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Remarks of Brian O. Lipman, Director, Division of Rate Counsel, regarding S4869 (Increases solar development goals of SREC-II program and extends certain target dates of program 2035) Presented at the Senate Environment and Energy Committee Meeting,

December 1, 2025

Good morning and thank you for the opportunity to discuss S4869 (Increases solar development goals of SREC-II program and extends certain target dates of program 2035). My name is Brian Lipman, and I am the New Jersey Director of the Division of Rate Counsel. As you are aware, the Division of Rate Counsel represents and protects the interest of all consumers---residential customers, small business customers, small and large industrial customers, schools, libraries and other institutions in our communities. Rate Counsel is a party in cases where New Jersey utilities or businesses seek changes in their rate and/or services. Rate Counsel also gives consumers a voice in setting energy, water and telecommunications policy that will affect the rendering of utility services well into the future.

This bill will add an additional 2,750 MWh to the State's SREC program and extend the SREC program an additional ten years to 2035. This bill will cost ratepayers nearly \$5 billion through 2050. Rate Counsel is concerned, now more than ever, about the issue of affordability, and questions the need for this bill at this time. More importantly, if the Committee votes in favor of this bill, I urge you to first add a provision which would allow the Board of Public Utilities ("Board") and Rate Counsel to analyze the finances of solar developers as a condition of receiving these subsidies so that we better understand whether the subsidies are truly needed. This will provide the Board and Legislature a better understanding of how much the subsidies should be and for how much longer subsidies from New Jersey ratepayers are really necessary.

Rate Counsel also urges the Committee to first obtain an understanding from the Board as to whether the SREC II program is close to being fully subscribed. Especially before adding a cost of this magnitude, it is imperative that we ensure that the additional subsidies and the additional megawatt goal are truly appropriate. Remember, this \$5 billion is in addition to other solar and clean energy initiatives which ratepayers are already paying. While Rate Counsel does appreciate the amendments which would eliminate confidential cost caps and establish some cost containment measures, it is unclear what those cost containment measures could be given that the large increase we would see under today's

SREC II subsidies. Simply, we must first ensure that action is needed and then we must ensure that we take the least burdensome action possible to support affordability in rates. Ratepayers cannot be asked to fund every initiative, and we must make sure that what we are asking ratepayers to bear is truly needed.

As noted earlier, if the Committee still wishes to move this bill, Rate Counsel urges the Committee to add language which would permit the Board and Rate Counsel to perform a full accounting analysis on the books of developers who receive this incentive to evaluate how the SREC II incentives are impacting their finances. This would be no different than the Board analyzing a utility's accounting, which is done every few years to ensure reasonable and prudent rates. With SRECs, we are giving solar developers ratepayers funds, and ratepayers have a right to be assured that those funds are being used appropriately. As solar moves into over two decades of subsidies in New Jersey, it is now time for ratepayers to understand whether solar subsidies are truly needed to stand up solar projects or if the massive increase in rates is simply padding the profits of solar developers. If the subsidies are truly needed, this should not be an issue for any developer, and Rate Counsel urges you to place this minimal level of oversight into this bill.

I thank you for the opportunity to appear before you today.