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Agenda Item: LSA

STATE OF NEW JERSEY
Board of Public Utilities
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE COMMUNITY SOLAR ENERGY PROGRAM	))	DOCKET NO. QO22030153

Parties of Record:

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BY THE BOARD:

By this Decision and Order, the New Jersey Board of Public Utilities ("Board") considers updating the Community Solar Energy Program ("CSEP" or "Program") in accordance with the requirements of S3183/A3974 ("2026 CSEP Act").

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 Program ("Pilot Program") and convert it into a permanent program within 36 months following the adoption of rules and regulations establishing the Community Solar Pilot Program.[1] The Solar Act of 2021, L. 2021, c. 169 ("Solar Act") additionally directed the Board to incentivize at least 150 megawatts ("MW") of community solar facilities per year.[2] 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 that would receive Solar Renewable Energy Certificate IIs ("SREC-IIs") for each MW-hour ("MWh") of electricity generated. In compliance with this directive, the Board created the Administratively Determined Incentive ("ADI") Program.

[1] N.J.S.A. 48:3-87.11(f).

[2] N.J.S.A. 48:3-116(a).

By Order dated August 16, 2023, the Board established the CSEP and simultaneously proposed program rules.[3] Rules governing community solar were adopted on September 4, 2024. On November 15, 2023, the Board opened the first four MW blocks totaling 225 MW.

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.[4] 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.[5] 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.[6] By Order dated August 13, 2025, the Board granted a nine-month extension to all projects then registered in the CSEP.[7]

On August 22, 2025, Governor Murphy signed L. 2025, c. 135 into law, thereby directing the Board to open for registration 3,000 MW of community solar projects and accept registrations pursuant to this provision until capacity is completely registered or until December 31, 2029, whichever was earlier.[8]

On January 20, 2026, Governor Sherrill issued Executive Order No. 2, which directed the Board to implement the mandates of L. 2025, c. 135 by opening 3,000 MW of capacity in the CSEP within 45 days.[9] By Order dated March 4, 2026, the Board allocated 3,000 MW of capacity in the CSEP, divided among tranches for each electric distribution company ("EDC") and projects sited on landfills. The Board also set the SREC-II incentive level for community solar projects at $60 per MWh and updated the minimum bill credit discount.[10]

On September 9, 2026, Governor Sherrill signed the 2026 CSEP Act into law, thereby setting forth several provisions relating to the CSEP. The 2026 CSEP Act authorizes co-location of certain solar facilities in the SuSI Program upon petition to the Board; allows certain solar facilities with a capacity of up to 20 MW to be eligible for registration in the CSEP; provides that certain projects participating in the CSEP or remote net metering market segment have no less than 33 months to reach commercial operation; requires the EDCs to accept and respond to interconnection applications on electric lines sized 34.5 kV or less and classifies such lines as

[3] 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").

[4] N.J.A.C. 14:8-11.5(g)(3)(ii).

[5] N.J.A.C. 14:8-11.5(g)(3)(iv).

[6] N.J.A.C. 14:8-11.5(i).

[7] In re the Community Solar Energy Program, BPU Docket No. QO22030153 et al., Order dated March 4, 2026 ("August 2025 Order").

[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] In re the Community Solar Energy Program - Order Setting Community Solar Energy Program Megawatt Blocks for Energy Year 2026, BPU Docket No. QO22030153, Order dated March 4, 2026 ("March 2026 Order").

distribution lines; expands where certain renewable energy facilities are considered permitted uses; exempts the purchase of renewable energy credits by public entities from the bidding requirements of the Local Public Contracts Law; and modifies the listed site types suitable for remote net metering projects.

As of June 30, 2026, 209 community solar projects totaling 290 MW in capacity and serving over 51,000 New Jersey subscribers have been completed in the Pilot Program and CSEP. Community solar subscribers have received over $90 million in bill credits, with net savings exceeding $18 million since the start of the programs. An additional 392 community solar projects totaling 703 MW are conditionally accepted to the Program.

STAFF'S RECOMMENDATIONS

Large Community Solar Projects

The 2026 CSEP Act directs that up to 300 MW of projects with capacities between 5 and 20 MW, and located on commercial or industrial rooftops, landfills, contaminated sites, or mining sites, may register in the CSEP until December 31, 2028. Staff recommends that the Board open a capacity block in the CSEP for these larger projects and that this block overlap with the blocks the Board allocated in its Order dated March 4, 2026, so that new registrations be counted both toward this new block and toward the respective EDC block or the landfill block, as applicable. Staff also recommends that, in accordance with the 2026 CSEP Act, the Board require projects seeking to register in the CSEP pre-qualify with Staff by demonstrating that the project is unable to interconnect as a PJM wholesale market participant in Transition Cycle 2 or earlier or as a Qualifying Facility pursuant to applicable orders from the Federal Energy Regulatory Commission ("FERC") and the Public Utilities Regulatory Policies Act of 1978, L. 95-617. This pre-registration should include documentation from the EDC that shows the EDC is unable to interconnect the project as a grid supply solar facility and that any of the EDC's "recommendations to the applicant as to how to reconfigure, adjust, downsize, or otherwise modify the proposed grid supply solar facility, energy storage facility, or point of interconnection so that it is not unsafe or a risk to the stability, reliability, or power quality of the utility's electric distribution or transmission system" are infeasible.[11] Staff further recommends that the Board not allow projects that registered or received awards under another New Jersey solar program prior to September 9, 2026, to be eligible to register in this capacity block of the CSEP unless the Board finds that there is a unique, project-specific reason to allow the project to transfer programs.

Incentive Level

To develop an incentive level for this new market segment in the CSEP, Staff updated the economic models used in 2021 in the Solar Transition Capstone Report[12] and the model used in the Three-Year Review of the ADI Program contained in the March 2026 Order. Staff used System Advisor Model (SAM), version 2025.4.16, a program developed by the National Renewable Energy Laboratory. Staff used the program's "PVWatts–Community Solar" model with inputs representing a project with a capacity of 10,000 kilowatts ("kW"). Where possible, Staff used the same inputs as the CSEP incentive model used in the Three-Year Review, updated to reflect current conditions for solar photovoltaic capital costs, operation and maintenance costs, community solar bill credits, net metering credits, and interest rates. Staff estimated performance-

[11] N.J.S.A. 48:3-121.1
[12] New Jersey Solar Transition Final Capstone Report: Successor Program Review, January 7, 2021 ("Capstone Report").

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 incentive model, Staff used the following inputs subsequently updated from the Three-Year Review of the ADI Program contained in the March 2026 Order:

- Project capacity was 10,000 kW.

- Installation costs of large solar projects should reflect economies of scale. Data from 276 registrations of rooftop, contaminated site, landfill, and mining site projects larger than 1,000 kW and submitted since 2023 show an average installation cost of $2.08/Watt. Data from 66 such projects larger than 4,000 kW show an average installation cost of $1.94/W. Data from 21 such projects larger than 5,000 kW registered since 2021 show an average installation cost of $1.80/W. To account for indirect or unexpected costs not included in these figures, Staff used the $2.08/W value in the model rather than the lower cost that reflects larger projects.

- Bill credit rates were updated to reflect the latest calculations from the EDCs, weighted by EDC allocations. The escalation rate was 2%/year.
    - EDC-weighted residential bill credit value (pre-discount): $0.238/kWh
    - EDC-weighted commercial bill credit value (pre-discount): $0.127/kWh

- Due to the phase-out of the investment tax credit, Staff assumed that large community solar projects would not qualify for federal tax incentives.

Staff calculated an incentive level for the large project community solar market segment of $11 per MWh based on the updated economic modeling results.

Staff recommends setting the SREC-II value for community solar projects registered in the 5 to 20 MW market segment at $30/MWh. This recommendation is based on the financial modeling of the market segment, considering a range of uncertainty from various project sizes, types and costs; the difference from the current community solar incentive; and anticipated market performance.

Project Completion Timelines

The 2026 CSEP Act provides that "any project sited on a commercial or industrial rooftop, landfill, contaminated site, or mining site that is participating in the community solar program, the remote net metering program, or any combination thereof shall have no less than 33 months from the date of registration in the applicable program to achieve commercial operation." Staff recommends that, for consistency, the Board provide all projects in the CSEP or remote net metering ("RNM") market segments, regardless of site type, 33 months to reach commercial operation and submit final as-built documents to the SuSI Program registration manager. Staff further recommends that the Board waive N.J.A.C. 14:8-11.5(g) and direct that registrants in the CSEP or RNM market segments receive a project expiration date 33 months after notice of conditional registration and that such timeline already include an automatically granted administrative extension pursuant to N.J.A.C. 14:8-11.5(i). Staff further recommends that projects that are already registered in the CSEP or RNM market segments receive an automatic extension of their expiration dates for conditional registration such that a total of 33 months be made available to reach commercial operation. Such extension shall include an automatic grant of the administrative extension available pursuant to N.J.A.C. 14:8-11.5(i), if it has not already been requested.

Staff further recommends the Board waive N.J.A.C. 14:8-11.5(l) to allow projects in the CSEP and RNM market segments to submit a new registration in the ADI Program regardless of remaining capacity in the relevant MW capacity block.

Escrow

By the CSEP Order, the Board required community solar projects to post escrow with the Board in an amount of $40.00 per kW of direct current nameplate capacity for each facility. The escrow amount would be reimbursed to the applicant in full upon receipt of PTO and submission of a post-construction certification package. The Board directed the escrow amount be forfeited to the State if the facility does not commence commercial operation before the conditional registration expires.

Staff has received comment that, although this escrow requirement is intended to alleviate concerns of unviable projects, this amount may be burdensome to developers, particularly those with viable projects already registered in the CSEP but facing uncertainty of reaching their current registration timelines. Staff believes that further consideration is needed for alignment of Program goals and therefore recommends that the escrow deadline be extended for six months from the effective date of this Order and that no deposits be forfeit for this time while further policy is developed.

DISCUSSION AND FINDINGS

Community solar enables access to solar energy and its cost savings for New Jersey residents who do not have the ability to benefit from solar on their own property. The Board strongly supports development of community solar and the market response to the launch of the 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 290 MW, with another 700 MW registered and in development. By this Order, the Board implements the 2026 CSEP Act's legislative mandate to update the CSEP eligibility criteria.

Pursuant to the directives of the 2026 CSEP Act, the Board finds good cause under N.J.A.C. 14:1-1.2 and **HEREBY WAIVES** N.J.A.C. 14:8-9.5(a) to open the CSEP to certain eligible projects larger than 5 MW, and the Board **HEREBY DIRECTS** Staff and the SuSI Program registration manager to permit projects with a capacity from 5 MW to 20 MW located on commercial or industrial rooftops, landfills, contaminated sites, and mining sites to register in the CSEP through December 31, 2028. The Board **FURTHER ORDERS** that developers of such projects must demonstrate to Staff, prior to submitting a registration package, that they are unable to interconnect as a PJM wholesale market participant in Transition Cycle 2 or earlier or as a Qualifying Facility pursuant to applicable orders from FERC and the Public Utilities Regulatory Policies Act of 1978. Such demonstration must include documentation from the EDC that shows the EDC is unable to interconnect the project as a Qualifying Facility and evidence that reasonable modifications to the configuration, size, or point of interconnection that would enable interconnection as a Qualifying Facility are not feasible. The Board **FURTHER ORDERS** that projects that registered or received awards under another New Jersey solar program prior to September 9, 2026, shall not be eligible to register in this capacity block of the CSEP unless the Board finds that there is a unique, project-specific reason to allow the project to transfer programs.

The Board **HEREBY ORDERS** that a 300 MW CSEP capacity block shall be allocated for projects with capacities from 5 to 20 MW and remain open until December 31, 2028. Projects registering in this capacity block shall also be registered in the capacity block for their EDC or landfill projects as applicable.

After review of Staff's modeling and SuSI Program performance, the Board **HEREBY FINDS** that the recommended incentive level for community solar projects with capacity 5 MW to 20 MW will be adequately tailored for current electricity rates and the value of community solar bill credits, while contributing to the statutory solar installation goals. The Board **FURTHER DIRECTS** Staff to set the incentive level for the large community solar market segment to $30 per MWh for all registrations received on or after September 9, 2026. The Board **FURTHER DIRECTS** Staff to reevaluate the CSEP and ADI Program incentive levels and eligibility parameters as part of future program and market analyses.

Pursuant to the directive of the 2026 CSEP Act, the Board **FURTHER ORDERS** that projects in the CSEP and RNM market segments shall have 33 months available to reach commercial operation. The Board thus finds good cause under N.J.A.C. 14:1-1.2 and **HEREBY WAIVES** the SuSI Program rules at N.J.A.C. 14:8-11.5(g)(3) and **FURTHER ORDERS** that new projects in the CSEP and RNM market segments must receive a notice of conditional registration that includes an expiration date 33 months after the notice of conditional registration, which includes an automatically granted administrative extension pursuant to N.J.A.C. 14:8-11.5(i). The Board **FURTHER DIRECTS** that the expiration date for conditional registration in the CSEP and the RNM market segment be extended by 9 months or 15 months, as appropriate depending on total project timeline, for all CSEP and RNM projects currently registered so that they have 33 months of conditional registration, with the six-month extension pursuant to N.J.A.C. 14:8-11.5(i) automatically granted.

In addition, pursuant to the 2026 CSEP Act the Board finds good cause under N.J.A.C. 14:1-1.2 and **HEREBY WAIVES** the SuSI Program rules at N.J.A.C. 14:8-11.5(l) in part so that a registrant in the CSEP or RNM market segment that did not reach commercial operation by its deadline may submit a new registration to the ADI Program regardless of whether capacity remains in the relevant megawatt capacity block. The Board **FURTHER DIRECTS** Staff to include, in its current public rulemaking proceeding, amendments to the SuSI Program rules regarding Program registration deadlines consistent with the 2026 CSEP Act.[13]

The Board recognizes that some participants in the CSEP have faced unforeseen delays in excess of the extension provided by the Board in the August 2025 Order. Because the Board does not want the escrow requirement to constitute an undue burden on these projects while they may be in the final phases of development and construction or on other projects in development,

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[13] In re a Rulemaking Proceeding to Amend the Successor Solar Incentive Rules and the Renewable Portfolio Standard, BPU Docket No. QX25060355

the Board **HEREBY ORDERS** that the deadline for deposit of the required escrow be extended to six months from the effective date of this Order and that no deposits be forfeit during this time and **DIRECTS** Staff to consider modifications to the escrow requirement to ensure project viability.

The effective date of this Order is September 9, 2026.

DATED: September 9, 2026

BOARD OF PUBLIC UTILITIES
BY:

DR. BEN HERTZ-SHARGEL
PRESIDENT

CHRISTINE GUHL-SADOVY
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 COMMUNITY SOLAR ENERGY PROGRAM
DOCKET NO. QO22030153

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