Agenda Date: 3/4/26
Agenda Item: 8D

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

CLEAN ENERGY

IN THE MATTER OF THE COMPETITIVE SOLAR INCENTIVE ("CSI") PROGRAM PURSUANT TO P.L. 2021, C. 169	)	ESTABLISHING THE FOURTH SOLICITATION OF THE CSI PROGRAM
	)	DOCKET NO. QO21101186

Party of Record:

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

BY THE BOARD:

By Order dated December 7, 2022, the New Jersey Board of Public Utilities ("Board") established the Competitive Solar Incentive ("CSI") Program.[1] The CSI Program is open to qualifying grid supply solar facilities, energy storage paired with grid supply solar facilities, and non-residential net metered solar facilities with a capacity greater than 5 megawatts ("MW"). Through this Order, the Board sets the fourth solicitation of the CSI Program to open for pre-qualification on March 11, 2026, and close to bids on April 24, 2026, at 11:59:59 p.m. EST. The Board also makes adjustments to the competitive tranches in which projects compete, sets capacity allocations for each competitive tranche, establishes confidential price caps for each competitive tranche, and sets the bid fee for participants in the solicitation.

BACKGROUND

On June 9, 2021, the Solar Act of 2021 ("Solar Act" or "Act") was signed into law.[2] The Act directed the Board to establish a program to incent the development of 3,750 MW of new solar power generation by 2026, through the mechanism of Solar Renewable Energy Certificates ("SREC-IIs").[3] SREC-IIs represent the value of the environmental attributes of electricity produced by the solar electric power generation facility. The Act directed the Board to create both

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[1] In re Competitive Solar Incentive ("CSI") Program Pursuant to P.L. 2021, c.169 - Order Launching the CSI Program, BPU Docket No. QO21101186, Order dated December 7, 2022 ("CSI Order").

[2] L. 2021, c. 169.

[3] This target reflects both New Jersey's 2019 Energy Master Plan and Governor Murphy's goal of achieving 100% clean energy by 2035. See 2019 New Jersey Energy Master Plan: Pathway to 2050, nj.gov, https://nj.gov/emp/docs/pdf/2020_NJBPU_EMP.pdf

a solar facilities program for smaller projects, with administratively set incentive values, and a competitive solicitation process for awarding contracts to grid supply solar facilities and net metered solar facilities greater than 5 MW.

By Order dated July 28, 2021, the Board launched the Successor Solar Incentive ("SuSI") Program.[4] The SuSI Program is divided into two components: the Administratively Determined Incentive ("ADI") Program and the CSI Program.[5] Both the ADI and CSI Programs provide one SREC-II for each megawatt-hour ("MWh") of solar electricity produced from a qualifying facility. The ADI Program, opened to new registrants on August 28, 2021, offers a fixed SREC-II incentive for net metered residential facilities, net metered non-residential facilities of 5 MW or less, and community solar facilities.

The CSI Program, established by Order dated December 7, 2022, covers qualifying grid supply solar facilities (i.e., those selling into wholesale markets), grid supply solar generation in combination with energy storage, and net metered non-residential projects greater than 5 MW in size.[6] The program aims to incentivize no less than 300 MW of new solar annually, using competitive principles to ensure that the cost of the SREC-II awards represent the lowest incentive contribution from New Jersey's ratepayers. The CSI Program awards SREC-IIs through a competitive solicitation, with competition in five market tranches:

Tranche 1: Basic Grid Supply
Tranche 2: Grid Supply on the Built Environment
Tranche 3: Grid Supply on Contaminated Sites and Landfills[7]
Tranche 4: Net Metered Non-residential Projects greater than five (5) MW
Tranche 5: Energy Storage Paired with Grid Supply Solar

Amendments to the SuSI rules to create the CSI Program and accompanying siting criteria were also approved by the Board on December 7, 2022.[8] On November 17, 2023, the Board adopted the rule amendments with non-substantial changes and approved proposed substantial changes upon adoption to the SuSI Program rules.[9] The resulting Notice of Adoption of Proposed Substantial Changes was not filed before the eighteen (18)-month expiration date and the proposal expired on August 6, 2024. On September 4, 2024, the Board approved two re-proposed amendments to the SuSI Program rules; rule amendments were adopted on December 18, 2024.[10]

For each CSI solicitation, the Board sets the solicitation window during which projects must prequalify by providing evidence that they meet interconnection maturity requirements and

[4] In re a Solar Successor Incentive Program Pursuant to P.L. 2018, c.17, BPU Docket No. QO20020184, Order dated July 28, 2021.

[5] Ibid.

[6] CSI Order, p 15.

[7] A "contaminated site and landfill" means (1) any currently contaminated portion of a property on which industrial or commercial operations were conducted and a discharge occurred, and its associated disturbed areas, where "discharge" means the same as the term is defined in section 23 of P.L.1993, c.139 (C.58:10B-1); or (2) a properly closed sanitary landfill facility and its associated disturbed areas. N.J.S.A. 48:3-51.

[8] 55 NJR 127(a); notice of correction at 55 NJR 523 (a).

[9] 55 NJR 2555(a); 55 NJR 2461(a).

[10] 56 NJR 1951(a); 57 N.J.R. 200(b).

tranche-specific eligibility criteria; applications are administratively reviewed by a solicitation manager to determine prequalification status. The Board also sets MW capacity targets for each competitive tranche in the solicitation. Prequalified CSI-eligible projects submit a bid for an SREC-II award in one tranche, specified in dollars per MW-hour ("$/MWh") of solar electricity production. The CSI Program rules at N.J.A.C. 14:8-11.10(i) lay out the selection process for successful bids. Winning projects are determined by ranking the proposed SREC-II bid price for Tranches 1, 2, 3, and 4, and on normalized storage bids for Tranche 5, and selecting the lowest-priced offers. Projects are selected to fill but not exceed the procurement target for the given tranche; however, the Board may exercise its discretion in deciding whether to exceed the target if, in the Board's judgment, the incremental project or projects will benefit New Jersey ratepayers.

A solar plus storage project seeking to compete in Tranche 5 provides a two-part bid: a solar-only SREC-II price and a storage adder price that is considered separately in the storage tranche for an award. A capacity adjustment mechanism accounts for the fact that projects with very different amounts of storage (both in absolute terms and in proportion to the capacity of the proposed solar unit) may be competing with each other. To make bids comparable across projects and thus determine viable bids, the submitted SREC-II adder for the paired energy storage system is converted to a normalized storage bid based on 4 hours of storage. The equation for this conversion is:

$$\text{Normalized Bid} = \text{SREC-II adder} * \frac{\text{Associated solar facility capacity (MW)*4 hours}}{\text{Storage discharge capacity (MWh)}}$$

The Solar Act provides the Board the ability to establish confidential, pre-determined price caps for any or all tranches prior to the solicitation.[11] Price caps set a maximum SREC-II price for each tranche and serve as a ceiling on the price that the Board will consider for an award to protect ratepayers from excessive bid prices. The Board may utilize the price cap mechanism to protect ratepayers against excessive bid prices.

The first solicitation of the CSI Program opened for pre-qualification on February 1, 2023, and closed to bid submissions on March 31, 2023. By Board Order dated July 12, 2023, the Board announced the results of the first CSI Program solicitation, declining to make any awards as all SREC-II bids exceeded the price caps set for the solicitation.[12]

The second solicitation in the CSI Program opened for prequalification on November 27, 2023 and closed on February 29, 2024.[13] By Order dated April 17, 2024, the Board awarded 310.2 MW of solar generation (294.83 MW in Tranche 1: Basic Grid Supply and 15.388 MW in Tranche 3: Contaminated Sites and Landfills) and 80 MWh of paired energy storage.[14]

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[11] N.J.S.A. 48:3-117(d).

[12] In re Competitive Solar Incentive ("CSI") Program Pursuant to P.L. 2021, c. 169, Order on the Outcome of the 2023 CSI Program Solicitation, BPU Docket No. QO21101186, Order dated July 12, 2023.

[13] In re Competitive Solar Incentive ("CSI") Program Pursuant to L. 2021, c. 169, Order Addressing the Timing of the Second CSI Program Solicitation, BPU Docket No. QO21101186, Order dated September 27, 2023.

[14] In re Competitive Solar Incentive ("CSI") Program Pursuant to P.L. 2021, c. 169, Order on the Outcome of the Second Solicitation in the CSI Program, BPU Docket No. QO21101186, Order dated April 17, 2024 ("April 17, 2024 Order").

The third solicitation in the CSI Program opened for prequalification on May 14, 2025, and the closure date was set for July 23, 2025. By Order dated April 23, 2025, the Board established confidential price caps and capacity allocations for each competitive tranche, aligned project maturity requirements with the reformed interconnection process of PJM Interconnection ("PJM"), and expanded Tranche 2 to allow floating solar projects, grid supply projects on industrial and commercial complexes, and those on extractive mining sites to compete on a cost basis.[15]

On July 4, 2025, the Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14 ("H.R.1") was signed into law.[16] H.R.1 directs the phase out of the thirty percent (30%) investment tax credit ("ITC"), such that wind and solar projects that begin construction within twelve months of the enactment of H.R.1 are eligible for the tax credit without a "placed in service" deadline while projects that begin construction after July 4, 2026 must be placed in service by December 31, 2027 to remain eligible. On July 7, 2025, Executive Order 14315 was issued that directed the Treasury of the United States to issue guidance on the termination of tax credits for wind and solar renewable energy generation facilities.[17] In response, by Order dated July 16, 2025, the Board extended the solicitation window for the third solicitation to September 30, 2025, to allow potential CSI Program applicants to access complete information on changes to federal taxation policies that may impact their bid.[18] On August 15, 2025, the Internal Revenue Service issued Notice 2025-42 to provide updated guidance on the beginning of construction, for purposes of determining whether a facility is eligible for the ITC.[19]

By Order dated September 10, 2025, the Board relaxed the requirements established in its December 7, 2022 Order regarding the amount of a time an awarded project must wait before bidding into a new CSI solicitation, and granted projects awarded in the third CSI solicitation the option to terminate their award after receiving notice of conditional registration and remain eligible to participate in a subsequent solicitation with the same or substantially similar project.[20] To utilize this allowance, a project must demonstrate that the awarded bid reflected ITC revenues and that, at the time of bid submission, the project had a reasonable expectation that it would achieve and maintain ITC eligibility by the project commercial operation deadline ("COD"). This order was amended on November 21, 2025, to correct an omission regarding documentation that projects must submit if utilizing the allowance.

On January 20, 2026, Governor Mikie Sherill signed Executive Orders ("EOs") 1 and 2.[21] EO 1

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[15] In re Competitive Solar Incentive ("CSI") Program Pursuant to P.L. 2021, c.169 – Price Cap Determination for the Third Solicitation of the CSI Program, BPU Docket No. QO21101186, Order dated April 23, 2025 ("April 23, 2025 Order").

[16] Pub. L. No. 119-21, H.R. 1, 119th Cong. (2025).

[17] Exec. Order No. 14315, 90 FR 30821 (2025).

[18] In re Competitive Solar Incentive ("CSI") Program Pursuant to P.L. 2021, c.169 – Order on the Extension of the Third Solicitation of the CSI Program, BPU Docket No. QO21101186, Order dated July 16, 2025 ("July 16 Order").

[19] https://www.irs.gov/pub/irs-drop/n-25-42.pdf ("Notice 2025-42").

[20] In re Competitive Solar Incentive ("CSI") Program Pursuant to P.L. 2021, c.169 – Order Addressing the Participation of Withdrawn CSI Projects, BPU Docket No. QO21101186, Order dated September 10, 2025.

[21] Exec. Order No. 1 (Jan. 20, 2026), NJR…, available at https://nj.gov/infobank/eo/057sherrill/pdf/EO-1.pdf. Exec. Order No. 2 (Jan. 20, 2026), NJR…, available at

declared a state of emergency in New Jersey due to the ongoing electricity affordability crisis and directed that the BPU take actions to provide short-term relief and initiate long-term reform. EO 2 directed the BPU to initiate a solicitation for qualifying solar facilities or solar facilities in combination with storage under the CSI Program within forty-five (45) days, among other actions intended to address the shortage of electric supply.

By Order dated March 4, 2026 the Board awarded 24.1179 MW of solar generation in the third CSI Program solicitation (4.13 MW in Tranche 2; 9.9999 MW in Tranche 3; and 9.988 MW in Tranche 4.)[22] By the March 4, 2026, Order, the Board waived its rules at N.J.A.C. 14:8-11.5(g)(3) to provide forty-eight (48) months for awardees in the third solicitation to reach commercial operation. The Board also waived its rules at N.J.A.C. 14:8-11.5(d)(2)(i) requiring a "contract between the primary installer or the third-party owner, as applicable, and the bidder or customer of record, submitted within one year of the date of conditional registration," directing this information to instead be included in project milestone reports, submitted quarterly.

STAFF RECOMMENDATION

CSI Program Solicitation

To address New Jersey's electricity affordability crisis, EO 2 directs an acceleration in the development of distributed and utility-scale solar electricity generation, ordering the Board to initiate a new CSI Program solicitation within forty-five (45) days and to make awards within 270 days. In an effort to meet the Governor's timeline, Staff recommends that the prequalification window for the fourth solicitation open to bids on March 11, 2026, and close to bids on April 24, 2026. Staff provides the following recommended solicitation schedule:

DATE	ACTION
March 11, 2026	Prequalification window opens
March 27, 2026	Deadline for applications for guaranteed review
April 13, 2026	Application deficiencies reported back to timely bidders
April 24, 2026	Solicitation closes
June 2026	Anticipated Board awards[23]

Within the solicitation window, Staff recommends that applicants that submit prequalification applications by March 27, 2026, will be reviewed for any deficiencies and given sufficient time for correction before the close of the application window. Applications submitted after March 27, 2026, will be reviewed but may not receive feedback in time to correct deficiencies before the close of the solicitation. Staff recommends that during the solicitation window, the solicitation administrator be available to meet with applicants who submit a pre-qualification application, to answer clarifying questions and ensure full understanding of the application components.

https://nj.gov/infobank/eo/057sherrill/pdf/EO-2.pdf.

[22] In re Competitive Solar Incentive ("CSI") Program Pursuant to P.L. 2021, c.169 – Order on the Outcome of the Third Solicitation in the CSI Program, BPU Docket No. QO21101186, Order dated _____.

[23] Staff recommends that awards be made before the end of Q2 to enable any projects that may meet the July 4, 2026, deadline for ITC qualification to do so.

Staff notes that at the time of the opening of the fourth solicitation, projects awarded in the third CSI Program solicitation are within the thirty (30) day registration window set forth by the award order. During the registration window a project may choose to decline the award and may then participate in a subsequent solicitation without bias. Thus, projects that received awards in the third CSI Program solicitation have the option of declining that award and participating in the fourth solicitation.

Tranche-specific Considerations

In each of the previous solicitations, Staff and solicitation administrator Daymark Energy Advisors ("Daymark") have noted a division in the costs between projects of different sizes that compete in Tranche 1, with projects clustering above and below approximately 20 MW in size. Based on project cost evaluations and consideration of economies of scale enjoyed by larger projects, Staff recommends that to promote overall competition in the current solicitation, the Board exercise its discretion at N.J.A.C. 14:8-11.10(l) to divide Tranche 1 in to two tranches: Tranche 1, Basic Grid Supply < 20 MW and Tranche 1A, Basic Grid Supply ≥ 20 MW. Each basic grid supply tranche, 1 and 1A, would be subject to the same maturity requirements laid out at N.J.A.C. 14:8-11.10(d), with the exception of project size. Additionally, Staff recommends that each basic grid tranche, 1 and 1A, would have a specifically allocated capacity target and independently considered price cap.

By the April 23, 2025 Order, the Board expanded the siting types eligible to participate in Tranche 2 for the third solicitation, to include the following:

- Open land classified as "Industrial and Commercial Complexes" in the modified Anderson classification system, which is incorporated within the most recent Land Use/Land Cover Geographic Information System ("GIS") data layer produced by the New Jersey Department of Environmental Protection ("NJDEP").[24]
- Lands classified as "extractive mining" sites in the modified Anderson classification system, which includes stone quarries, gravel, sand and clay pits. These sites are characterized by disturbed ground, usually with depth, extractive machinery, buildings and roads for and with heavy equipment.
- Floating solar generation projects,[25] which were previously allowed to participate only in Tranche 1 of the CSI Program as basic grid supply projects.[26]

Staff considers that each of these siting types are more appropriate to compete in Tranche 2 because their costs align with those of the Built Environment sites included in that tranche.[27] Staff

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[24] Land Use/Land Cover of New Jersey 2020, NJ Dept. of Environmental Protection Bureau of GIS, Published November 1, 2024; Updated December 3, 2024. https://njogis-newjersey.opendata.arcgis.com/datasets/2deaaa3cadd94166bdbff92a44ade284_13/explore

[25] The Board defines water bodies eligible to host floating solar as "bodies of water that have little to no established floral and faunal resources . . ., such as water treatment reservoirs and dredge ponds." In re the Community Solar Energy Program, Order Launching the Community Solar Energy Program, BPU Docket No. QO22030153, Order dated August 16, 2023.

[26] The April 23, 2025 Order approved floating solar projects to participate in Tranche 2 on a going-forward basis.

[27] "Built environment" means the surface of one or more existing, serviceable structures or serviceable, improved, and impervious roadways built for a substantial purpose other than to facilitate solar development. N.J.A.C. 14:8-1.2.

recommends that for the fourth CSI Program solicitation, the Board maintain the solicitation 3 allowances for participating project types in Tranche 2.

In establishing capacity target recommendations, Staff has considered the following, sometimes contradictory, assumptions:

- Competitive tranches are designed to separate from each other subsets of projects that differ in cost complexity, with varying obstacles in interconnection, permitting, and construction that may limit participation to different extents. A single tranche is intended to include projects with similar cost profiles.
- The Solar Act prioritizes the preservation of New Jersey's farmlands and thus sets tight restrictions on the availability of covered agricultural land (defined as prime agricultural soils and soils of Statewide importance located in Agricultural Development Areas) for development on both a county-by-county and Statewide basis. Additionally, solar is prohibited on preserved farmland. These restrictions limit basic grid supply solar generation in Tranche 1 and 1A. The Board has prioritized incentivizing solar generation on marginalized lands such as contaminated sites and landfills, and on built environments such as rooftops, carports and canopies, across all solar incentive programs. These favored siting types are eligible for development in both the CSI and Community Solar Programs.
- The state of emergency declared for New Jersey by EO 1 sets energy affordability for rate payers as the highest gubernatorial priority, directing the Board to take both short-term action and implement long-tern reform to address the issue. The Board has stated that the reduction of the cost of solar incentives to ratepayers over time is an important policy goal towards addressing New Jersey's electricity affordability crisis. As more solar electric generation comes online through the CSI Program, the Board intends to seek a reduction in the incentive levels for subsequent solicitations, with the goal of eventually phasing out incentives. This policy may promote bids in tranches with lower project cost complexity, such as projects in Tranche 1 and 1A.

Based on the information and assumptions above, Staff recommends the following capacity allocations for the fourth CSI Program solicitation, with a total capacity target of 300 MW:

TRANCHE	CAPACITY (MW)
Tranche 1A: Grid Supply ≥ 20 MW	120
Tranche 1: Grid Supply < 20 MW	75
Tranche 2: Grid Supply on the Built Environment	25
Tranche 3: Grid Supply on Contaminated Sites & Landfills	60
Tranche 4: Net Metered non-residential > 5MW	20
TOTAL SOLAR GENERATION	**300**
Tranche 5: Energy Storage paired with Solar generation	160 MWh

EO 2 states that solar energy and battery storage are particularly critical technologies to meet the State's and the region's electricity supply shortage and directs the prioritization of energy storage at both the transmission scale through Phase 1 of the Garden State Energy Storage Program

("GSESP"), and at the distribution level through Phase 2. Whereas GSESP incentivizes both stand-alone energy storage and storage added to existing generation facilities, the CSI Program provides an incentive to new solar generation facilities to build paired energy storage as an SREC-II adder. Under the Board's rules, this opportunity is only open to grid supply projects in Tranches 1, 2 and 3. However, given the increased prioritization of energy storage at both the transmission and distribution levels, Staff recommends that for the fourth CSI Program solicitation, the Board waive its rules at N.J.A.C. 14:8-11.10(f) to allow net metered non-residential projects greater than 5 MW competing in Tranche 4 to add a paired energy storage component and submit for an SREC-II adder in Tranche 5.

Price Caps

The competitive structure of the CSI Program aims to ensure that utility-scale generation projects are awarded at the lowest cost to New Jersey ratepayers, with incentive values reflective of current market conditions and suitable to provide a long-term, guaranteed incentive for developer investment. Staff recommends that the Board exercise its discretion to set confidential price caps for each competitive tranche based on an evaluation of current market conditions, pursuant to N.J.A.C. 14:8-11.10(j). Staff notes that this rule provides that if the Board establishes price caps for the solicitation, it may exercise discretion to award SREC-IIs up to ten percent (10%) over the cap and adjust the capacity awarded in each tranche if bid prices are above or below the established caps.

Staff also recommends that all price caps be confidential, in keeping with the competitive structure of the solicitation and the statutory mandate to develop a fair and competitive process. Staff considers that disclosure of price caps would reduce the likelihood of competitive pricing and threaten the State's interest in keeping the cost of solar and solar with paired energy storage as low as possible for ratepayers.

Staff and Daymark conducted benchmark incentive modeling to determine appropriate price caps, using the System Advisor Model ("SAM") modeling software developed by the National Laboratory of the Rockies ("NLR," formerly known as the National Renewable Energy Laboratory). The following parameters were incorporated into benchmark incentive modeling for solar generation projects and solar projects with energy storage:

- Elimination of the thirty percent (30%) ITC for solar generation projects that cannot meet eligibility requirements including beginning construction before July 4, 2026, or reaching commercial operation by December 31, 2027.
- Installation and system component cost increases resulting from US import tariffs.
- Incorporation of a risk premium to represent macroeconomic and capital uncertainties.
- Increased energy and capacity sales revenues due to increased projected prices in the PJM marketplace.

Specific factors apply to the incentives for Tranche 4 projects. Staff considers that large net metered non-residential projects greater than 5 MW eligible to participate in Tranche 4 have a different cost structure from grid supply projects interconnecting through PJM. Tranche 4 projects already receive some degree of subsidy, compared to wholesale projects, in the form of net metering credits. Thus, price caps for Tranche 4 must reflect that net metering results in sales revenues that are typically higher than the wholesale price of power. For public entity projects participating in Tranche 4, Staff recommends that the cap is set $20 higher than the price cap for

other projects in this tranche, in line with the Public Entity adder offered to participants in the ADI Program. Consistent with the ADI Program, Public Entity is defined as a customer that is a State entity, school district, county, county agency, county authority, municipality, municipal agency, municipal authority, New Jersey public college, or New Jersey public university.[28]

In developing the price cap for Tranche 5, energy storage paired with grid supply solar generation, Staff's recommendation was informed by ongoing shortages in the PJM capacity market that have contributed to high clearing prices in the PJM Base Residual Auction ("BRA"), held annually to secure capacity for a delivery year three years in the future at least cost. Following the 2025/2026 auction in which the clearing price was $269.92/MW-day, the Federal Energy Regulatory Commission ("FERC") implemented cap and floor values of $325/MW-day and $175/MW-day, respectively, for the subsequent two auctions, to limit rate payer impacts in a market with tightly constrained supply. Transmission-scale energy storage systems that compete in Tranche 5 can participate in the PJM wholesale capacity market. These storage systems are considered a capacity resource with the potential to lower the clearing price in upcoming capacity auctions. Incentivizing energy storage systems is a key opportunity to address key Statewide concerns around energy affordability, grid reliability and resilience, in alignment with EO 2 and the Garden State Energy Storage Program. As detailed in the CSI Order launching the program, the price cap for Tranche 5 is set for the normalized storage adder value to allow comparison of different sized systems.[29]

When considering successful bids, Staff recommends that grid supply projects in new Tranche 1A will compete against projects in Tranches 1, 2 and 3 initially, consistent with the CSI Program rules at N.J.A.C. 14:8-11.10(k), offering the greatest opportunity for the selection of lowest-cost projects. Those projects that are eligible for Tranche 2 and Tranche 3 and which are not selected initially will have an additional opportunity for consideration in Tranches 2 and 3. Given their unique revenue stream, Tranche 4 projects will only compete against each other. After generation projects are selected for awards in any and all generation tranches, then storage bids will be considered for award in Tranche 5 only after generation projects are selected for awards.

Participants in the CSI Program are required to pay a $1,000/MW bid participation fee designed to protect against speculative projects. Following the first solicitation in which no awards were made, the Board waived the bid fee for developers who submitted a substantially similar project to the second solicitation. A project was considered substantially similar if its footprint overlapped the first project's footprint. To promote competition of the greatest number of projects in the fourth solicitation, Staff recommends that the Board waive the bid participation fee payment in the fourth solicitation for applicants that have participated in the third solicitation with a substantially similar project.

DISCUSSION AND FINDINGS

Board programs have supported the establishment and growth of New Jersey's solar industry for more than twenty (20) years, and as a result, New Jersey has consistently been in the top ten

[28] In re Solar Successor Incentive Program Pursuant to P.L. 2018, c.17, 2021 N.J. PUC LEXIS 300, BPU Docket No. QO20020184 (Order dated July 28, 2021).

[29] CSI Order at

(10) states for solar electricity production during that period. Recent key legislation,[30] as well as the directives in EO 1 and EO 2, continue to demonstrate New Jersey's commitment to providing solar developers with the tools to bring needed generation online at both the transmission and distribution level.

After reviewing the record and Staff's recommendation, the Board **FINDS** that the recommended solicitation schedule would provide developers with the best opportunity to prepare competitive projects in a timely manner, and the best chance to qualify for the ITC. The Board **DIRECTS** the pre-qualification window for the fourth solicitation in the CSI Program open to pre-qualification applications on March 11, 2026, and close to bids on April 24, 2026. The Board **FINDS** that the CSI Program solicitation administrator should be available to meet with those applicants who submit a pre-qualification application to ensure a full understanding of the application components.

Based on its experience with the past CSI Program solicitations, the Board recognizes that basic grid supply solar projects in New Jersey come in a variety of sizes and anticipated costs. The Board **FINDS** that the creation of a Tranche 1A, Basic Grid Supply for Project ≥ 20 MW, would allow solar facilities to better compete on a cost basis, and promote the selection of competitively priced solar generation projects to best address the State's energy affordability emergency. The Board **DIRECTS** Staff to create a competitive Tranche 1A within the fourth solicitation for projects with a capacity greater than or equal to 20 MW, with prequalification requirements matching those for Tranche 1, but with a separate and distinct tranche capacity allocation.

The Board now turns to Staff's recommendations for adjustments to the competitive tranches for the fourth CSI Program solicitation. By responding to the market context in which the CSI Program operates, the Board seeks to continue encouraging participation and competition. Most recently, prior to the third CSI Program solicitation, the Board recognized that the costs associated with leasing and interconnecting sites that qualify as the Built Environment constituted a significant obstacle to participation in Tranche 2. In response, the Board expanded the siting types eligible to participate in this tranche to increase the likelihood of competition in that solicitation. The Board approved three siting types with cost profiles that better matched Tranche 2 benchmarks: open land classified as "Industrial and Commercial Complexes;" lands classified as "Extractive Mining" as defined in the modified Anderson classification system; and floating solar projects that had previously been allowed to participate only in Tranche 1 as basic grid supply. The Board **FINDS** that maintaining this expansion of Tranche 2 siting types will continue to increase competition in the fourth CSI solicitation, and **ORDERS** that Tranche 2 remain open to projects on open land classified as "Industrial and Commercial Complexes," to land classified as "Extractive Mining" as defined in the modified Anderson classification system, and to floating solar projects.

The Board also recognizes that to capitalize on the opportunity to incorporate energy storage at the distributed level and increase electricity reliability statewide, modifications are required for Tranche 4, net metered non-residential projects greater than 5 MW. The Board's rules provide that only grid supply projects in Tranches 1, 2 and 3 are able to compete for an SREC-II adder in Tranche 5, paired energy storage. However, the Board's rules state that "[i]n special cases and for good cause shown, the Board may . . . relax or permit deviations from these rules." N.J.A.C. 14:1-1.2(b). The rules go on to explain that "[t]he Board shall, in accordance with the general

[30] P.L. 2025, c.135, signed August 22, 2025 (mandating an additional 3,000 MW in CSEP); P.L. 2025, c.390, signed January 20, 2026 (authorizing the interconnection of certain renewable energy projects across preserved farmland)

purpose and intent of the rules, waive section(s) of the rule if full compliance with the rule(s) would adversely affect the ratepayers of a utility or other regulated entity, the ability of said utility or other regulated entity to continue to render safe, adequate and proper service, or the interests of the general public." N.J.A.C. 14:1-1.2(b)(1). The Board **FINDS** that opening Tranche 5 to net metered projects in Tranche 4 accords with the general purpose of the CSI rules to encourage large scale solar at the lowest cost by encouraging competition. Moreover, this action responds to the directive of EO 2 to address the Statewide challenges of affordability and load growth demand by accelerating the deployment of storage. The Board **FURTHER FINDS** that rigid adherence to the existing rule on pairing energy storage would adversely affect the ratepayers and the interests of the general public. Therefore, the Board **FINDS** good cause to waive this rule. The Board hereby **WAIVES** the rules at N.J.A.C. 14:8-11.10(f) and **DIRECTS** that Tranche 4 projects may compete in Tranche 5 for an SREC-II adder.

The Board **APPROVES** the total solicitation target of 300 MW of solar generation and 160 MWh of energy storage paired with solar generation project from Tranches 1, 1A, 2, 3, and 4. As a means to maximize competition within each tranche and for the solicitation, the Board **APPROVES** the capacity allocations recommended by Staff to the tranches.

Reducing the cost of solar incentives to ratepayers over time has been and continues to be a priority for the Board. Decreasing this cost will also assist in addressing New Jersey's electricity affordability crisis. As such, as more solar electric generation comes online through the CSI Program, the Board intends to seek a reduction in the incentive levels for subsequent solicitations, with the goal of eventually phasing out incentives. The Board notes that the third CSI Program solicitation received more bids than the second solicitation. The Board anticipates that competition among solar development projects will continue to arise organically and that SREC-II prices will reflect this competition without over-incentivizing the solar market as a whole. However, the Board also acknowledges that market uncertainty, especially at the federal level, has a significant impact on the financial considerations and feasibility of solar generation projects. Therefore, to protect ratepayers from excessive SREC-II award payments during a declared energy affordability crisis, the Board **FINDS** that it is necessary to exercise its statutory discretion to establish tranche-specific price caps in the fourth CSI Program solicitation. The Board **HEREBY APPROVES** the confidential price caps recommended by Staff and **ORDERS** these confidential price caps to be applied in the fourth CSI Program solicitation. The Board **FINDS** that the caps must be confidential in order to fulfill their function of keeping the cost of the solicitation as low as practical.

Finally, the Board **FINDS** that waiving the bid participation fee for participants in the fourth solicitation that bid a substantially similar project in the third solicitation accords with the general purpose of these rules by removing a barrier to competition. The Board **FINDS** that a project is substantially similar if its footprint overlapped that of the first project. Thus, the Board **FINDS** that there is good cause to waive the $1,000/MW bid participation fee for those participants in the fourth CSI Program solicitation that participated in the third CSI Program solicitation with a substantially similar project, and **HEREBY WAIVES** the bid participation fee for those projects.

The effective date of this Order is March 11, 2026.

DATED: March 4, 2026

BOARD OF PUBLIC UTILITIES
BY:

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PRESIDENT

DR. ZENON CHRISTODOULOU
COMMISSIONER

MICHAEL BANGE
COMMISSIONER

EMMA REBHORN
COMMISSIONER

JOSEPH COVIELLO
COMMISSIONER

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 THE COMPETITIVE SOLAR INCENTIVE ("CSI") PROGRAM PURSUANT TO P.L. 2021, C. 169 – ESTABLISHING THE FOURTH SOLICITATION OF THE CSI PROGRAM

DOCKET NO. QO21101186

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