

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 2936

STATE OF NEW JERSEY
212th LEGISLATURE

ADOPTED DECEMBER 17, 2007

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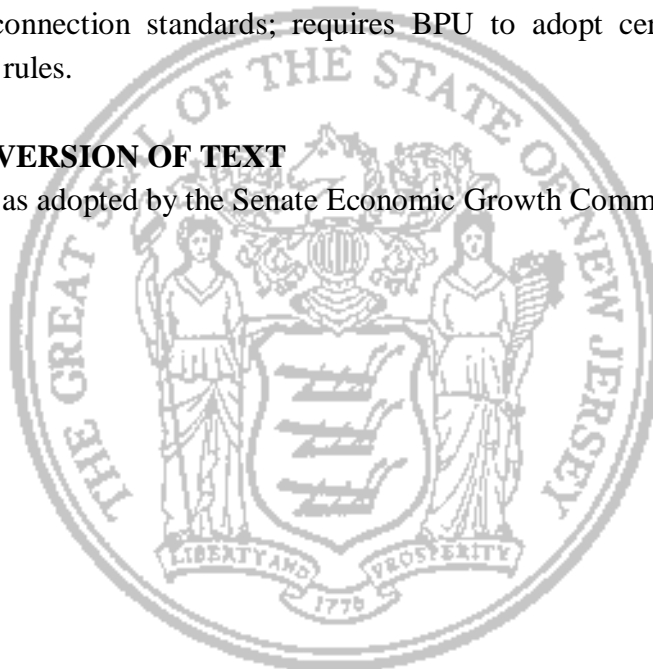
District 17 (Middlesex and Somerset)

SYNOPSIS

Revises law concerning electric power net metering, safety and power quality interconnection standards; requires BPU to adopt certain renewable energy credit rules.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Economic Growth Committee.



(Sponsorship Updated As Of: 1/8/2008)

1 **AN ACT** concerning electric power net metering, safety and power
2 quality interconnection standards, and renewable energy credit
3 rules, and amending P.L.1999, c.23.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. Section 38 of P.L.1999, c.23 (C.48:3-87) is amended to read
9 as follows:

10 38. a. The board shall require an electric power supplier or
11 basic generation service provider to disclose on a customer's bill or
12 on customer contracts or marketing materials, a uniform, common
13 set of information about the environmental characteristics of the
14 energy purchased by the customer, including, but not limited to:

15 (1) Its fuel mix, including categories for oil, gas, nuclear, coal,
16 solar, hydroelectric, wind and biomass, or a regional average
17 determined by the board;

18 (2) Its emissions, in pounds per megawatt hour, of sulfur
19 dioxide, carbon dioxide, oxides of nitrogen, and any other pollutant
20 that the board may determine to pose an environmental or health
21 hazard, or an emissions default to be determined by the board; and

22 (3) Any discrete emission reduction retired pursuant to rules and
23 regulations adopted pursuant to P.L.1995, c.188.

24 b. Notwithstanding any provisions of the "Administrative
25 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
26 contrary, the board shall initiate a proceeding and shall adopt, in
27 consultation with the Department of Environmental Protection, after
28 notice and opportunity for public comment and public hearing,
29 interim standards to implement this disclosure requirement,
30 including, but not limited to:

31 (1) A methodology for disclosure of emissions based on output
32 pounds per megawatt hour;

33 (2) Benchmarks for all suppliers and basic generation service
34 providers to use in disclosing emissions that will enable consumers
35 to perform a meaningful comparison with a supplier's or basic
36 generation service provider's emission levels; and

37 (3) A uniform emissions disclosure format that is graphic in
38 nature and easily understandable by consumers. The board shall
39 periodically review the disclosure requirements to determine if
40 revisions to the environmental disclosure system as implemented
41 are necessary.

42 Such standards shall be effective as regulations immediately
43 upon filing with the Office of Administrative Law and shall be
44 effective for a period not to exceed 18 months, and may, thereafter,

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 be amended, adopted or readopted by the board in accordance with
2 the provisions of the "Administrative Procedure Act."

3 c. (1) The board may adopt, in consultation with the
4 Department of Environmental Protection, after notice and
5 opportunity for public comment, an emissions portfolio standard
6 applicable to all electric power suppliers and basic generation
7 service providers, upon a finding that:

8 (a) The standard is necessary as part of a plan to enable the
9 State to meet federal Clean Air Act or State ambient air quality
10 standards; and

11 (b) Actions at the regional or federal level cannot reasonably be
12 expected to achieve the compliance with the federal standards.

13 (2) If a State department or agency adopts regulations to
14 implement a State policy or an interstate or regional agreement to
15 reduce Statewide greenhouse gas emissions related to electricity
16 generation, then the board shall adopt, pursuant to the
17 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
18 seq.), a greenhouse gas emissions portfolio standard to mitigate
19 leakage or another regulatory mechanism to mitigate leakage
20 applicable to all electric power suppliers and basic generation
21 service providers that provide electricity to customers within the
22 State. Any regulation to mitigate leakage shall:

23 (a) Allow a transition period, either before or after the effective
24 date of the regulation to mitigate leakage, for a basic generation
25 service provider or electric power supplier to either meet the
26 emissions portfolio standard or other regulatory mechanism to
27 mitigate leakage, or to transfer any customer to a basic generation
28 service provider or electric power supplier that meets the emissions
29 portfolio standard or other regulatory mechanism to mitigate
30 leakage. If the transition period allowed pursuant to this
31 subparagraph occurs after the implementation of a emissions
32 portfolio standard or other regulatory mechanism to mitigate
33 leakage, the transition period shall be no longer than three years;
34 and

35 (b) Exempt the provision of basic generation service pursuant to
36 a basic generation service purchase and sale agreement effective
37 prior to the date of the regulation.

38 d. Notwithstanding any provisions of the "Administrative
39 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
40 contrary, the board shall initiate a proceeding and shall adopt, after
41 notice, provision of the opportunity for comment, and public
42 hearing, interim renewable energy portfolio standards that shall
43 require:

44 (1) that two and one-half percent of the kilowatt hours sold in
45 this State by each electric power supplier and each basic generation
46 service provider be from Class I or Class II renewable energy
47 sources; and

1 (2) beginning on January 1, 2001, that one-half of one percent
2 of the kilowatt hours sold in this State by each electric power
3 supplier and each basic generation service provider be from Class I
4 renewable energy sources. The board shall increase the required
5 percentage for Class I renewable energy sources so that by January
6 1, 2006, one percent of the kilowatt hours sold in this State by each
7 electric power supplier and each basic generation service provider
8 shall be from Class I renewable energy sources and shall
9 additionally increase the required percentage for Class I renewable
10 energy sources by one-half of one percent each year until January 1,
11 2012, when four percent of the kilowatt hours sold in this State by
12 each electric power supplier and each basic generation service
13 provider shall be from Class I renewable energy sources.

14 An electric power supplier or basic generation service provider
15 may satisfy the requirements of this subsection by participating in a
16 renewable energy trading program approved by the board in
17 consultation with the Department of Environmental Protection.

18 Such standards shall be effective as regulations immediately
19 upon filing with the Office of Administrative Law and shall be
20 effective for a period not to exceed 18 months, and may, thereafter,
21 be amended, adopted or readopted by the board in accordance with
22 the provisions of the "Administrative Procedure Act."

23 e. Notwithstanding any provisions of the "Administrative
24 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
25 contrary, the board shall initiate a proceeding and shall adopt, after
26 notice, provision of the opportunity for comment, and public
27 hearing:

28 (1) net metering standards for electric power suppliers and basic
29 generation service providers.

30 The standards shall require electric power suppliers and basic
31 generation service providers to offer net metering at non-
32 discriminatory rates to industrial, large commercial, residential and
33 small commercial customers, as those customers are classified or
34 defined by the board, that generate electricity, on the customer's
35 side of the meter, using **【wind or solar photovoltaic systems】** a
36 Class I renewable energy source, for the net amount of electricity
37 supplied by the electric power supplier or basic generation service
38 provider over an annualized period. **【Where】** If the amount of
39 electricity generated by the customer-generator, plus any kilowatt
40 hour credits held over from the previous billing periods **【exceed】** ,
41 exceeds the electricity supplied by the electric power supplier or
42 basic generation service provider, then the electric power supplier
43 or basic generation service provider, as the case may be, shall credit
44 the **【customer】** customer-generator for the excess kilowatt hours
45 until the end of the annualized period at which point the customer-
46 generator will be compensated for any remaining credits or, if the
47 customer-generator chooses, credit the customer-generator on a

1 real-time basis, at the electric power supplier's or basic generation
2 service provider's avoided cost of wholesale power or the PJM
3 electric power pool's real-time locational marginal pricing rate,
4 adjusted for losses, for the respective zone in the PJM electric
5 power pool. Alternatively, the customer-generator may execute a
6 bilateral agreement with an electric power supplier or basic
7 generation service provider for the sale and purchase of the
8 customer-generator's excess generation. The customer-generator
9 may be credited on a real-time basis, so long as the customer-
10 generator follows applicable rules prescribed by the PJM electric
11 power pool for its capacity requirements for the net amount of
12 electricity supplied by the electric power supplier or basic
13 generation service provider. The board may authorize an electric
14 power supplier or basic generation service provider to cease
15 offering net metering whenever the total rated generating capacity
16 owned and operated by net metering customer-generators Statewide
17 equals [0.1] 2.5 percent of the State's peak electricity demand [or
18 the annual aggregate financial impact to electric power suppliers
19 and basic generation service providers Statewide, as determined by
20 the board, exceeds \$2,000,000, whichever is less]; [and]

21 (2) safety and power quality interconnection standards for
22 [wind and solar photovoltaic systems that] Class I renewable
23 energy source systems used by a customer-generator that shall be
24 eligible for net metering.

25 Such standards shall take into consideration the goals of the New
26 Jersey Energy Master Plan, applicable industry standards, and the
27 standards of other states and the Institute of Electrical and
28 Electronic Engineers [and shall allow customers to use a single,
29 non-demand, non-time differentiated meter]. The board shall allow
30 electric public utilities to recover the costs of any new net meters,
31 upgraded net meters, system reinforcements or upgrades, and
32 interconnection costs through either their regulated rates or from the
33 net metering customer-generator; and

34 (3) credit or other incentive rules for generators using Class I
35 renewable energy generation systems that connect to New Jersey's
36 electric public utilities' distribution system but who do not net
37 meter.

38 Such rules shall require the board or its designee to issue a credit
39 or other incentive to those generators that do not use a net meter but
40 otherwise generate electricity derived from a Class I renewable
41 energy source and to issue an enhanced credit or other incentive,
42 including, but not limited to, a solar renewable energy credit, to
43 those generators that generate electricity derived from solar
44 technologies.

45 Such standards or rules shall be effective as regulations
46 immediately upon filing with the Office of Administrative Law and
47 shall be effective for a period not to exceed 18 months, and may,

1 thereafter, be amended, adopted or readopted by the board in
2 accordance with the provisions of the "Administrative Procedure
3 Act."

4 f. The board may assess, by written order and after notice and
5 opportunity for comment, a separate fee to cover the cost of
6 implementing and overseeing an emission disclosure system or
7 emission portfolio standard, which fee shall be assessed based on an
8 electric power supplier's or basic generation service provider's share
9 of the retail electricity supply market. The board shall not impose a
10 fee for the cost of implementing and overseeing a greenhouse gas
11 emissions portfolio standard adopted pursuant to paragraph (2) of
12 subsection c. of this section, the electric energy efficiency portfolio
13 standard adopted pursuant to subsection g. of this section, or the gas
14 energy efficiency portfolio standard adopted pursuant to subsection
15 h. of this section.

16 g. The board may adopt, pursuant to the "Administrative
17 Procedure Act," P.L. 1968, c.410 (C. 52:14B-1 et seq.), an electric
18 energy efficiency portfolio standard that may require each electric
19 public utility to implement energy efficiency measures that reduce
20 electricity usage in the State by 2020 to a level that is 20 percent
21 below the usage projected by the board in the absence of such a
22 standard. Nothing in this section shall be construed to prevent an
23 electric public utility from meeting the requirements of this section
24 by contracting with another entity for the performance of the
25 requirements.

26 h. The board may adopt, pursuant to the "Administrative
27 Procedure Act," a gas energy efficiency portfolio standard that may
28 require each gas public utility to implement energy efficiency
29 measures that reduce natural gas usage for heating in the State by
30 2020 to a level that is 20 percent below the usage projected by the
31 board in the absence of such a standard. Nothing in this section
32 shall be construed to prevent a gas public utility from meeting the
33 requirements of this section by contracting with another entity for
34 the performance of the requirements.

35 i. As used in this section:

36 "Energy efficiency portfolio standard" means a requirement to
37 procure a specified amount of energy efficiency or demand side
38 management resources as a means of managing and reducing energy
39 usage and demand by customers.

40 "Greenhouse gas emissions portfolio standard" means a
41 requirement that addresses or limits the amount of carbon dioxide
42 emissions indirectly resulting from the use of electricity as applied
43 to any electric power suppliers and basic generation service
44 providers of electricity.

45 "Leakage" means an increase in greenhouse gas emissions
46 related to generation sources located outside of the State that are not
47 subject to a state, interstate or regional greenhouse gas emissions

1 cap or standard that applies to generation sources located within the
2 State.

3 (cf: P.L.2007, c.112, s.8)

4

5 2. This act shall take effect on the 180th day after the date of
6 enactment, but the Board of Public Utilities may take such
7 anticipatory administrative action in advance thereof as shall be
8 necessary for the implementation of this act.