



STATE OF NEW JERSEY
Board of Public Utilities
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www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE COMMUNITY SOLAR)
ENERGY PROGRAM) ORDER SETTING COMMUNITY
) SOLAR ENERGY PROGRAM
) MEGAWATT BLOCKS FOR
) ENERGY YEAR 2026
)
) DOCKET NO. QO22030153

Parties of Record:

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BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) updates the Community Solar Energy Program (“CSEP” or “Program”) megawatt (“MW”)¹ block allocations by 3,000 MW for Energy Year (“EY”) 2026. The Board also considers Board Staff’s (“Staff’s”) recommendations on the three-year review of the Administratively Determined Incentive (“ADI”), including adjustment of incentive levels for eligible solar generation resources seeking to participate in the CSEP.

BACKGROUND

Community solar is a mechanism whereby utility customers can participate in a solar energy project that is remotely located from their properties and receive a credit on their utility bill for their participation, thereby enabling access to clean energy and electricity bill savings for utility customers unable to place clean energy generation directly on their own properties.

The Clean Energy Act of 2018 (“CEA”), L. 2018, c. 17, directed the Board to implement a Community Solar Energy Pilot (“Pilot”) Program and convert it into a permanent program within 36 months following the adoption of rules and regulations establishing the Pilot Program.² The

¹ All MW figures in this order are in direct current or “dc” unless indicated otherwise.

² N.J.S.A. 48:3-87.11(f).

Solar Act of 2021, L. 2021, c. 169 (“Solar Act”) subsequently directed the Board to incentivize at least 150 megawatts (“MW”) of community solar facilities per year.³ The Solar Act also directed the Board to establish a solar incentive program (“Successor Solar Incentive” or “SuSI Program”) that would include an incentive program for net-metered solar projects and community solar projects up to 5 MW. In compliance with this directive, the Board created the ADI Program.

By Order dated August 16, 2023, the Board established the CSEP and simultaneously proposed program rules.⁴ Rules governing community solar were adopted on September 4, 2024. On November 15, 2023, the Board opened four MW blocks totaling 225 MW.

On January 24, 2024, Governor Murphy signed into law L. 2023, c. 200, which directed the Board to expand the CSEP by increasing the total conditional CSEP registration based upon a tiered structure that increased with each achieved target up to a total increase of 500 MW by June 1, 2025 with an additional 150 MW per year thereafter.⁵

In compliance with the directive of L. 2023, c. 200, the Board allocated an additional 275 MW of capacity to the EY 2024 MW blocks by Order dated April 30, 2024.⁶ By the same Order, the Board opened a new initial registration period beginning May 15, 2024, with unused capacity to roll over to EY 2025. The April 2024 Order also updated project maturity requirements.

On November 21, 2024, the Board Secretary issued notice of a public stakeholder meeting to be held on December 3, 2024, and a request for written comments as part of the One Year Review of the CSEP (“Notice”). In the Notice, Staff sought stakeholder input on questions regarding the market’s adjustment to the shift from the Pilot Program to the CSEP and ways to improve the CSEP. Staff received 17 responses to the request for comments.

By Order dated April 23, 2025, the Board allocated an additional 250 MW of capacity to the EY 2025 MW blocks and opened a new initial registration period beginning April 30, 2025, with unused capacity to roll over to EY 2026.⁷ In the April 2025 Order, the Board also approved an adjustment to the community solar Solar Renewable Energy Certificate II (“SREC-II”) incentive level from \$90 to \$80 per MWh and further directed Staff to reevaluate the community solar market segment as part of the upcoming ADI Program triennial review in light of any further market changes.

On August 22, 2025, Governor Murphy signed L. 2025, c. 135, which directed the Board to open for registration 3,000 MW of community solar projects and accept registrations pursuant to this provision until this capacity was completely registered or until December 31, 2029, whichever was

³ N.J.S.A. 48:3-116(a).

⁴ In re the Community Solar Energy Program - Order Launching the Community Solar Energy Program, BPU Docket No. QO22030153, Order dated August 16, 2023 (“CSEP Order”).

⁵ N.J.S.A. 48:3-87.11(f)(2).

⁶ In re the Community Solar Energy Program - Order Setting Community Solar Energy Program Megawatt Blocks for Energy Year 2024, BPU Docket No. QO22030153, Order dated April 30, 2024 (“April 2024 Order”).

⁷ In re the Community Solar Energy Program - Order Setting Community Solar Energy Program Megawatt Blocks for Energy Year 2025, BPU Docket No. QO22030153, Order dated April 23, 2025 (“April 2025 Order”).

earlier.⁸

On January 20, 2026, Governor Sherrill issued Executive Order No. 2, which directed the Board to implement L. 2025, c. 135 by opening 3,000 MW of capacity in the CSEP within 45 days.⁹

Community solar projects register in the CSEP through the SuSI Program registration manager and are issued notices of conditional registration accepting the project. Pursuant to the rules governing the SuSI Program, CSEP projects other than those located on contaminated sites or landfills must reach permission to operate (“PTO”) within 18 months of the date of the notice of conditional registration.¹⁰ Community solar facilities located on contaminated sites or landfills must reach PTO within 24 months of a registrant's verification of eligibility by the New Jersey Department of Environmental Protection.¹¹ Projects may request one six-month extension by providing evidence of extenuating circumstances for the delay, progress toward completion, and likelihood of timely and successful completion.¹²

As of December 31, 2025, 156 community solar projects totaling 218 MW in capacity and serving over 32,500 New Jersey subscribers have been completed. Community solar subscribers have received over \$51 million in bill credits, with net savings exceeding \$10 million since the start of the Pilot Program. An additional 411 community solar projects totaling 705 MW are conditionally accepted to the Program.

Three-Year Review of the ADI Program

On June 30, 2025, pursuant to N.J.A.C. 14:8-11.6(e), the Board Secretary issued a notice of a virtual public stakeholder meeting to be held on July 11, 2025, as part of the three-year review of ADI incentive levels (“Three-Year Review”) of the ADI Program (“Notice”).¹³ With the Notice, Staff sought stakeholder input on adjustments to the ADI and Community Solar programs. Staff requested feedback on cost adjustments, the impact of inflation and supply chain issues on incentive levels, and whether contractual agreements should apply to CSI and CSEP projects as well as comments on offering fixed subscriber discounts, with specific reference to low- to moderate-income (“LMI”) customers and on alternative selection or tie-breaker methods for oversubscribed capacity blocks.

At the virtual public stakeholder meeting on July 11, 2025, Staff provided a report on program performance by market segment and advised stakeholders that the review of incentive levels would incorporate the market’s response to current incentive levels as well as changes in the market. Staff also provided an overview of the incentive modeling approach to be used, key financial inputs under review and anticipated adjustments to the System Advisor Model (“SAM”)

⁸ N.J.S.A. 48:3-87.11(f)(2)(b).

⁹ Exec. Order No. 2 (Jan. 20, 2026), p. 6, available at <https://nj.gov/infobank/eo/057sherrill/pdf/EO-2.pdf>

¹⁰ N.J.A.C. 14:8-11.5(g)(3)(ii).

¹¹ N.J.A.C. 14:8-11.5(g)(3)(iv).

¹² N.J.A.C. 14:8-11.5(i).

¹³ Link to Notice: In the Matter of the Three-Year Review of the Administratively Determined Incentive Program (“Notice”)

https://www.nj.gov/bpu/pdf/publicnotice/Notice_StakeholderMeeting_Comments_ADI%20Triennial%20Review-2.pdf.

models proposed for informing the need for any incentive level changes. Approximately 85 stakeholders attended the public meeting, and seven provided comments. Written comments were accepted until July 21, 2025. The Board received eight written responses, which are summarized in Appendix A.¹⁴

Considerations for Setting Incentive Levels

Staff considered several factors in developing the recommendation for changes to the ADI incentives.

1. Program Performance

The CSEP registration manager received more than 650 MW of project registrations during the initial registration period for EY 2025 for the 250 MW of available capacity. The electric distribution companies (“EDCs”) also report having received more than 260 MW_{AC} of interconnection applications between April and July 2025. These numbers indicate that there continues to be substantial interest in development of community solar projects in the State.

2. Stakeholder Input

The companies and trade groups submitting comments supported keeping incentives at current levels or increasing them based upon recent changes to federal policies, including changing tariffs, H.R. 1,¹⁵ and the Executive Order titled “Ending Market Distortion Subsidies for Unreliable Foreign Controlled Energy Sources,” that was signed on July 7, 2025. These commenters also pointed to interconnection-related challenges resulting in closed circuits and higher upgrade costs. One commenter argued that incentive levels should be adjusted more frequently based on changing market conditions.

The New Jersey Division of Rate Counsel (“Rate Counsel”) recommended that the Board allow at least the default 10% reduction in incentive levels for all market segments provided by the rules, as the commenter believes that ratepayers have over-subsidized solar to date and are entitled to relief in the form of lower incentives. The commenter stated that current incentive levels would produce an Internal Rate of Return (“IRR”) that is excessive (11.1%) even with the retirement of the ITC. With the 10% reduction, the IRR would be 6.4%, which Rate Counsel believes is “not unreasonable.”

With respect to the discount offered to subscribers, commenters generally supported a fixed discount that creates predictability for subscribers and simplicity for developers, although two commenters offered suggestions for alternatives or modifications to how discounts are calculated.

More detailed summaries of and responses to the stakeholders’ comments are found in Appendix A.

3. Economic Modeling Updates

¹⁴ To see the full text of the comments submitted in this proceeding, the public can search docket number QO20020184 in the Board’s Public Document Search at the following website: <https://publicaccess.bpu.state.nj.us/>.

¹⁵ Pub. L. 119-21, H.R. 1, 119th Cong. (2025) (“H.R.1”).

To develop incentive levels for the ADI Program, Staff updated the economic models used in 2021 in the Solar Transition Capstone Report¹⁶ and the model used in the 2025 One-Year Review. Staff used models in SAM, version 2025.4.16, a program developed by the National Renewable Energy Laboratory. Staff used the PVWatts–Community Solar model with inputs representing a typical project with a capacity of 1,400 kW. Where possible, Staff used the same inputs as the 2023 ADI incentive model and the CSEP incentive model used in the 2025 CSEP One-Year Review, updated to reflect current conditions and inflation adjustments for solar PV capital costs, operation and maintenance costs, community solar bill credits, net metering credits, and interest rates. Staff estimated performance-based incentive needs for the market segment in dollars per MWh to reach an internal rate of return target of 9.7%, consistent with previous modeling. The SREC-II incentive term remained at 15 years, and the analysis period was 25 years.

For the community solar model, Staff made the following changes to the inputs in the 2025 CSEP One-Year Review:

- Total system losses were increased to 18% from 13.9%. This resulted in a year 1 energy yield of the representative project of 1,248 kWh/kW, which is closer to the real-life conditions as reported in electricity generation data from PJM Interconnection, LLC's ("PJM's") Generation Attribute Tracking System ("PJM-GATS").
- Community solar project installation cost data for EY 2025 registrations showed an average estimated direct installation cost of \$2.11 per watt, a slight increase from the \$2.05/W for previous registrants. Although Staff had already used a higher value of \$2.29/W for the One-Year Review, Staff recognizes that installation costs are being increased by tariffs imposed on imported modules, increased competition to obtain modules as projects seek to construct prior to federal tax credit expiration, and the potential impact of Foreign Entity of Concern rules, and that reported installation costs may not include indirect or unexpected costs. Thus, the overall installation cost input was increased by 15% from the average reported costs to \$2.42/W.
- Electricity rates increased in June 2025, resulting in higher bill credits for subscribers and higher subscription charges for project owners. Staff weighted current bill credit calculations proportionally by the EDC allocations and discounted them 21% for non-LMI subscribers and 26% for LMI subscribers to reflect the minimum guaranteed bill credit discount as noted below and utility consolidated billing administration fee; subscriber types were weighted as 51% LMI, 44% non-LMI residential, and 5% commercial. The growth rate was adjusted for sensitivity modeling, as long-term electricity rates are uncertain, resulting in the range of outcomes detailed below.
 - EDC-weighted residential bill credit value (pre-discount): \$0.234/kWh
 - EDC-weighted commercial bill credit value (pre-discount): \$0.116/kWh
- Based on public comment received regarding lease rates, the fixed annual cost for operations and maintenance of the model project was increased from \$65,590/year to \$98,000/year, to which SAM applies only inflation.

¹⁶ [New Jersey Solar Transition Final Capstone Report: Successor Program Review](#), January 7, 2021 ("Capstone Report").

- Bonus depreciation was increased from 20% to 100% pursuant to changes in federal law.¹⁷

Staff calculated an incentive level for the community solar market segment of \$53 to \$78 per MWh based on the updated economic modeling results.

STAFF RECOMMENDATIONS

Energy Year 2026 CSEP MW blocks

Pursuant to the MW targets set by L. 2023, c. 200, the Board opened 250 MW of additional capacity for EY 2025 on April 30, 2025. Remaining capacity rolled over to EY 2026. The CSEP registration manager maintains a table on the New Jersey Clean Energy Program website that shows the amount of capacity subscribed to date for each MW block and the amount of capacity that remains available. As of February 3, 2026, the capacities were:

Table 1: MW Blocks for EY 2025–26

EDC Territory	MW (dc) Capacity Blocks EY 2025	Capacity Subscribed MW (dc)	Capacity Available MW (dc)
Jersey Central Power & Light (“JCP&L”)	73 MW	73.7	CLOSED
Public Service Electric & Gas (“PSE&G”)	147 MW	149	CLOSED
Atlantic City Electric (“ACE”)	30 MW	32	CLOSED
Rockland Electric Company (“RECO”)	7.8 MW	5.5	2.3

In addition, 38 MW of projects that were conditionally approved in the Pilot Program and were unable to reach commercial operation by the established deadline have registered in the CSEP. This capacity does not count against the capacity blocks.

Pursuant to L. 2025, c. 135, Staff recommends allocating a capacity of 3,000 MW to the CSEP and its respective segment of the ADI Program during EY 2026 in addition to remaining capacity rolled over from EY 2025. Of this capacity, Staff recommends that 300 MW be carved out for projects located on landfills. Commenters have expressed support for ensuring that there are a diversity of community solar project types and that landfill redevelopment, which may involve greater costs and timelines for permitting, site remediation, and construction, be maintained as an option for community solar projects. Staff believes that redevelopment of otherwise unusable landfill sites will promote environmental cleanup and support municipalities in converting such liabilities into assets for the public benefit. Staff recommends that the remaining capacity be allocated among the EDCs based on their average respective percentages of in-State retail electric sales: 324 MW for ACE, 778 MW for JCP&L, 1,555 MW for PSE&G, and 43 MW for RECO service territories. After including carry-over, cumulative capacities are estimated to be:

¹⁷ Pub. L. No. 119-21, H.R. 1, 119th Cong. (2025).

Table 2: Recommended MW Blocks for EY 2026

EDC Territory/Site type	MW (dc) Capacity Blocks EY 2026
JCP&L	778 MW
PSE&G	1,555 MW
ACE	324 MW
RECO	45 MW
Landfills	300 MW

Staff recommends that the additional capacity blocks open to new registrations on March 6, 2026, and that projects be accepted into the Program on a first-ready, first-served basis. As the capacity blocks are not expected to be filled upon opening, Staff recommends that complete registrations be processed upon receipt, without an initial registration period. Staff believes that the statutory language contemplates making the full 3,000 MW available at once. In addition, Staff notes that releasing all of the capacity together avoids the possibility of periodic openings and closings of the registration portal. Moreover, by allowing the maximum number of mature projects to register as of March 6, 2026, the Board will allow the most projects to begin construction and increase the likelihood that they will remain eligible for federal tax credits. Thus, Staff recommends that the Board waive N.J.A.C. 14:8-9.3(c)(1) and (2) and their provision for an initial registration period, pursuant to the Board's authority at N.J.A.C. 14:8-9.3(c)(5). The blocks will continue each energy year until the earlier of December 31, 2029, or when they reach capacity.

Staff also recommends that the Board waive N.J.A.C. 14:8-9.3(c)(4) and the tiebreaker implemented by that provision as unnecessary given the availability of 3,000 MW of additional capacity. In addition, the immediate availability of this capacity makes it advisable for the Board to waive a second provision of its community solar rules. N.J.A.C. 14:8-9.5(f) provides that if any capacity remains unsubscribed in an EDC's service territory at the end of an energy year, the EDC is eligible to register community solar projects in the following energy year up to the amount of the capacity that was rolled over in its service territory. The amount of capacity that is likely to remain available at the end of the current energy year would allow EDCs to register projects in quantities that would far exceed what the Board contemplated when it promulgated this rule, and Staff recommends that the Board waive it to disallow registration of community solar projects by EDCs in EY27, EY28, EY29, and EY30.

Incentive levels

Staff recommends a decrease in the community solar market segment incentive levels from the current \$80/MWh to \$60/MWh. This recommendation is based on an analysis of market performance under current incentive levels, updated inputs to the financial modeling of the market segments, and the stakeholder input in this proceeding.

Staff believes that the recommended decrease balances the need to reduce costs for ratepayers with the statutory directive to achieve 3,000 MW of additional community solar registrations over the next four years. The modeling results are sensitive to changes in inputs for costs and revenues, and the recommended incentive decrease reflects the increased electricity rates, the corresponding increase in the value of community solar bill credits, and the elimination of the tiebreaker that encouraged higher bill credit discounts. The increasing number of projects that have submitted registrations in CSEP and have requested interconnection with the EDCs indicate

that there remains substantial interest in the program at the current incentive level. Staff anticipates that the recommended incentive level will continue to encourage solar project development. However, due to the phase-out of the federal investment tax credit for solar facilities, Staff also recommends that the Board direct Staff to engage in additional stakeholder proceedings as part of the next ADI Program incentive review. Additional stakeholder input may be needed to evaluate optimal alignment of future incentive levels with eligibility for federal tax credits, for which eligibility is derived from a different milestone than New Jersey incentives, being based on the date of beginning construction or of placement in service, rather than on the date of conditional registration.

Staff recommends that the incentive level reduction apply to project registrations that are submitted on or after the effective date of this Order. The adjustment should not apply to currently registered projects or pending applications. Staff acknowledges that the recommended incentive level represents a relatively large change with short notice before implementation; however, Staff notes that the change in registration process recommended below, whereby guaranteed bill credit discounts do not need to be competitive, justifies the immediate change.

Community solar bill credit discounts

Staff notes that recent electricity rate increases have put a burden on New Jersey households, particularly low- to moderate-income households, and that community solar can provide bill relief for subscribers. Staff therefore recommends that community solar projects provide subscribers a guaranteed bill credit discount of no less than 20 percent, with LMI subscribers receiving a guaranteed bill credit discount of no less than 25 percent. All bill discounts would apply for the duration of customers' subscriptions. The guaranteed bill credit discount would continue to be calculated as a percentage of the bill credits received by the customer based on their subscription size. In this model, project owners would retain the ability to offer a greater discount than that identified in the registration to support a competitive marketplace for potential subscribers.

DISCUSSION AND FINDINGS

Community solar enables access to solar energy and the cost savings it provides for New Jersey residents who do not have the ability to benefit from solar on their own property. The Board strongly supports development of this program, and the market response to the launch of the permanent CSEP demonstrates the continuing interest in this model for small-scale projects built on preferred site types. The State now has an installed community solar capacity of over 180 MW, with another 735 MW registered and in development. By this Order, the Board implements the legislative mandate to expand the CSEP and provide even more consumer benefit.

Pursuant to the directive of L. 2025, c. 135, the Board **HEREBY ORDERS** Staff and the SuSI Program registration manager to increase the EY 2026 capacity allocation for the community solar market segment and MW blocks on March 6, 2026, by 3,000 MW. The Board **FURTHER ORDERS** that the 3,000 MW capacity block be allocated as set forth in Table 2 above, namely, that the MW capacity block for JCP&L's service territory be set to 778 MW; that the MW capacity block for PSE&G's service territory be set to 1,555 MW; that the MW capacity block for ACE's service territory be set to 324 MW; and that the MW capacity block for RECO's service territory be set to 45 MW. The Board **FINDS** that the development of solar facilities on solid waste landfills benefits the residents of New Jersey by allowing otherwise unusable sites to be remediated, transformed, and repurposed into a productive community asset for solar energy generation. Therefore, the Board **ORDERS** that 300 MW of capacity be carved out for projects sited on landfills regardless of EDC.

The Board **ORDERS** the SuSI Program registration manager to accept new registrations for each MW block on a first-ready, first-served basis and **FURTHER ORDERS** that the capacity block for each market segment shall roll over to successive energy years until the MW block for that segment is fully subscribed or until December 31, 2029, whichever comes first. The Board **HEREBY WAIVES** N.J.A.C. 14:8-9.3(c)(1) and (2) so as to not require an initial registration period. The Board **FINDS** that waiving these provisions promotes the general intent of the community solar rules to facilitate the registration of these projects and that strict adherence to these rules would be adverse to the interest of these customers. Consistent with past practice, a MW block shall be deemed fully subscribed when the last registration received in the registration portal causes the total capacity of all registrations in that block to exceed the capacity allocation for the block.

The Board maintains its commitment to subscribers who participate in community solar projects, particularly LMI subscribers. When a customer chooses to subscribe to a community solar project and participate in New Jersey's solar transition, the customer should receive more than a token benefit for doing so. Thus, the Board concurs with Staff that community solar subscribers should receive a guaranteed bill credit discount. In the existing program, the amount of the credit discount offered has been used as a tiebreaker between otherwise equivalent registrations, so that providers competed for limited capacity by offering as large a credit discount as possible. With the expanded program capacity allocation being implemented in this Order, the Board does not anticipate the need for a tiebreaker, and good cause to waive this provision exists. Moreover, such a waiver accords with the general purpose of these rules, which is to facilitate the ability of customers to participate in the solar market when they would otherwise be unable to do so. While providing a tiebreaker in the form of the greatest discount offered promotes this goal when capacity is limited and more applications are received than can be accommodated, such a tiebreaker is unnecessary and ensuring that all projects provide a reasonable minimum benefit to customers is preferable when, as now, available capacity is anticipated to exceed the amount for which registrations are received. The Board, therefore, **WAIVES** N.J.A.C. 14:8-9.3(c)(4). In order to ensure that the minimum bill credit discount provides all subscribers with substantive benefits for their participation in the program, the Board **HEREBY ORDERS** that newly registered community solar projects shall offer at least a 20 percent bill credit discount to all subscribers and at least a 25 percent bill credit discount to all LMI subscribers.

The Board believes that waiver of N.J.A.C. 14:8-9.5(f) is also appropriate. As its language indicates, this provision was intended to allow the EDCs a limited role in community solar, permitting them to develop capacity that had gone unsubscribed in the energy year in which it was initially available. Like the tie-breaker provision discussed above, the rule was promulgated in the context of a community solar market with constrained capacity. With the passage of L. 2025, c. 135, the amount of capacity that will not be subscribed in the current energy year has increased exponentially. In a market where large amounts of capacity are anticipated to remain after the energy year in which it is initially made available, such a prohibition accords with the general purpose of the Board's rules to encourage a competitive solar marketplace. In addition, full compliance with N.J.A.C. 14:8-9.5(f) would adversely affect ratepayers by increasing the amount of costs that would be borne by ratepayers. Moreover, this prohibition is consistent with the legislative intent behind L. 2025, c. 135, as indicated by the removal of "electric public utilities" from the list of entities contemplated as owning community solar projects.¹⁸ Thus, the Board **FINDS** that there is good cause to waive this rule and prohibit the EDCs from registering the

¹⁸ See L. 2025, c. 135 at section 5(f).

capacity that remains unsubscribed in the next energy year, or in the subsequent energy years until December 31, 2029.

The Three-Year Review of the ADI Program provides a mechanism for the Board to incorporate lessons learned from the experience with the CSEP and ADI program and to respond to changes in factors affecting the program. Through the Three-Year Review, the Board can determine whether the ADI Program and CSEP are reasonably likely to meet their Board-established targets or whether incentives should be adjusted to better meet those goals and the needs of projects. With this process, the Board seeks to ensure that the market receives a clear line of sight to future incentive levels and to prevent boom-and-bust cycles that might occur if incentives are changed more often.

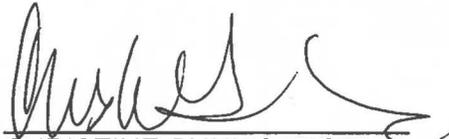
The Board has carefully reviewed the record of this review, as well as the directives contained in L. 2025, c. 135. The Board **FINDS** that in accordance with the Board's rules, Staff conducted a public stakeholder proceeding to inform the Three-Year Review of the ADI Program and the CSEP market segment. The Board **FURTHER FINDS** that this public stakeholder proceeding provided participants with adequate notice and opportunity to be heard on the issues germane to the implementation of L. 2025, c. 135, including appropriate adjustments to incentive levels.

After thorough review of the Notice, Staff's modeling, and all stakeholder comments, the Board **FINDS** that the recommended decrease in the incentive level for community solar projects will reflect the increased electricity rates and the corresponding increase in the value of community solar bill credits, while continuing to promote the statutory goal of 3,000 MW of additional community solar registrations. The Board **HEREBY DIRECTS** Staff to reduce the incentive level for the community solar market segment by \$20 per MWh, from \$80 per MWh to \$60 per MWh, for all registrations received on or after March 6, 2026. The Board notes that the change in registration process, such that guaranteed bill credit discounts do not need to be competitive, justifies the immediate change. The Board **FURTHER DIRECTS** Staff to reevaluate the CSEP and ADI Program incentive levels and eligibility parameters in light of the phase-out of federal investment tax credits and other market changes.

The effective date of this Order is March 6, 2026.

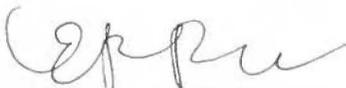
DATED: March 4, 2026

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BY:

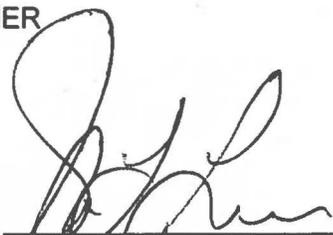

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ATTEST: 
SHERRIL E. LEWIS
BOARD SECRETARY

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 COMMUNITY SOLAR ENERGY PROGRAM
DOCKET NO. QO22030153

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APPENDIX A

STAKEHOLDER COMMENTS AND RESPONSES

The Board received 9 written comments on the Staff Stakeholder Notice on the Three-Year Review of the ADI Program, published on June 30, 2025, Docket No. QO20020184.

Comments were received from:

1. New Jersey Division of Rate Counsel (“Rate Counsel”)

Trade Organizations / Coalitions

2. Coalition for Community Solar Access (CCSA), New Jersey Solar Energy Coalition (NJSEC), and Solar Energy Industries Association (SEIA) (“Joint Solar Parties”)
3. Mid-Atlantic Solar & Storage Industries Association (“MSSIA”)

Solar Developers / Industry

4. Ecogy Energy
5. CS Energy, LLC
6. Standard Solar
7. PowerFlex
8. Solar Landscape

School Board Association

9. Gabel Associates on behalf of New Jersey School Board's Association (“NJSBA”)

Stakeholder comments are grouped by the numbered questions in the Stakeholder Notice. Staff has attempted to include the substance of many of the relevant comments into the summaries below as a courtesy to commenters. Comments raised in multiple sections are addressed once.

Questions for Stakeholders

Community Solar Questions

10. Provide comments on whether fixed discounts should be available for subscribers, including LMI subscribers.

Rate Counsel, MSSIA, Ecogy Energy, CS Energy, PowerFlex, and Solar Landscape supported the use of a fixed discount for all enrolled subscribers. Rate Counsel commented that fixed discounts offer subscribers a consistent percentage reduction on their electricity bill which would help shield them from fluctuations in solar performance and generation. CS Energy and Solar Landscape similarly commented that fixed discounts provide a clear, predictable benefit that builds trust between subscribers and developers, reducing confusion and decreasing subscriber acquisition costs. PowerFlex further recommended CSEP offer higher fixed discount rates for LMI subscribers.

Solar developers Ecogy and CS Energy commented that a fixed discount would allow a greater diversity of projects to enroll in CSEP, particularly landfills, contaminated sites, and former mines.

PowerFlex commented that the current competitive discount system can result in rejections to projects developers have spent months in development and community engagement when the difference in awarded projects offerings was under 1%. Solar Landscape recommended that the Board establish a 10% fixed discount, which it claimed to be common throughout the United States.

MSSIA and Solar Landscape offered alternative structures to fixed discounts for the Board's consideration in awarding CSEP projects. MSSIA recommended adding a second community solar program with a very different structure specifically for LMI customers. The commenter proposed a parallel program to be modeled on New York's Statewide Solar For All program ("S-SFA"), in which bill credits are accumulated by the utility company and then distributed to all low-income ratepayers, with a one-and-a-half-page description of S-SFA. MSSIA asserted that its proposed parallel program will benefit all LMI households equally and reduce administrative costs for project owners and utilities. Solar Landscape commented that the discount rate directly influences the SREC-II value and that as the SREC-II value falls, so must the discount rate. While also stating that the expiration of the federal tax credit would necessitate an increase in the SREC-II, the commenter stated that its recommended 10% fixed discount would reduce the scale of that increase. Solar Landscape also recommended that the Board allow discount rate transferability within project portfolios by a single developer within the same EDC territory and that the Board allow pilot projects to serve customers across an EDC territory. The commenter believes that CSEP rules are hurting the older pilot projects by causing them to lose subscribers to newer projects able to offer steeper discounts.

The Joint Solar Parties noted that S4530 is structured as a continuous open solicitation and has no competitive mechanism for discount pricing. In the absence of such a mechanism, the commenter stated that the prevailing discount rate is effectively fixed at the regulatory minimum of 20 percent, unless and until the Board exerts its authority to revise this standard. The Joint Solar Parties did not oppose a minimum discount requirement, so long as economic impacts on project cost recovery are included in assumptions for ADI calculations.

RESPONSE: Staff thanks all of the commenters for their feedback regarding a fixed discount structure for the next open capacity block for CSEP. Staff continues to believe that CSEP subscribers should receive more than a token benefit for participating in the program, particularly as the program is ratepayer-supported, so Staff declines the recommendation to decrease a bill credit discount to 10 percent. As directed by this Order, all newly registered community solar projects shall offer at least a 20% bill credit discount to all subscribers and at least a 25% bill credit discount to LMI subscribers. Staff appreciates the recommendations regarding S-SFA and will continue reviewing this program as a possible model for the CSEP, but further exploration is needed before this model might be implemented. Regarding discount rate transferability, Staff notes that projects were accepted into the CSEP specifically due to the high discount rate offered to subscribers of those projects and therefore declines this recommendation. As to the proposal that pilot program projects be allowed to acquire subscribers across the entire utility territory, Staff notes that this comment is outside the scope of the inquiry and is, moreover, the subject of a pending petition.

11. Please comment on alternative selection or tie-breaker methods for projects in the event of oversubscription of capacity blocks.

The Joint Solar Parties, Solar Landscape, and CS Energy commented that the anticipated enactment of S4530/A5768 will require projects be approved on a first-come, first-served basis. These commenters do not anticipate the need for a tiebreaker once 3,000 MW become available.

However, the Joint Solar Parties proposed that the Board consider a tiebreaker if the Board considers creating a declining capacity block structure or other processes that may impact cost assumptions for projects. The tiebreaker they propose is one associated with the project's conditional interconnection approval date, which they say provides a simple metric to compare projects. The Joint Solar Parties also noted that they had previously pointed to the drawbacks of using the discount rate as a tiebreaker, which they believe creates a complicated administrative process, promotes speculative projects, and discourages more expensive projects such as car canopies.

MSSIA, notwithstanding its assertion that a program by which community solar credits were accumulated by the utility and distributed to all LMI households would provide more equitable benefits at a lower administrative cost, also supported continuation of the current program structure. In this context, MSSIA commented that tiebreakers are a valuable method to improve the degree of equity for LMI households and to ease the burden of electricity bills for LMI households. MSSIA recommended that the scoring mechanism for CSEP projects be half based upon percent of LMI subscribership to a project and half upon the percent discount offered to LMI subscribers for that project.

Ecogy and PowerFlex commented that, instead of discount rate, selection should be based on other factors, such as project maturity, interconnection date, and physical location. CS Energy commented that if tiebreakers are necessary that they should be applied separately within distinct tranches to promote a balanced solar industry.

RESPONSE: Staff appreciates the alternative selection methods each commenter has suggested in the event of oversubscription of capacity blocks. After considering the impact of L. 2025, c. 135 and the loss of federal tax credits for future solar installations, the Board has determined it is in the Program's best interest to open all 3,000 MW of available capacity for new registrations on March 6, 2026 and to accept mature, administratively complete registrations in order of submission. The Board does not expect the full 3,000 MW of available capacity to be filled in EY26, rendering the need for a tiebreaker moot.

Other – Community Solar

MSSIA recommended a timed release of program capacity, with 1,000 MW being released per year, rather than a release of all 3,000 MW at once. MSSIA noted that it is concerned that releasing all this capacity at once will lead to overwhelming the hosting capacity of the distribution system and the capacity for utilities to review interconnection applications. MSSIA stated that its members are already reporting delays related to the anticipation of the application window for the CSEP Program.

RESPONSE: Staff thanks MSSIA for sharing their concern. However, the Board is subject to L. 2025, c. 135 and believes that the statutory language contemplates making the full 3,000 MW available at once. Staff also believes that capacity should be made available for mature projects to register prior to expiration of federal tax credits.

MSSIA asserted the need to greatly accelerate the Grid Modernization Program, if there continues to be widescale closure to interconnection in the distribution system to new distributive energy resource capacity. MSSIA noted that this should include adopting new rules that require raising the limits on circuit loading and to adopt available and cost-effective technological measures to expand hosting capacity.

RESPONSE: Staff agrees that grid modernization proceedings are a priority for all of the Board's clean energy programs in order to address the large number of interconnection applications utilities will need to review. Staff is moving forward with stakeholder meetings through the Grid Modernization Forum and intends to make additional recommendations to the Board on increasing options to accelerate interconnections.

MSSIA recommended that the Board carefully weigh incentive levels to achieve long-term stability of the CSEP Program. In MSSIA's opinion, the historic oversubscription of the CSEP Program indicates that incentive levels have been higher than necessary.

RESPONSE: Staff concurs with MSSIA that the oversubscription of the CSEP indicates a need to adjust the current incentive levels for new registrations. Therefore, the Board has taken corrective steps to decrease the incentive level for new CSEP registrations, by this Order, to \$60 per MWh.

MSSIA and PowerFlex recommended that Board institute developer caps in the CSEP Program as an easily managed method to end the highly concentrated nature of community solar development to date. MSSIA noted that in the first stakeholder meeting for the pilot program, the Board had stated its intention to institute developer caps. PowerFlex further recommended that the Board implement a cap for annual community solar capacity allocation, noting that the Illinois Adjustable Block Program caps individual developers at 20% of total block capacity.

RESPONSE: Staff thanks MSSIA and PowerFlex for their comments to maintain the competitive integrity of CSEP. However, Staff believes that opening of this large capacity block will allow all developers to submit projects without the need for a developer cap at this time.