State of New Jersey
Governor Philip D. Murphy
Lt. Governor Tahesha L. Way

Board of Public Utilities
www.nj.gov/bpu/

Christine Guhl-Sadovy
President

Dr. Zenon Christodoulou
Marian Abdou
Michael Bange
Commissioners

NOTICE[1]

IN THE MATTER OF THE THREE-YEAR REVIEW OF THE ADMINISTRATIVELY DETERMINED INCENTIVE PROGRAM

Docket No. QO20020184

Staff of the New Jersey Board of Public Utilities ("NJBPU" or "Board") hereby gives notice of a stakeholder meeting to solicit input from the public and interested parties on the Administratively Determined Incentive ("ADI") Program as part of the Board Staff's ("Staff") three-year review proceeding. The purpose of this stakeholder notice is to establish a process for stakeholders to provide input on these items and others that they believe should be considered.

Staff is soliciting stakeholder feedback on whether to adjust the incentive levels or capacity blocks in one or more ADI Program market segments, including the Community Solar Energy Program ("CSEP"). Staff also seeks comments on broader market response to the implementation of the Successor Solar Incentive ("SuSI") Program. In particular, Staff seeks feedback on the performance of the ADI and CSEP programs, including the effect of the capacity blocks, the impact of registration requirements on project participation, and New Jersey's performance in meeting its solar targets.

Based on its analysis of input received at this meeting and other data, Staff may recommend changes to the incentive levels, block sizes, or other program rules.

STAKEHOLDER MEETING

DATE:	Friday, July 11, 2025
TIME:	1 pm – 2:30 pm
REGISTRATION:	Zoom Virtual Webinar https://us06web.zoom.us/webinar/register/WN_ubqRD6KPS_KZXJAgHqkH9Q

This stakeholder meeting will be conducted via Zoom. Those who wish to attend must register using the link provided above. Stakeholders and members of the public are invited to participate and may express their views. To encourage full participation, please submit any requests for needed accommodations, such as interpreters and/or listening assistance, 48 hours prior to the above meeting to the Board Secretary at board.secretary@bpu.nj.gov. If you want to request a speaking opportunity, please register at least 48 hours before the start of the meeting and indicate your request to speak during the online registration process. After registering, you will receive a confirmation email containing instructions detailing how to join the meeting and check that your device meets the system requirements in advance of the meeting.

[1] Not a paid legal advertisement.

Questions on the process for this stakeholder meeting may be directed to Zainab Durda at Zainab.Durda@bpu.nj.gov.

The deadline for comments on this matter is 5 p.m. on July 21, 2025. All public comments should be filed under BPU Docket No. QO20020184. Please submit comments directly to the specified docket using the "Post Comments" button on the Board's Public Document Search tool. Comments are considered "public documents" for purposes of the State's Open Public Records Act. Only public documents should be submitted using the "Post Comments" button on the Board's Public Document Search tool. Any confidential information should be submitted in accordance with the procedures set forth at N.J.A.C. 14:1-12.3. Written comments may also be submitted to:

Sherri L. Lewis
Secretary of the Board
44 South Clinton Ave., 1st Floor
PO Box 350
Trenton, NJ 08625-0350
Phone: 609-292-1599
Email: board.secretary@bpu.nj.gov

In addition to hard copy submissions, confidential information may also be filed electronically via the Board's e-filing system or by email to the Secretary of the Board. Please include "Confidential Information" in the subject line of any email. Instructions for confidential e-filing are found on the Board's webpage https://www.nj.gov/bpu/agenda/efiling/.

Background

On July 9, 2021, Governor Murphy signed the Solar Act of 2021 ("Solar Act"), L. 2021, c. 169, into law. The Solar Act directed the Board to develop and launch the SuSI Program, among other requirements. On July 28, 2021, the Board announced the closure of the TI Program and the opening of the SuSI Program.[2] Within the SuSI Program, the Board created the ADI Program to provide an incentive to develop solar in several market segments primarily serving net metered customer-generators. The TI Program closed on August 27, 2021, and the ADI Program registration portal opened on August 28, 2021.

The SuSI Program Order established the framework for the ADI Program, initial incentive levels by market segment, and megawatt block capacity allocations by market segment, as well as the process for incentive level adjustment and future allocations of capacity to the market segments. The SuSI Program Order further defined the methodology and process by which the Board has implemented the Cost Cap on New Jersey Class I renewable energy requirements. The results of the annual Cost Cap calculation, among other factors inform the Board's decisions in allocating capacity to market segments for the coming Energy Year ("EY").

The SuSI Program Order directed Staff to conduct a one-year checkup on incentive levels after the first twelve months of experience with the new program. The one-year checkup provided an opportunity to examine whether the ADI Program and its market segments were under- or over-performing versus the targets established by the Board and whether adjustments should be made.

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

Board Staff hosted a one-year checkup stakeholder meeting on December 2, 2022, and accepted written comments on the ADI Program. Through the review process, Staff considered market response, rate of registrations into the program, total megawatts ("MW") registered into the program, and other factors indicative of the overall health of the solar industry. By Order dated March 6, 2023, the Board adjusted the incentive levels in the net-metered residential and net-metered non-residential market segments of the ADI Program.[3] The review and adjustments did not address the community solar market segments of the ADI Program.

Rules governing the SuSI Program were adopted on February 22, 2022 ("SuSI Rules"). The SuSI Rules provide that "incentive values shall be reset through a Board order no less than once every three years, at least six months prior to the end of the third year, after public notice and comment." N.J.A.C. 14:8-11(e). The three-year review is intended to provide an opportunity to examine whether the ADI Program is reasonably on track to meet the targets established by the Board or whether adjustments should be made.

By Order dated May 21, 2025, the Board certified the calculation of the EY 2024 Cost Cap and set the ADI Program MW block allocations for EY 2026.[4] In setting capacity allocations for the coming EY, the Board considered historical installation rates, equity and accessibility, liquidity in each market segment, the total cost to ratepayers and the Cost Cap.

Table 1. EY 2026 ADI Capacity Blocks by Market Segment

Market Segments	System Size	MW (dc) Capacity Blocks
Net-Metered Residential	All Sizes	250 MW
Net Metered Non- Residential	All sizes at or below 5 MW (dc)	150 MW
Remote Net Metering	All sizes at or below 5 MW (dc)	50 MW
Community Solar	All sizes at or below 5 MW (dc)	Unused EY 2025 capacity

EY 2025 began on June 1, 2024. ADI registrations were submitted for projects in the net-metered residential market segment at a pace that would have committed the full 200 MW of allocated capacity well before the conclusion of EY 2025. As of March 3, 2025, 161.5 MW had been subscribed, with 38.5 MW remaining. The net-metered non-residential market segment, on the other hand, had proceeded at a slower pace. On March 19, 2025, the Board approved a reallocation of 75 MW of capacity from the net-metered non-residential market segment to the net-metered residential market segment.[5] EY 2025 concluded on May 31, 2025, with approximately 225 MW of subscribed capacity in the residential market segment and 101 MW in the non-residential market segment.

[3] In re a Successor Solar Incentive Program Pursuant to P.L. 2021, C. 169, BPU Docket No. QO20020184, Order dated March 6, 2023 ("ADI One-Year Review Order").

[4] In re Certification of Energy Year 2024 Cost Cap Calculation and Setting ADI Program Megawatt Blocks for Energy Year 2026, BPU Docket No. QO25030113, Order dated May 21, 2025 ("Cost Cap Order").

[5] In re a Successor Solar Incentive Program Pursuant to P.L. 2021, C. 169, BPU Docket No. QO25020054, Order dated March 19, 2025 ("March 2025 Order").

Table 2. EY 2025 ADI Capacity Block Subscription Rates

Market Segments	Allocated Capacity (MW dc)	Subscribed Capacity (MW dc)
Net-Metered Residential	275	225
Net Metered Non- Residential	125	101
Remote Net Metering	50	7.67
Community Solar	500	492

One segment of the ADI Program is community solar. By Order dated August 16, 2023, pursuant to the Clean Energy Act of 2018, L. 2018, c. 17, and the Solar Act, the Board established a new permanent Community Solar Energy Program ("CSEP").[6] The CSEP replaced the Community Solar Pilot Program which closed to new applications on February 5, 2021. The Board opened the first CSEP capacity allocation of 225 MW for registration on November 15, 2023; capacity was divided into blocks for each of the state's electric distribution companies ("EDCs") proportional to their total electric sales. The CSEP was codified in rules adopted on October 7, 2024, as amended on March 17, 2025.

On January 24, 2024, Governor Murphy signed L. 2023, c. 200 ("Community Solar Expansion Act"), into law, further increasing the goals of the community solar program by directing the Board to "establish a goal for the conditional registration of at least 225 MW of solar energy projects prior to June 1, 2024, with an additional 275 MW prior to June 1, 2024 if qualified applications exceed 225 MW, an additional 250 MW prior to June 1, 2025 if qualified applications exceed 500 MW, and at least an additional 150 MW per year thereafter, taking into account any changes to the SREC program."[7] The Community Solar Expansion Act also required the Board to establish standards to enforce compliance with the Program's rules and to allow low- to moderate-income customers to self-attest to their eligibility. In addition, the Community Solar Expansion Act allowed utilities to disclose certain customer information to local governments to facilitate automatic enrollment in a community solar project.[8]

By Order dated April 30, 2024, the Board added a capacity allocation of 275 MW to the CSEP for EY 2024 for a total of 500 MW.[9] This allocation was subsequently rolled over into EY 2025 with no additional capacity.

As it had done for the ADI program as a whole, Board Staff hosted a one-year checkup stakeholder meeting on December 11, 2024 for the community solar market segments in the ADI Program. Staff accepted written comments through December 30, 2024. On April 23, 2025, the Board approved an adjustment to the community solar SREC-II incentive level from $90, established in the pilot program, to $80 per MWh, reflective of changes in the solar market since 2021. The Board sought to balance the need to accelerate solar deployment in New Jersey, without excessive immediate change, with the need to keep costs manageable for ratepayers. The Board also added a capacity allocation of 250 MW to the CSEP for EY 2025. This block opened to applications on April 30, 2025. The CSEP registration manager received more than 650 MW of project registrations during the initial registration period ending May 13, 2025. The Public Service Electric & Gas ("PSE&G") and Atlantic City Electric ("ACE") blocks received more applications than the capacity available during the initial registration period of the first 10 business days after opening. As a result, projects were approved in order of the guaranteed bill credit discount offered to subscribers, with a threshold for acceptance being 41.07% in the PSE&G block and 35.07% in the ACE block.

[6] In re the Community Solar Energy Program, BPU Docket No. QO22030153, Order dated August 16, 2023 ("CSEP Order").

[7] N.J.S.A. 48:3-87.11(f)(2).

[8] N.J.S.A. 48:3-85(b)(2)(a).

[9] In re the Community Solar Energy Program, BPU Docket No. QO22030153, Order dated April 30, 2024.

Table 3. EY 2025-26 CSEP Subscription by EDC Territory Capacity Blocks

EDC Territory	MW (dc) Capacity Blocks	Capacity Subscribed MW (dc)	Capacity Available MW (dc)
Jersey Central Power & Light (JCP&L)	73	58.8	10.2
Public Service Electric & Gas (PSE&G)	147	149	CLOSED
Atlantic City Electric (ACE)	30	32	CLOSED
Rockland & Orange (RECO)	7.8	0	7.8

Analysis of Incentive Levels by Market Segment

The first step in the analysis of solar market potential will be to update assumptions used in the one-year check-up incentive modeling used for the ADI Program in 2022. The updated assumptions will reflect recent changes to the New Jersey solar photovoltaics ("PV") market, as specified below.

Economic Variables to Update

Staff proposes updating high-impact and recently changing economic input variables. These input variables include:

- Capital expenditures
- Federal tax credits
- Inflation and supply chain impacts on capital expenditures, including tariffs, and operational expenditures
- Interest rates

Staff will research updates to the data previously input for these variables and then re-run project variant models using the National Renewable Laboratory's System Advisor Model ("SAM"). This approach is similar to the modeling conducted for the one-year checkup. Staff will reference assumptions made for project variants for the Capstone Report [10] and update inputs as necessary to reflect current market conditions. The Board maintains a robust database with actual and pipeline project cost data that Staff will review for capital expenditure costs by project type. Staff will also account for inflation that has occurred since the last review of capital expenditure ("Capex") data as well as operating expense ("Opex")-related variables.

To develop proposed adjusted Capex, Staff will do the following:

- Calculate current capital costs based on actual project data reported to the BPU;
- Analyze cost changes since 2022; and
- Apply the cost escalator to current costs based on review of inflation and cost data from the Bureau of Labor and Statistics and industry studies.

Regarding Opex, Staff proposes to adjust costs developed for the Capstone Report by the most recent year-over-year inflation rate from the Bureau of Labor and Statistics. Staff also seeks stakeholder input on data sources for actual operating expenditures.

[10] The Capstone Report can be accessed at: https://www.nj.gov/bpu/pdf/boardorders/2021/20210107/8B%20-%20Capstone%20Report.pdf

Project Variants to Update

To complete the update of SAM models, Staff will focus on market segments differentiated in the ADI Program, listed in Table 4. Staff has mapped each market segment to the applicable representative variant and associated capacity and capacity factors utilized in previous modeling. As was done in the One-Year Review Order, Staff will base the incentives on the less costly direct-owned model to avoid unnecessary complexity and increased costs to ratepayers.

Table 4. Project Variants to Update with New Economic Inputs

Market Segment	System Size MW (dc)	Project Variants for SAM Model	Modeled Capacity (kW-DC)	Modeled Annual Capacity Factor (%) (Base Scenario)
Net-Metered Residential	All Sizes	Residential Roof – Direct Owned	8	14.20%
Small Net-Metered Non- Residential located on Rooftop, Carport, Canopy and Floating Solar	< 1 MW	Commercial Roof – Direct Owned	350	15.50%
Small Net Metered Non- Residential Ground Mount	< 1 MW	Commercial Ground – Direct Owned	500	16.20%
Large Net Metered Non- Residential located on Rooftop, Carport, Canopy and Floating Solar	1 MW - 5 MW	Commercial Roof - Direct owned - Large	2,000	15.50%
Large Net Metered Non- Residential Ground Mount	1 MW - 5 MW	Commercial Ground - Direct Owned - Large	3,500	16.20%

Potential Board Action as a Result of the Three-Year Review

1) Adjusting Incentive Levels

As noted above, the first step in the analysis for the three-year review will be to update assumptions used in the 2022 ADI incentive modeling and consider any potential adjustments to incentive levels. Staff proposes to focus on updating assumptions on capital expenditures, investment tax credits, and inflation and supply chain impacts on capital and operational expenditures, while leaving the rest of the assumptions unchanged.

2) Adjusting Megawatt Blocks

In conducting the three-year review, Staff will consider whether to recommend to the Board any adjustments to the EY 2026 recommended incentive levels or capacity blocks. Staff will take into account market response, rate of registrations into the program, total MWs registered into the program, and other factors that are indicative of the overall health of the solar industry.

Anticipated Timeline

Staff seeks to solicit stakeholder feedback, with the intent of making adjustments to the ADI incentives and block sizes. Staff notes that, with the new capacity allocated for EY 2026, sufficient capacity is available for the ADI residential market segment. Further, the ADI commercial and industrial segment continues to run significantly behind target. To ensure that any changes are made to the ADI Program prior to the end of the energy year, Staff

intends to solicit feedback on the proposed scope of the three-year review and the specific modeling assumption changes recommended by Staff and request written comments ten days after the stakeholder meeting.

Questions for Stakeholders

ADI Program

1. What cost adjustments should be considered for the ADI market segments since the previous review? Please identify any market conditions that affect the recommendation and provide data or data sources that may be used for specific inputs.
2. Do continuing inflationary or supply chain pressures warrant revisiting ADI Program incentive levels to ensure that New Jersey continues to meet its solar targets?
3. Should the Board consider contractual agreements for Competitive Solar Incentive (CSI) and CSEP projects in the SuSI Program and if so, how?
4. Should large net-metered projects greater than 5 MW that are currently eligible for the CSI Program be considered for participation in the ADI Program instead? Should there be a project capacity size limit for ADI and if so, what should the limit be?
5. Should there be different incentives for large and small projects and if so, is 1 MW the appropriate threshold?
6. Should the Board consider ADI incentives for storage paired with commercial and residential solar projects to support demand response? What criteria should be set for the addition of storage?
7. What incentive levels should be offered to projects that reutilize materials from a previous project? Market participants have sought to reuse materials including but not limited to racking and other hardware.
8. Are ADI projects experiencing interconnection delays? If yes, please provide extent of delays, indicate the steps of the process in which delays are being experienced and comment on the extent delays are associated with particular EDCs.
9. What specific additional costs do projects serving public entities face, and what level of incentive adder would fairly account for those costs? Are there other considerations that support providing a public entity adder? Please describe these factors and indicate the level of adder they would justify.

Community Solar

10. Provide comments on whether fixed discounts should be available for subscribers, including LMI subscribers.
11. Please comment on alternative selection or tie-breaker methods for projects in the event of oversubscription of capacity blocks.

Staff look forward to receiving and reviewing your comments.

Sherri L. Lewis

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Sherri L. Lewis
Secretary of the Board

Dated: June 30, 2025