projects in stages to fit the various available spaces at the site and expanded the planned facilities to contiguous properties in response to the DEP's directives. The Petitioner further stated that it did not design the projects to circumvent any rules, and, because the individual on-site projects each have a capacity of less than 1 MW, they are eligible to receive an incentive of \$110/MWh, plus the adder for projects serving public entities. The addition of the large projects on the Centerpoint and New Jersey Transit properties, which are necessary to comply with the DEP's directive, triggers the co-location issue, and according to the Petitioner, the smaller on-site projects should not be affected by the inclusion of the larger contiguous property projects.

Third, the Petitioner requested a waiver of the ADI Program's rule that limits participating projects to 5 MW. The Petitioner noted that the projects on contiguous properties would have a combined capacity of 7 MW, and all projects including those on-site have a combined capacity of 11.46 MW, which would exceed the maximum permitted in the ADI Program for net-metered projects. According to the Petitioner, participating in the CSI Program would result in uncertainty for the projects, as it would have to wait to participate in an upcoming procurement and the competitive nature of the CSI Program might result in the loss of any incentive. Petitioner asserted that being required to participate in the CSI Program would hinder it as a public entity seeking to develop its projects with other entities, while forcing it to limit project capacity to 5 MW to comply with ADI Program rules would strand the additional capacity of its projects, render it non-compliant with the DEP's directive, and limit power needed for its operations.

Fourth, the Petitioner requested that, if necessary, the Board exercise its authority to expand the ADI Program capacity block for the Net Metered Non-Residential market segment. The Petitioner noted that this market segment has historically lagged behind the other segments and that the Board has re-allocated capacity from this segment to the Net Metered Residential segment. The Petitioner requested that its projects be permitted to register in the Net Metered Non-Residential market segment without regard for the capacity limit, which was set to 150 MW for energy year 2026.

Fifth, the Petitioner requested a waiver of the restriction on co-location of projects at N.J.A.C 14:8-11.4(f) with respect to its proposed community solar projects. The Petitioner stated that it seeks to construct multiple facilities on a single rooftop whose combined capacity would be greater than 5 MW. In support of this request, Petitioner asserted that during power outages these community solar projects would provide backup power to the PVSC facility through its microgrid, while at

other times they would serve low- to moderate-income households around Newark through the CSEP. The Petitioner also stated that a waiver that permits this multiple-use development would allow it to offer a competitive lease rate for the site.

DISCUSSION AND FINDINGS

The Board is authorized to relax or waive its rules pursuant to N.J.A.C. 14:1-1.2, which provides that the rules may be liberally construed to permit the Board to carry out its statutory functions. In considering whether to grant a request for a waiver, the Board looks to the standards provided in this rule. In special cases upon a showing of good cause the Board may relax or permit deviations from the rule. N.J.A.C. 14:1-1.2(b). Additionally, the Board shall waive sections of the rule if it adversely affects ratepayers, hinders safe, adequate and proper service, or is in the interest of the general public. N.J.A.C. 14:1-1.2(b)(1). In considering a waiver request related to solar programs, the Board weighs the interest of the developers and the customers to be served; the State's renewable energy development goals; its interest in controlling the cost of solar subsidies to ratepayers; and the benefits of facilitating a smooth transition for solar projects and developers.

New Jersey has a strong and diverse landscape of solar development, and the Board has a long history of facilitating its continued health and expansion to meet Governor Murphy's Clean Energy goals and offer economic opportunities to a variety of commercial players. Thus, the Board developed the ADI and CSI Programs with the goal of providing the necessary incentives required for solar development of both large and small facilities at the lowest cost to ratepayers. As noted above, the ADI Program provides fixed Solar Renewable Energy Certificate II ("SREC-II") incentive values in order to provide certainty in available incentives for net metered projects smaller than 5 MW, while the CSI Program uses an annual competitive solicitation to award SREC-IIs to net metered projects larger than 5 MW.

The Board addresses each of the Petitioner's requests for waivers in turn.

With respect for the request for a waiver of N.J.A.C. 14:8-11.4(b) regarding beginning construction prior to receiving a notice of conditional registration in the ADI Program, the Board notes that N.J.A.C. 14:8-11.4(b) has been amended to provide that a project that had an active TI registration will not be barred from the ADI Program by reason of having commenced commercial construction prior to acceptance into that program. The October 2024 Order specified that the systems that received PTO on April 4, 2024, would be eligible for the ADI Program if they satisfied all other eligibility requirements, program rules and regulations. The Board **DENIES** this waiver request as moot.

Petitioner next requested a waiver of the ADI co-location rule at N.J.A.C 14:8-11.4(f) regarding its net-metered projects. The Board's rules define "co-location" as "siting two or more SuSI-eligible solar facilities on the same property or on contiguous properties" and set the following restrictions co-location in the ADI Program:

 Co-located net metered facilities that serve the same net metering customer as defined at N.J.A.C. 14:8-4 may sum to a capacity of no more than five MW in the ADI Program;

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⁸ N.J.A.C. 14:8-11.2

2. Co-located community solar and/or remote net metered facilities may sum to a capacity of no more than five MW unless sited on:

- i. Rooftops of separate buildings on different properties; or
- ii. A landfill that is owned by a public entity and is not properly closed at the time of registration, in which case, the total capacity of all the co-located community solar and/or remote net metered facilities may sum to no more than 10 MW; and
- Co-located net metered facilities shall receive the lowest incentive value available to any of the facilities as if registered either individually or aggregated. The registration packages of such colocated facilities shall include an affidavit accepting the lowest incentive.

[N.J.A.C. 14:8-11.4(f).⁹]

Although the ADI Petition states that co-location is an issue only because of the over-1 MW offsite properties, the Board notes that all proposed facilities, both on-site at the PVSC facility and offsite on contiguous properties, fall under the definition of "co-location". The SuSI rules therefore require that they shall all receive the lowest incentive value available to any of the facilities as if registered aggregated.

Although this development began during the TI Program and was not intended to circumvent colocation restrictions that did not yet exist, the Board considered the criteria for granting an exception to the co-location requirements in setting up the ADI Program. In the 2021 SuSI Order, the Board adopted Staff's recommendations regarding the consequences of co-location. With respect to a petition for waiver of this rule, Staff recommended "looking at whether the co-located solar projects are under common ownership or control or whether the proposed systems are owned by financially unrelated entities."10 In the matter under review, the projects in Categories 2 and 3 total 3.735 MW. The Board notes that they are not only physically co-located in close proximity but were also developed together as part of a set of projects under common ownership, benefitting the same customer, sharing the same utility interconnection, and constructed or planned to be constructed at or around the same time. These projects remain eligible for the ADI Program and will receive the benefits of that eligibility. The Board does not believe that the timing of their construction constitutes good cause to find that the projects are not co-located, nor that they should receive an exception to the rule that larger projects receive a lower incentive. The Board therefore FINDS that the facilities in Category 2 and Category 3 are co-located on the same property and **DENIES** this waiver request.

Pursuant to N.J.S.A. 14:8-11.4(f)(3), "[c]o-located net metered facilities shall receive the lowest incentive value available to any of the facilities[.]" While the capacity of these co-located projects is such that an incentive for large projects appropriately applies to all projects, the Board <u>FINDS</u> that the quoted language does not require that the lowest applicable incentive for large projects apply to all such projects. Rather, the Board <u>FINDS</u> that it is appropriate for the projects discussed above – Category 2, Category 3, and those located on the contiguous sites owned by Centerpoint Properties and New Jersey Transit – that will be built on rooftops or canopies to receive the

⁹ Amended rules took effect on March 17, 2025, although the petition appears to reference the prior rules. However, the change does not affect the relief requested or the analysis in this Order.

¹⁰ 2021 SuSI Order at 27.

incentive level applicable to those types of systems, notwithstanding the presence of separately registered ground mount projects, as these projects have different mounting mechanisms and a different cost profile. Since together the Category 2 and Category 3 projects and the contiguous Centerpoint Properties and New Jersey Transit projects total 3.735 MW, those located on rooftops or carports would qualify for the Large Net Metered Non-Residential located on Rooftop, Carport, Canopy and Floating Solar market segment, \$100/MWh, while those located on the ground would qualify for the Large Net Metered Non-Residential Ground Mount market segment, \$85/MWh. Both sets of projects would receive the \$20/MWh adder for public entities. All of these projects, both on- and off-site, are co-located. Whether the projects larger than 1 MW are constructed onsite or on contiguous properties has no bearing on the determination of co-location.

The Board, therefore, <u>HEREBY ORDERS</u> that these co-located projects may be conditionally registered in the ADI Program in the Large Net Metered Non-Residential located on Rooftop, Carport, Canopy and Floating Solar – Public Entity market segment or Large Net Metered Non-Residential Ground Mount – Public Entity market segment, as appropriate, and are eligible for an ADI Program incentive of \$120/MWh or \$105/MWh, respectively. A single project registration that includes both rooftop or canopy and ground-mount components shall receive an incentive as a ground mount project.

The Board now turns to the Petitioner's request to construct additional projects on the contiguous properties of Centerpoint Properties and New Jersey Transit that would be net-metered to the PVSC facility. These proposed projects are also co-located and would individually be eligible for the Large Net Metered Non-Residential located on Rooftop, Carport, Canopy and Floating Solar – Public Entity market segment, but the SuSI Program rules limit projects serving the same net metering customer to a capacity of no more than 5 MW in the ADI Program; projects larger than 5 MW are eligible for the CSI Program.

Nonetheless, the Solar Act of 2021 left the determination of the appropriate size at which to require participation in the CSI Program to the discretion of the Board. In making that determination for individual projects, the Board exercises its waiver authority pursuant to N.J.A.C. 14:1-1.2 and looks to the specific circumstances of those projects. The Petitioner states that this capacity limitation in the ADI Program renders it unable to develop its projects and meet the requirements of the DEP's directive in a timely manner, and the Board accepts this representation as credible. In addition, the Board believes that there is substantial public benefit in PVSC's planned investments to support continued operation of critical wastewater treatment facilities during a flood or another emergency that may threaten public health and safety. In this regard, the Board recognizes the lengthy process through which PVSC and the DEP have planned contingency measures to ensure that the damage that occurred during Hurricane Sandy in 2012 does not happen again. Furthermore, although these renewable energy projects are only a component of PVSC's resilience plans, they will help reduce carbon emissions and other air pollution in the Newark area, not only during a power outage but throughout the year.

These projects will thus provide a benefit to the public as well as to the Petitioner, and the Board believes that their completion without further delay will be best conducted in the ADI Program. Requiring these co-located projects to compete in the CSI Program, either in their entirety or only with the capacity that exceeds 5 MW, might result in further delays and costs to the public entity customer. Thus, strictly enforcing the rule would not substantially further the interests of the State

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¹¹ The small solar facilities incentive program is available to "net metered solar facilities less than five megawatts in size . . . or another size specified by the board." N.J.S.A. 48:3-116(a).

or the ratepayers and might be adverse to those interests.

After review of the ADI Petition and the record in this matter, the Board <u>FINDS</u> that the record shows good cause to support the Petitioner's request for eligibility for the facilities located on contiguous properties in the ADI Program. The Board therefore <u>WAIVES</u> its rules at N.J.A.C. 14:8-11.4(f) to permit co-location of the petitioner's net-metered projects with a combined capacity greater than 5 MW in the ADI Program.

With respect to Petitioner's fourth waiver request seeking an expansion of the relevant MW block allocation in the ADI Program, the Board notes that as of October 29, 2025, the net metered non-residential market segment of the ADI Program has 104 MW available, indicating that allowing these projects into the ADI Program is unlikely to result in closure of the capacity block prior to the end of the energy year on May 31. The Board therefore **DENIES** this request as unnecessary to implement the waiver granted above.

Finally, Petitioner requested another waiver of the ADI co-location rule at N.J.A.C 14:8-11.4(f) regarding two proposed community solar projects to be sited on the same rooftop. Community solar projects are limited by statue to no more than 5 MW, and in implementing the CSEP the Board restricted co-location of projects. This capacity limitation exists in part to encourage larger projects to participate in the CSI Program rather than subdivide projects to be smaller than 5 MW. However, as discussed above, participation in the CSI Program as required by strict adherence to the rule would be a burden on the Petitioner and unduly delay or hinder the installation of the Morris Company Projects by a public entity that has shown good cause to develop solar projects at this particular site. The Petitioner has proposed a novel solution through a microgrid that would allow it to both supply backup power to the critical sewerage facility and provide access to community solar savings to low-income households.

The Board <u>FINDS</u> that the proposed Morris Company Projects provide a public good in the form of supporting the PVSC in furtherance of the DEP's directives as well as greater access to community solar resources and the Board <u>FURTHER FINDS</u> that the proposed community solar projects may be commercially unviable absent a waiver of the co-location rules at N.J.A.C. 14:8-11.4(f). Therefore, the Board <u>FINDS</u> that the Petitioner has shown good cause for the Board to waive its co-location rules at N.J.A.C. 14:8-11.4(f) with respect to the community solar projects. The Board, having carefully considered the record in this matter and having found good cause, <u>HEREBY WAIVES</u> the prohibition on co-location enumerated at N.J.A.C. 14:8-11.4(f) for the Morris Company Projects.

The Board <u>FURTHER NOTES</u> the waivers granted herein apply only to the projects discussed in this Order and that no waiver of N.J.A.C. 14:8-11.4, or any other rule, is granted to any other party or project.

The effective date of this Order is November 28, 2025.

DATED: November 21, 2025

BOARD OF PUBLIC UTILITIES

BY:

CHRISTINE GUHL-SADOVY

PRESIDENT

DR. ZENON CHRISTODOULOU

COMMISSIONER

MICHAEL BANGE COMMISSIONER

ATTEST:

SMERRI 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 THE VERIFIED PETITION OF THE PASSAIC VALLEY SEWERAGE COMMISSION FOR WAIVERS OF CERTAIN ADMINISTRATIVELY DETERMINED INCENTIVE PROGRAM REQUIREMENTS AND RELATED RELIEF

DOCKET NO. QW25050302

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