

**ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY BILL NO. 2529
(Fourth Reprint)**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Committee Substitute for Assembly Bill No. 2529 (Fourth Reprint) with my recommendations for reconsideration.

This bill amends, supplements and adds definitions to the Electric Discount and Energy Competition Act (EDECA) to promote renewable energy and energy efficiency. The definitions of "Class I renewable energy" and "Class II renewable energy" sources are supplemented to include hydropower facilities as a source of renewable energy. The bill also expands eligibility for solar projects to participate in the Solar Renewable Energy Certificate (SREC) program and seeks to promote energy efficiency through the development of an Energy Efficiency Certificate (EEC) program by the Board of Public Utilities (BPU). The legislation also corrects two deficiencies in the current law that disadvantage third-party suppliers (TPSs) in pricing competition with regulated electric distribution companies (EDCs) and with Basic Generation Service (BGS) suppliers with respect to the obligation to purchase SRECs or to make solar alternate compliance payments (SACPs).

I commend the sponsors for these changes to EDECA. The changes are consistent with the Administration's energy policy because they promote renewable energy development and energy efficiency.

However, the bill also contains an exception to the requirement of BPU and Department of Environmental Protection (DEP) review of large scale solar projects of greater than 10

megawatts for purposes of determining SREC eligibility. This amendment provides that a developer can obtain an exception to BPU and DEP review if it files a certification with BPU that they have met requirements for a grant under the American Reinvestment and Recovery Act of 2009 (ARRA) by July 1, 2011.

ARRA eligibility is completely unrelated to the rationale for BPU review of projects greater than 10 megawatts. As a result, I find this exception problematic. The legislation requires BPU to consider, among other factors, the electric rate benefits and impacts of the solar facility on customers, impacts of the development on the solar power and SREC market and, in consultation with DEP, the land use impact of the solar facility. Approval for ARRA funding is simply not related to these factors and, in fact, ARRA funded projects are most likely to be of a scale that should be the subject of this special review by BPU and DEP.

Accordingly, I recommend that this exception be eliminated. I am concerned about the impact that these solar facilities may have on ratepayers, the impacts these facilities may have on the solar power and SREC market and, the impact these facilities may have on the land use. The role of the BPU and DEP is vital in determining the impacts that large scale solar facility projects will have in New Jersey and should not be by-passed.

Therefore, I herewith return Assembly Committee Substitute for Assembly Bill No. 2529 (Fourth Reprint) and recommend that it be amended as follows:

Page 50, Section 2, Lines 1-7:

Delete in their entirety

Respectfully,

/s/ Chris Christie

Governor

[seal]

Attest:

/s/ Jeffrey S. Chiesa

Chief Counsel to the Governor