

P.L. 2018, CHAPTER 17, *approved May 23, 2018*  
 Assembly, No. 3723

1 AN ACT concerning clean energy, amending and supplementing  
 2 P.L.1999, c.23, amending P.L.2010, c.57, and supplementing  
 3 P.L.2005, c.354 (C.34:1A-85 et seq.).  
 4

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

8 1. (New section) a. No later than one year after the date of  
 9 enactment of P.L. , c. (C. ) (pending before the Legislature as  
 10 this bill), the Board of Public Utilities, in consultation with PJM  
 11 Interconnection, L.L.C., the independent system operator, shall,  
 12 together with stakeholders including but not limited to third party  
 13 suppliers and electric public utilities, conduct an energy storage  
 14 analysis and submit a written report to the Governor and, pursuant  
 15 to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature  
 16 concerning energy storage needs and opportunities in the State. In  
 17 conducting this analysis, the board shall:

18 (1) consider how implementation of renewable electric energy  
 19 storage systems may benefit ratepayers by providing emergency  
 20 back-up power for essential services, offsetting peak loads, and  
 21 stabilizing the electric distribution system;

22 (2) consider whether implementation of renewable electric  
 23 energy storage systems would promote the use of electric vehicles  
 24 in the State, and the potential impact on renewable energy  
 25 production in the State;

26 (3) study the types of energy storage technologies currently  
 27 being implemented in the State and elsewhere;

28 (4) consider the benefits and costs to ratepayers, local  
 29 governments, and electric public utilities associated with the  
 30 development and implementation of additional energy storage  
 31 technologies;

32 (5) determine the optimal amount of energy storage to be added  
 33 in the State over the next five years in order to provide the  
 34 maximum benefit to ratepayers;

35 (6) determine the optimum points of entry into the electric  
 36 distribution system for distributed energy resources; and

**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 (7) calculate the cost to the State's ratepayers of adding the  
2 optimal amount of energy storage.

3 In conducting the analysis required by this subsection, the board  
4 shall also consider the need for integration of distributed energy  
5 resources into the electric distribution system and how distributed  
6 energy resources may be incorporated into the electric distribution  
7 system in the most efficient and cost-effective manner.

8 b. In conducting the energy storage analysis required by this  
9 section, the board shall consult with the Laboratory for Energy  
10 Smart Systems in the Center for Advanced Infrastructure and  
11 Transportation at Rutgers, The State University, and public and  
12 private entities in the State and in other states that have conducted  
13 studies concerning, or are implementing technologies for, energy  
14 storage and distributed energy resources.

15 c. The written report shall: (1) summarize the analysis  
16 conducted pursuant to subsection a. of this section; (2) discuss and  
17 quantify the potential benefits and costs associated with increasing  
18 opportunities for energy storage and distributed energy resources in  
19 the State; and (3) recommend ways to increase opportunities for  
20 energy storage and distributed energy resources in the State,  
21 including any recommendations for financial incentives to aid in the  
22 development and implementation of these technologies by public  
23 and private entities in the State.

24 d. No later than six months after completion of the report, the  
25 board shall initiate a proceeding to establish a process and  
26 mechanism for achieving the goal of 600 megawatts of energy  
27 storage by 2021 and 2,000 megawatts of energy storage by 2030.

28

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

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

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

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

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

45 b. Notwithstanding any provisions of the "Administrative  
46 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the  
47 contrary, the board shall initiate a proceeding and shall adopt, in  
48 consultation with the Department of Environmental Protection, after

1 notice and opportunity for public comment and public hearing,  
2 interim standards to implement this disclosure requirement,  
3 including, but not limited to:

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

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

10 (3) A uniform emissions disclosure format that is graphic in  
11 nature and easily understandable by consumers. The board shall  
12 periodically review the disclosure requirements to determine if  
13 revisions to the environmental disclosure system as implemented  
14 are necessary.

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

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

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

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

30 (2) By July 1, 2009, the board shall adopt, pursuant to the  
31 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
32 seq.), a greenhouse gas emissions portfolio standard to mitigate  
33 leakage or another regulatory mechanism to mitigate leakage  
34 applicable to all electric power suppliers and basic generation  
35 service providers that provide electricity to customers within the  
36 State. The greenhouse gas emissions portfolio standard or any other  
37 regulatory mechanism to mitigate leakage shall:

38 (a) Allow a transition period, either before or after the effective  
39 date of the regulation to mitigate leakage, for a basic generation  
40 service provider or electric power supplier to either meet the  
41 emissions portfolio standard or other regulatory mechanism to  
42 mitigate leakage, or to transfer any customer to a basic generation  
43 service provider or electric power supplier that meets the emissions  
44 portfolio standard or other regulatory mechanism to mitigate  
45 leakage. If the transition period allowed pursuant to this  
46 subparagraph occurs after the implementation of an emissions  
47 portfolio standard or other regulatory mechanism to mitigate

1 leakage, the transition period shall be no longer than three years;  
2 and

3 (b) Exempt the provision of basic generation service pursuant to  
4 a basic generation service purchase and sale agreement effective  
5 prior to the date of the regulation.

6 Unless the Attorney General or the Attorney General's designee  
7 determines that a greenhouse gas emissions portfolio standard  
8 would unconstitutionally burden interstate commerce or would be  
9 preempted by federal law, the adoption by the board of an electric  
10 energy efficiency portfolio standard pursuant to subsection g. of this  
11 section, a gas energy efficiency portfolio standard pursuant to  
12 subsection h. of this section, or any other enhanced energy  
13 efficiency policies to mitigate leakage shall not be considered  
14 sufficient to fulfill the requirement of this subsection for the  
15 adoption of a greenhouse gas emissions portfolio standard or any  
16 other regulatory mechanism to mitigate leakage.

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

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

26 (2) beginning on January 1, **2001** 2020, that **one-half of**  
27 **one** 21 percent of the kilowatt hours sold in this State by each  
28 electric power supplier and each basic generation service provider  
29 be from Class I renewable energy sources. The board shall increase  
30 the required percentage for Class I renewable energy sources so that  
31 by January 1, **2006, one percent** 2025, 35 percent of the kilowatt  
32 hours sold in this State by each electric power supplier and each  
33 basic generation service provider shall be from Class I renewable  
34 energy sources **and shall additionally increase the required**  
35 **percentage for Class I renewable energy sources by one-half of one**  
36 **percent each year until January 1, 2012, when four percent** , and  
37 by January 1, 2030, 50 percent of the kilowatt hours sold in this  
38 State by each electric power supplier and each basic generation  
39 service provider shall be from Class I renewable energy sources.  
40 Notwithstanding the requirements of this subsection, the board shall  
41 ensure that the cost to customers of the Class I renewable energy  
42 requirement imposed pursuant to this subsection shall not exceed  
43 nine percent of the total paid for electricity by all customers in the  
44 State for energy year 2019, energy year 2020, and energy year  
45 2021, respectively, and shall not exceed seven percent of the total  
46 paid for electricity by all customers in the State in any energy year  
47 thereafter. In calculating the cost to customers of the Class I

1 renewable energy requirement imposed pursuant to this subsection,  
 2 the board shall not include the costs of the offshore wind energy  
 3 certificate program established pursuant to paragraph (4) of this  
 4 subsection. The board shall take any steps necessary to prevent the  
 5 exceedance of the cap on the cost to customers including, but not  
 6 limited to, adjusting the Class I renewable energy requirement.

7 An electric power supplier or basic generation service provider  
 8 may satisfy the requirements of this subsection by participating in a  
 9 renewable energy trading program approved by the board in  
 10 consultation with the Department of Environmental Protection;

11 (3) that the board establish a multi-year schedule, applicable to  
 12 each electric power supplier or basic generation service provider in  
 13 this State, beginning with the one-year period commencing on June  
 14 1, 2010, and continuing for each subsequent one-year period up to  
 15 and including, the one-year period commencing on June 1, **[2028]**  
 16 **2033**, that requires the following number or percentage, as the case  
 17 may be, of kilowatt-hours sold in this State by each electric power  
 18 supplier and each basic generation service provider to be from solar  
 19 electric power generators connected to the distribution system in  
 20 this State:

21	EY 2011	306 Gigawatthours (Gwhrs)
22	EY 2012	442 Gwhrs
23	EY 2013	596 Gwhrs
24	EY 2014	2.050%
25	EY 2015	2.450%
26	EY 2016	2.750%
27	EY 2017	3.000%
28	EY 2018	3.200%
29	EY 2019	<b>[3.290%]</b> <u>4.300%</u>
30	EY 2020	<b>[3.380%]</b> <u>4.900%</u>
31	EY 2021	<b>[3.470%]</b> <u>5.100%</u>
32	<b>[EY 2022</b>	3.560%
33	EY 2023	3.650%
34	EY 2024	3.740%
35	EY 2025	3.830%
36	EY 2026	3.920%
37	EY 2027	4.010%

38 EY 2028 4.100 percent, and for every energy year thereafter, at  
 39 least 4.100% per energy year to reflect an increasing number of  
 40 kilowatt-hours to be purchased by suppliers or providers from solar  
 41 electric power generators connected to the distribution system in  
 42 this State, and to establish a framework within which, of the  
 43 electricity that the generators sell in this State, suppliers and  
 44 providers shall each obtain at least 3.470 percent in the energy year  
 45 2021 and 4.100 percent in the energy year 2028 from solar electric  
 46 power generators connected to the distribution system in this State,  
 47 provided, however, that: **]**

1	<u>EY 2022</u>	<u>5.100%</u>
2	<u>EY 2023</u>	<u>5.100%</u>
3	<u>EY 2024</u>	<u>4.900%</u>
4	<u>EY 2025</u>	<u>4.800%</u>
5	<u>EY 2026</u>	<u>4.500%</u>
6	<u>EY 2027</u>	<u>4.350%</u>
7	<u>EY 2028</u>	<u>3.740%</u>
8	<u>EY 2029</u>	<u>3.070%</u>
9	<u>EY 2030</u>	<u>2.210%</u>
10	<u>EY 2031</u>	<u>1.580%</u>
11	<u>EY 2032</u>	<u>1.400%</u>
12	<u>EY 2033</u>	<u>1.100%</u>

13 No later than 180 days after the date of enactment of P.L. ,  
14 c. (C. ) (pending before the Legislature as this bill), the board shall  
15 adopt rules and regulations to close the SREC program to new  
16 applications upon the attainment of 5.1 percent of the kilowatt-hours  
17 sold in the State by each electric power supplier and each basic  
18 generation provider from solar electric power generators connected to  
19 the distribution system. The board shall continue to consider any  
20 application filed before the date of enactment of P.L. , c. (C. )  
21 (pending before the Legislature as this bill). The board shall provide  
22 for an orderly and transparent mechanism that will result in the closing  
23 of the existing SREC program on a date certain but no later than June  
24 1, 2021.

25 No later than 24 months after the date of enactment of P.L. , c.  
26 (C. ) (pending before the Legislature as this bill), the board shall  
27 complete a study that evaluates how to modify or replace the SREC  
28 program to encourage the continued efficient and orderly development  
29 of solar renewable energy generating sources throughout the State.  
30 The board shall submit the written report thereon to the Governor  
31 and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the  
32 Legislature. The board shall consult with public utilities, industry  
33 experts, regional grid operators, solar power providers and financiers,  
34 and other State agencies to determine whether the board can modify  
35 the SREC program such that the program will:

36 - continually reduce, where feasible, the cost of achieving the solar  
37 energy goals set forth in this subsection;

38 - provide an orderly transition from the SREC program to a new or  
39 modified program;

40 - develop megawatt targets for grid connected and distribution  
41 systems, including residential and small commercial rooftop systems,  
42 community solar systems, and large scale behind the meter systems, as  
43 a share of the overall solar energy requirement, which targets the board  
44 may modify periodically based on the cost, feasibility, or social  
45 impacts of different types of projects;

46 - establish and update market-based maximum incentive payment  
47 caps periodically for each of the above categories of solar electric  
48 power generation facilities;

1       - encourage and facilitate market-based cost recovery through  
2 long-term contracts and energy market sales; and

3       - where cost recovery is needed for any portion of an efficient solar  
4 electric power generation facility when costs are not recoverable  
5 through wholesale market sales and direct payments from customers,  
6 utilize competitive processes such as competitive procurement and  
7 long-term contracts where possible to ensure such recovery, without  
8 exceeding the maximum incentive payment cap for that category of  
9 facility.

10       The board shall approve, conditionally approve, or disapprove  
11 any application for designation as connected to the distribution  
12 system of a solar electric power generation facility filed with the  
13 board after the date of enactment of P.L. , c. (pending before the  
14 Legislature as this bill), no more than 90 days after receipt by the  
15 board of a completed application. For any such application for a  
16 project greater than 25 kilowatts, the board shall require the  
17 applicant to post a notice escrow with the board in an amount of  
18 \$40 per kilowatt of DC nameplate capacity of the facility, not to  
19 exceed \$40,000. The notice escrow amount shall be reimbursed to  
20 the applicant in full upon either denial of the application by the  
21 board or upon commencement of commercial operation of the solar  
22 electric power generation facility. The escrow amount shall be  
23 forfeited to the State if the facility is designated as connected to the  
24 distribution system pursuant to this subsection but does not  
25 commence commercial operation within two years following the  
26 date of the designation by the board.

27       For all applications for designation as connected to the  
28 distribution system of a solar electric power generation facility filed  
29 with the board after the date of enactment of P.L. , c. (pending  
30 before the Legislature as this bill), the SREC term shall be 10 years.

31       (a) The board shall determine an appropriate period of no less  
32 than 120 days following the end of an energy year prior to which a  
33 provider or supplier must demonstrate compliance for that energy  
34 year with the annual renewable portfolio standard;

35       (b) No more than 24 months following the date of enactment of  
36 P.L.2012, c.24, the board shall complete a proceeding to investigate  
37 approaches to mitigate solar development volatility and prepare and  
38 submit, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a  
39 report to the Legislature, detailing its findings and  
40 recommendations. As part of the proceeding, the board shall  
41 evaluate other techniques used nationally and internationally;

42       (c) The solar renewable portfolio standards requirements in this  
43 paragraph shall exempt those existing supply contracts which are  
44 effective prior to the date of enactment of **[P.L.2012, c.24]** P.L. ,  
45 c. (C. ) (pending before the Legislature as this bill) from any  
46 increase beyond the number of SRECs mandated by the solar  
47 renewable energy portfolio standards requirements that were in  
48 effect on the date that the providers executed their existing supply

1 contracts. This limited exemption for providers' existing supply  
2 contracts shall not be construed to lower the Statewide solar  
3 sourcing requirements set forth in this paragraph. Such incremental  
4 requirements that would have otherwise been imposed on exempt  
5 providers shall be distributed over the providers not subject to the  
6 existing supply contract exemption until such time as existing  
7 supply contracts expire and all providers are subject to the new  
8 requirement in a manner that is competitively neutral among all  
9 providers and suppliers. **【The board shall】** Notwithstanding any  
10 rule or regulation to the contrary, the board shall recognize these  
11 new solar purchase obligations as a change required by operation of  
12 law and implement the provisions of this subsection in a manner so  
13 as to prevent any subsidies between suppliers and providers and to  
14 promote competition in the electricity supply industry.

15 An electric power supplier or basic generation service provider  
16 may satisfy the requirements of this subsection by participating in a  
17 renewable energy trading program approved by the board in  
18 consultation with the Department of Environmental Protection, or  
19 compliance with the requirements of this subsection may be  
20 demonstrated to the board by suppliers or providers through the  
21 purchase of SRECs.

22 The renewable energy portfolio standards adopted by the board  
23 pursuant to paragraphs (1) and (2) of this subsection shall be  
24 effective as regulations immediately upon filing with the Office of  
25 Administrative Law and shall be effective for a period not to exceed  
26 18 months, and may, thereafter, be amended, adopted or readopted  
27 by the board in accordance with the provisions of the  
28 "Administrative Procedure Act."

29 The renewable energy portfolio standards adopted by the board  
30 pursuant to this paragraph shall be effective as regulations  
31 immediately upon filing with the Office of Administrative Law and  
32 shall be effective for a period not to exceed 30 months after such  
33 filing, and shall, thereafter, be amended, adopted or readopted by  
34 the board in accordance with the "Administrative Procedure Act";  
35 and

36 (4) within 180 days after the date of enactment of P.L.2010,  
37 c.57 (C.48:3-87.1 et al.), that the board establish an offshore wind  
38 renewable energy certificate program to require that a percentage of  
39 the kilowatt hours sold in this State by each electric power supplier  
40 and each basic generation service provider be from offshore wind  
41 energy in order to support at least **【1,100】** 3,500 megawatts of  
42 generation from qualified offshore wind projects.

43 The percentage established by the board pursuant to this  
44 paragraph shall serve as an offset to the renewable energy portfolio  
45 standard established pursuant to **【paragraphs (1) and】** paragraph (2)  
46 of this subsection and shall reduce the corresponding Class I  
47 renewable energy requirement.



1 The percentage established by the board pursuant to this  
2 paragraph shall reflect the projected OREC production of each  
3 qualified offshore wind project, approved by the board pursuant to  
4 section 3 of P.L.2010, c.57 (C.48:3-87.1), for **twenty** 20 years  
5 from the commercial operation start date of the qualified offshore  
6 wind project which production projection and OREC purchase  
7 requirement, once approved by the board, shall not be subject to  
8 reduction.

9 An electric power supplier or basic generation service provider  
10 shall comply with the OREC program established pursuant to this  
11 paragraph through the purchase of offshore wind renewable energy  
12 certificates at a price and for the time period required by the board.  
13 In the event there are insufficient offshore wind renewable energy  
14 certificates available, the electric power supplier or basic generation  
15 service provider shall pay an offshore wind alternative compliance  
16 payment established by the board. Any offshore wind alternative  
17 compliance payments collected shall be refunded directly to the  
18 ratepayers by the electric public utilities.

19 The rules established by the board pursuant to this paragraph  
20 shall be effective as regulations immediately upon filing with the  
21 Office of Administrative Law and shall be effective for a period not  
22 to exceed 18 months, and may, thereafter, be amended, adopted or  
23 readopted by the board in accordance with the provisions of the  
24 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
25 seq.).

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

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

1 compensated for any remaining credits or, if the customer-generator  
2 chooses, credit the customer-generator on a real-time basis, at the  
3 electric power supplier's or basic generation service provider's  
4 avoided cost of wholesale power or the PJM electric power pool's  
5 real-time locational marginal pricing rate, adjusted for losses, for  
6 the respective zone in the PJM electric power pool. Alternatively,  
7 the customer-generator may execute a bilateral agreement with an  
8 electric power supplier or basic generation service provider for the  
9 sale and purchase of the customer-generator's excess generation.  
10 The customer-generator may be credited on a real-time basis, so  
11 long as the customer-generator follows applicable rules prescribed  
12 by the PJM electric power pool for its capacity requirements for the  
13 net amount of electricity supplied by the electric power supplier or  
14 basic generation service provider. The board may authorize an  
15 electric power supplier or basic generation service provider to cease  
16 offering net metering to customers that are not already net metered  
17 whenever the total rated generating capacity owned and operated by  
18 net metering customer-generators Statewide equals **[2.9]** 5.8  
19 percent of the total annual kilowatt-hours sold in this State by each  
20 electric power supplier and each basic generation service provider  
21 during the prior one-year period;

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

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

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

37 (4) net metering aggregation standards to require electric public  
38 utilities to provide net metering aggregation to single electric public  
39 utility customers that operate a solar electric power generation  
40 system installed at one of the customer's facilities or on property  
41 owned by the customer, provided that any such customer is a State  
42 entity, school district, county, county agency, county authority,  
43 municipality, municipal agency, or municipal authority. The  
44 standards shall provide that, in order to qualify for net metering  
45 aggregation, the customer must operate a solar electric power  
46 generation system using a net metering billing account, which  
47 system is located on property owned by the customer, provided that:  
48 (a) the property is not land that has been actively devoted to

1 agricultural or horticultural use and that is valued, assessed, and  
2 taxed pursuant to the "Farmland Assessment Act of 1964,"  
3 P.L.1964, c.48 (C.54:4-23.1 et seq.) at any time within the 10-year  
4 period prior to the effective date of P.L.2012, c.24, provided,  
5 however, that the municipal planning board of a municipality in  
6 which a solar electric power generation system is located may  
7 waive the requirement of this subparagraph (a), (b) the system is not  
8 an on-site generation facility, (c) all of the facilities of the single  
9 customer combined for the purpose of net metering aggregation are  
10 facilities owned or operated by the single customer and are located  
11 within its territorial jurisdiction except that all of the facilities of a  
12 State entity engaged in net metering aggregation shall be located  
13 within five miles of one another, and (d) all of those facilities are  
14 within the service territory of a single electric public utility and are  
15 all served by the same basic generation service provider or by the  
16 same electric power supplier. The standards shall provide that in  
17 order to qualify for net metering aggregation, the customer's solar  
18 electric power generation system shall be sized so that its annual  
19 generation does not exceed the combined metered annual energy  
20 usage of the qualified customer facilities, and the qualified  
21 customer facilities shall all be in the same customer rate class under  
22 the applicable electric public utility tariff. For the customer's  
23 facility or property on which the solar electric generation system is  
24 installed, the electricity generated from the customer's solar electric  
25 generation system shall be accounted for pursuant to the provisions  
26 of paragraph (1) of this subsection to provide that the electricity  
27 generated in excess of the electricity supplied by the electric power  
28 supplier or the basic generation service provider, as the case may  
29 be, for the customer's facility on which the solar electric generation  
30 system is installed, over the annualized period, is credited at the  
31 electric power supplier's or the basic generation service provider's  
32 avoided cost of wholesale power or the PJM electric power pool  
33 real-time locational marginal pricing rate. All electricity used by  
34 the customer's qualified facilities, with the exception of the facility  
35 or property on which the solar electric power generation system is  
36 installed, shall be billed at the full retail rate pursuant to the electric  
37 public utility tariff applicable to the customer class of the customer  
38 using the electricity. A customer may contract with a third party to  
39 operate a solar electric power generation system, for the purpose of  
40 net metering aggregation. Any contractual relationship entered into  
41 for operation of a solar electric power generation system related to  
42 net metering aggregation shall include contractual protections that  
43 provide for adequate performance and provision for construction  
44 and operation for the term of the contract, including any appropriate  
45 bonding or escrow requirements. Any incremental cost to an  
46 electric public utility for net metering aggregation shall be fully and  
47 timely recovered in a manner to be determined by the board. The

1 board shall adopt net metering aggregation standards within 270  
2 days after the effective date of P.L.2012, c.24.

3 Such rules shall require the board or its designee to issue a credit  
4 or other incentive to those generators that do not use a net meter but  
5 otherwise generate electricity derived from a Class I renewable  
6 energy source and to issue an enhanced credit or other incentive,  
7 including, but not limited to, a solar renewable energy credit, to  
8 those generators that generate electricity derived from solar  
9 technologies.

10 Such standards or rules shall be effective as regulations  
11 immediately upon filing with the Office of Administrative Law and  
12 shall be effective for a period not to exceed 18 months, and may,  
13 thereafter, be amended, adopted or readopted by the board in  
14 accordance with the provisions of the "Administrative Procedure  
15 Act."

16 f. The board may assess, by written order and after notice and  
17 opportunity for comment, a separate fee to cover the cost of  
18 implementing and overseeing an emission disclosure system or  
19 emission portfolio standard, which fee shall be assessed based on an  
20 electric power supplier's or basic generation service provider's share  
21 of the retail electricity supply market. The board shall not impose a  
22 fee for the cost of implementing and overseeing a greenhouse gas  
23 emissions portfolio standard adopted pursuant to paragraph (2) of  
24 subsection c. of this section **【**, the electric energy efficiency  
25 portfolio standard adopted pursuant to subsection g. of this section,  
26 or the gas energy efficiency portfolio standard adopted pursuant to  
27 subsection h. of this section**】**.

28 g. The board **【may】** shall adopt, pursuant to the  
29 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
30 seq.), an electric energy efficiency **【portfolio standard】** program in  
31 order to ensure investment in cost-effective energy efficiency  
32 measures, ensure universal access to energy efficiency measures,  
33 and serve the needs of low-income communities that **【may】** shall  
34 require each electric public utility to implement energy efficiency  
35 measures that reduce electricity usage in the State **【by 2020 to a**  
36 **level that is 20 percent below the usage projected by the board in**  
37 **the absence of such a standard】** pursuant to section 3 of P.L. ,  
38 c. (C. ) (pending before the Legislature as this bill). Nothing in  
39 this **【section】** subsection shall be construed to prevent an electric  
40 public utility from meeting the requirements of this **【section】**  
41 subsection by contracting with another entity for the performance of  
42 the requirements.

43 h. The board **【may】** shall adopt, pursuant to the  
44 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
45 seq.), a gas energy efficiency **【portfolio standard】** program in order  
46 to ensure investment in cost-effective energy efficiency measures,  
47 ensure universal access to energy efficiency measures, and serve the

1 needs of low-income communities that **【may】 shall** require each gas  
 2 public utility to implement energy efficiency measures that reduce  
 3 natural gas usage **【for heating】** in the State **【by 2020 to a level that**  
 4 **is 20 percent below the usage projected by the board in the absence**  
 5 **of such a standard】 pursuant to section 3 of P.L. \_\_\_\_\_, c. (C. )**  
 6 **(pending before the Legislature as this bill).** Nothing in this  
 7 **【section】 subsection** shall be construed to prevent a gas public  
 8 utility from meeting the requirements of this **【section】 subsection**  
 9 by contracting with another entity for the performance of the  
 10 requirements.

11 i. After the board establishes a schedule of solar kilowatt-hour  
 12 sale or purchase requirements pursuant to paragraph (3) of  
 13 subsection d. of this section, the board may initiate subsequent  
 14 proceedings and adopt, after appropriate notice and opportunity for  
 15 public comment and public hearing, increased minimum solar  
 16 kilowatt-hour sale or purchase requirements, provided that the  
 17 board shall not reduce previously established minimum solar  
 18 kilowatt-hour sale or purchase requirements, or otherwise impose  
 19 constraints that reduce the requirements by any means.

20 j. The board shall determine an appropriate level of solar  
 21 alternative compliance payment, and permit each supplier or  
 22 provider to submit an SACP to comply with the solar electric  
 23 generation requirements of paragraph (3) of subsection d. of this  
 24 section. The value of the SACP for each Energy Year, for Energy  
 25 Years 2014 through **【2028】 2033** per megawatt hour from solar  
 26 electric generation required pursuant to this section, shall be:

27	EY 2014	\$339
28	EY 2015	\$331
29	EY 2016	\$323
30	EY 2017	\$315
31	EY 2018	\$308
32	EY 2019	<b>【\$300】</b> <u>\$268</u>
33	EY 2020	<b>【\$293】</b> <u>\$258</u>
34	EY 2021	<b>【\$286】</b> <u>\$248</u>
35	EY 2022	<b>【\$279】</b> <u>\$238</u>
36	EY 2023	<b>【\$272】</b> <u>\$228</u>
37	EY 2024	<b>【\$266】</b> <u>\$218</u>
38	EY 2025	<b>【\$260】</b> <u>\$208</u>
39	EY 2026	<b>【\$253】</b> <u>\$198</u>
40	EY 2027	<b>【\$250】</b> <u>\$188</u>
41	EY 2028	<b>【\$239】</b> <u>\$178</u>
42	<u>EY 2029</u>	<u>\$168</u>
43	<u>EY 2030</u>	<u>\$158</u>
44	<u>EY 2031</u>	<u>\$148</u>
45	<u>EY 2032</u>	<u>\$138</u>
46	<u>EY 2033</u>	<u>\$128.</u>

1 The board may initiate subsequent proceedings and adopt, after  
2 appropriate notice and opportunity for public comment and public  
3 hearing, an increase in solar alternative compliance payments,  
4 provided that the board shall not reduce previously established  
5 levels of solar alternative compliance payments, nor shall the board  
6 provide relief from the obligation of payment of the SACP by the  
7 electric power suppliers or basic generation service providers in any  
8 form. Any SACP payments collected shall be refunded directly to  
9 the ratepayers by the electric public utilities.

10 k. The board may allow electric public utilities to offer long-  
11 term contracts through a competitive process, direct electric public  
12 utility investment and other means of financing, including but not  
13 limited to loans, for the purchase of SRECs and the resale of SRECs  
14 to suppliers or providers or others, provided that after such  
15 contracts have been approved by the board, the board's approvals  
16 shall not be modified by subsequent board orders. If the board  
17 allows the offering of contracts pursuant to this subsection, the  
18 board may establish a process, after hearing, and opportunity for  
19 public comment, to provide that a designated segment of the  
20 contracts approved pursuant to this subsection shall be contracts  
21 involving solar electric power generation facility projects with a  
22 capacity of up to 250 kilowatts.

23 1. The board shall implement its responsibilities under the  
24 provisions of this section in such a manner as to:

25 (1) place greater reliance on competitive markets, with the  
26 explicit goal of encouraging and ensuring the emergence of new  
27 entrants that can foster innovations and price competition;

28 (2) maintain adequate regulatory authority over non-competitive  
29 public utility services;

30 (3) consider alternative forms of regulation in order to address  
31 changes in the technology and structure of electric public utilities;

32 (4) promote energy efficiency and Class I renewable energy  
33 market development, taking into consideration environmental  
34 benefits and market barriers;

35 (5) make energy services more affordable for low and moderate  
36 income customers;

37 (6) attempt to transform the renewable energy market into one  
38 that can move forward without subsidies from the State or public  
39 utilities;

40 (7) achieve the goals put forth under the renewable energy  
41 portfolio standards;

42 (8) promote the lowest cost to ratepayers; and

43 (9) allow all market segments to participate.

44 m. The board shall ensure the availability of financial incentives  
45 under its jurisdiction, including, but not limited to, long-term  
46 contracts, loans, SRECs, or other financial support, to ensure  
47 market diversity, competition, and appropriate coverage across all  
48 ratepayer segments, including, but not limited to, residential,

1 commercial, industrial, non-profit, farms, schools, and public entity  
2 customers.

3 n. For projects which are owned, or directly invested in, by a  
4 public utility pursuant to section 13 of P.L.2007, c.340 (C.48:3-  
5 98.1), the board shall determine the number of SRECs with which  
6 such projects shall be credited; and in determining such number the  
7 board shall ensure that the market for SRECs does not detrimentally  
8 affect the development of non-utility solar projects and shall  
9 consider how its determination may impact the ratepayers.

10 o. The board, in consultation with the Department of  
11 Environmental Protection, electric public utilities, the Division of  
12 Rate Counsel in, but not of, the Department of the Treasury,  
13 affected members of the solar energy industry, and relevant  
14 stakeholders, shall periodically consider increasing the renewable  
15 energy portfolio standards beyond the minimum amounts set forth  
16 in subsection d. of this section, taking into account the cost impacts  
17 and public benefits of such increases including, but not limited to:

18 (1) reductions in air pollution, water pollution, land disturbance,  
19 and greenhouse gas emissions;

20 (2) reductions in peak demand for electricity and natural gas,  
21 and the overall impact on the costs to customers of electricity and  
22 natural gas;

23 (3) increases in renewable energy development, manufacturing,  
24 investment, and job creation opportunities in this State; and

25 (4) reductions in State and national dependence on the use of  
26 fossil fuels.

27 p. Class I RECs and ORECs shall be eligible for use in  
28 renewable energy portfolio standards compliance in the energy year  
29 in which they are generated, and for the following two energy years.  
30 SRECs shall be eligible for use in renewable energy portfolio  
31 standards compliance in the energy year in which they are  
32 generated, and for the following four energy years.

33 q. (1) During the energy years of 2014, 2015, and 2016, a solar  
34 electric power generation facility project that is not: (a) net  
35 metered; (b) an on-site generation facility; (c) qualified for net  
36 metering aggregation; or (d) certified as being located on a  
37 brownfield, on an area of historic fill or on a properly closed  
38 sanitary landfill facility, as provided pursuant to subsection t. of this  
39 section may file an application with the board for approval of a  
40 designation pursuant to this subsection that the facility is connected  
41 to the distribution system. An application filed pursuant to this  
42 subsection shall include a notice escrow of \$40,000 per megawatt of  
43 the proposed capacity of the facility. The board shall approve the  
44 designation if: the facility has filed a notice in writing with the  
45 board applying for designation pursuant to this subsection, together  
46 with the notice escrow; and the capacity of the facility, when added  
47 to the capacity of other facilities that have been previously  
48 approved for designation prior to the facility's filing under this

1 subsection, does not exceed 80 megawatts in the aggregate for each  
2 year. The capacity of any one solar electric power supply project  
3 approved pursuant to this subsection shall not exceed 10 megawatts.  
4 No more than 90 days after its receipt of a completed application  
5 for designation pursuant to this subsection, the board shall approve,  
6 conditionally approve, or disapprove the application. The notice  
7 escrow shall be reimbursed to the facility in full upon either  
8 rejection by the board or the facility entering commercial operation,  
9 or shall be forfeited to the State if the facility is designated pursuant  
10 to this subsection but does not enter commercial operation pursuant  
11 to paragraph (2) of this subsection.

12 (2) If the proposed solar electric power generation facility does  
13 not commence commercial operations within two years following  
14 the date of the designation by the board pursuant to this subsection,  
15 the designation of the facility shall be deemed to be null and void,  
16 and the facility shall not be considered connected to the distribution  
17 system thereafter.

18 (3) Notwithstanding the provisions of paragraph (2) of this  
19 subsection, a solar electric power generation facility project that as  
20 of May 31, 2017 was designated as "connected to the distribution  
21 system," but failed to commence commercial operations as of that  
22 date, shall maintain that designation if it commences commercial  
23 operations by May 31, 2018.

24 r. (1) For all proposed solar electric power generation facility  
25 projects except for those solar electric power generation facility  
26 projects approved pursuant to subsection q. of this section, and for  
27 all projects proposed in each energy year following energy year  
28 2016, a] energy year 2019 and energy year 2020, the board may  
29 approve projects for up to 50 megawatts annually in auctioned  
30 capacity in two auctions per year as long as the board is accepting  
31 applications. If the board approves projects for less than 50  
32 megawatts in energy year 2019 or less than 50 megawatts in energy  
33 year 2020, the difference in each year shall be carried over into the  
34 successive energy year until 100 megawatts of auctioned capacity  
35 has been approved by the board pursuant to this subsection. A  
36 proposed solar electric power generation facility that is neither net  
37 metered nor an on-site generation facility, may be considered  
38 "connected to the distribution system" only upon designation as  
39 such by the board, after notice to the public and opportunity for  
40 public comment or hearing. A proposed solar power electric  
41 generation facility seeking board designation as "connected to the  
42 distribution system" shall submit an application to the board that  
43 includes for the proposed facility: the nameplate capacity; the  
44 estimated energy and number of SRECs to be produced and sold per  
45 year; the estimated annual rate impact on ratepayers; the estimated  
46 capacity of the generator as defined by PJM for sale in the PJM  
47 capacity market; the point of interconnection; the total project  
48 acreage and location; the current land use designation of the



1 property; the type of solar technology to be used; and such other  
2 information as the board shall require.

3 (2) The board shall approve the designation of the proposed  
4 solar power electric generation facility as "connected to the  
5 distribution system" if the board determines that:

6 (a) the SRECs forecasted to be produced by the facility do not  
7 have a detrimental impact on the SREC market or on the  
8 appropriate development of solar power in the State;

9 (b) the approval of the designation of the proposed facility  
10 would not significantly impact the preservation of open space in  
11 this State;

12 (c) the impact of the designation on electric rates and economic  
13 development is beneficial; and

14 (d) there will be no impingement on the ability of an electric  
15 public utility to maintain its property and equipment in such a  
16 condition as to enable it to provide safe, adequate, and proper  
17 service to each of its customers.

18 (3) The board shall act within 90 days of its receipt of a  
19 completed application for designation of a solar power electric  
20 generation facility as "connected to the distribution system," to  
21 either approve, conditionally approve, or disapprove the  
22 application. If the proposed solar electric power generation facility  
23 does not commence commercial operations within two years  
24 following the date of the designation by the board pursuant to this  
25 subsection, the designation of the facility as "connected to the  
26 distribution system" shall be deemed to be null and void, and the  
27 facility shall thereafter be considered not "connected to the  
28 distribution system."

29 s. In addition to any other requirements of P.L.1999, c.23 or  
30 any other law, rule, regulation or order, a solar electric power  
31 generation facility that is not net metered or an on-site generation  
32 facility and which is located on land that has been actively devoted  
33 to agricultural or horticultural use that is valued, assessed, and  
34 taxed pursuant to the "Farmland Assessment Act of 1964,"  
35 P.L.1964, c.48 (C.54:4-23.1 et seq.) at any time within the 10-year  
36 period prior to the effective date of P.L.2012, c.24, shall only be  
37 considered "connected to the distribution system" if (1) the board  
38 approves the facility's designation pursuant to subsection q. of this  
39 section; or (2) (a) PJM issued a System Impact Study for the facility  
40 on or before June 30, 2011, (b) the facility files a notice with the  
41 board within 60 days of the effective date of P.L.2012, c.24,  
42 indicating its intent to qualify under this subsection, and (c) the  
43 facility has been approved as "connected to the distribution system"  
44 by the board. Nothing in this subsection shall limit the board's  
45 authority concerning the review and oversight of facilities, unless  
46 such facilities are exempt from such review as a result of having  
47 been approved pursuant to subsection q. of this section.

1 t. (1) No more than 180 days after the date of enactment of  
2 P.L.2012, c.24, the board shall, in consultation with the Department  
3 of Environmental Protection and the New Jersey Economic  
4 Development Authority, and, after notice and opportunity for public  
5 comment and public hearing, complete a proceeding to establish a  
6 program to provide SRECs to owners of solar electric power  
7 generation facility projects certified by the board, in consultation  
8 with the Department of Environmental Protection, as being located  
9 on a brownfield, on an area of historic fill or on a properly closed  
10 sanitary landfill facility, including those owned or operated by an  
11 electric public utility and approved pursuant to section 13 of  
12 P.L.2007, c.340 (C.48:3-98.1). Projects certified under this  
13 subsection shall be considered "connected to the distribution  
14 system", shall not require such designation by the board, and shall  
15 not be subject to board review required pursuant to subsections q.  
16 and r. of this section. Notwithstanding the provisions of section 3  
17 of P.L.1999, c.23 (C.48:3-51) or any other law, rule, regulation, or  
18 order to the contrary, for projects certified under this subsection, the  
19 board shall establish a financial incentive that is designed to  
20 supplement the SRECs generated by the facility in order to cover  
21 the additional cost of constructing and operating a solar electric  
22 power generation facility on a brownfield, on an area of historic fill  
23 or on a properly closed sanitary landfill facility. Any financial  
24 benefit realized in relation to a project owned or operated by an  
25 electric public utility and approved by the board pursuant to section  
26 13 of P.L.2007, c.340 (C.48:3-98.1), as a result of the provision of a  
27 financial incentive established by the board pursuant to this  
28 subsection, shall be credited to ratepayers. The issuance of SRECs  
29 for all solar electric power generation facility projects pursuant to  
30 this subsection shall be deemed "Board of Public Utilities financial  
31 assistance" as provided under section 1 of P.L.2009, c.89 (C.48:2-  
32 29.47).

33 (2) Notwithstanding the provisions of the "Spill Compensation  
34 and Control Act," P.L.1976, c.141 (C.58:10-23.11 et seq.) or any  
35 other law, rule, regulation, or order to the contrary, the board, in  
36 consultation with the Department of Environmental Protection, may  
37 find that a person who operates a solar electric power generation  
38 facility project that has commenced operation on or after the  
39 effective date of P.L.2012, c.24, which project is certified by the  
40 board, in consultation with the Department of Environmental  
41 Protection pursuant to paragraph (1) of this subsection, as being  
42 located on a brownfield for which a final remediation document has  
43 been issued, on an area of historic fill or on a properly closed  
44 sanitary landfill facility, which projects shall include, but not be  
45 limited to projects located on a brownfield for which a final  
46 remediation document has been issued, on an area of historic fill or  
47 on a properly closed sanitary landfill facility owned or operated by  
48 an electric public utility and approved pursuant to section 13 of

1 P.L.2007, c.340 (C.48:3-98.1), or a person who owns property  
2 acquired on or after the effective date of P.L.2012, c.24 on which  
3 such a solar electric power generation facility project is constructed  
4 and operated, shall not be liable for cleanup and removal costs to  
5 the Department of Environmental Protection or to any other person  
6 for the discharge of a hazardous substance provided that:

7 (a) the person acquired or leased the real property after the  
8 discharge of that hazardous substance at the real property;

9 (b) the person did not discharge the hazardous substance, is not  
10 in any way responsible for the hazardous substance, and is not a  
11 successor to the discharger or to any person in any way responsible  
12 for the hazardous substance or to anyone liable for cleanup and  
13 removal costs pursuant to section 8 of P.L.1976, c.141 (C.58:10-  
14 23.11g);

15 (c) the person, within 30 days after acquisition of the property,  
16 gave notice of the discharge to the Department of Environmental  
17 Protection in a manner the Department of Environmental Protection  
18 prescribes;

19 (d) the person does not disrupt or change, without prior written  
20 permission from the Department of Environmental Protection, any  
21 engineering or institutional control that is part of a remedial action  
22 for the contaminated site or any landfill closure or post-closure  
23 requirement;

24 (e) the person does not exacerbate the contamination at the  
25 property;

26 (f) the person does not interfere with any necessary remediation  
27 of the property;

28 (g) the person complies with any regulations and any permit the  
29 Department of Environmental Protection issues pursuant to section  
30 19 of P.L.2009, c.60 (C.58:10C-19) or paragraph (2) of subsection  
31 a. of section 6 of P.L.1970, c.39 (C.13:1E-6);

32 (h) with respect to an area of historic fill, the person has  
33 demonstrated pursuant to a preliminary assessment and site  
34 investigation, that hazardous substances have not been discharged;  
35 and

36 (i) with respect to a properly closed sanitary landfill facility, no  
37 person who owns or controls the facility receives, has received, or  
38 will receive, with respect to such facility, any funds from any post-  
39 closure escrow account established pursuant to section 10 of  
40 P.L.1981, c.306 (C.13:1E-109) for the closure and monitoring of  
41 the facility.

42 Only the person who is liable to clean up and remove the  
43 contamination pursuant to section 8 of P.L.1976, c.141 (C.58:10-  
44 23.11g) and who does not have a defense to liability pursuant to  
45 subsection d. of that section shall be liable for cleanup and removal  
46 costs.

47 u. No more than 180 days after the date of enactment of  
48 P.L.2012, c.24, the board shall complete a proceeding to establish a

1 registration program. The registration program shall require the  
2 owners of solar electric power generation facility projects  
3 connected to the distribution system to make periodic milestone  
4 filings with the board in a manner and at such times as determined  
5 by the board to provide full disclosure and transparency regarding  
6 the overall level of development and construction activity of those  
7 projects Statewide.

8 v. The issuance of SRECs for all solar electric power  
9 generation facility projects pursuant to this section, for projects  
10 connected to the distribution system with a capacity of one  
11 megawatt or greater, shall be deemed "Board of Public Utilities  
12 financial assistance" as provided pursuant to section 1 of P.L.2009,  
13 c.89 (C.48:2-29.47).

14 w. No more than 270 days after the date of enactment of  
15 P.L.2012, c.24, the board shall, after notice and opportunity for  
16 public comment and public hearing, complete a proceeding to  
17 consider whether to establish a program to provide, to owners of  
18 solar electric power generation facility projects certified by the  
19 board as being three megawatts or greater in capacity and being net  
20 metered, including facilities which are owned or operated by an  
21 electric public utility and approved by the board pursuant to section  
22 13 of P.L.2007, c.340 (C.48:3-98.1), a financial incentive that is  
23 designed to supplement the SRECs generated by the facility to  
24 further the goal of improving the economic competitiveness of  
25 commercial and industrial customers taking power from such  
26 projects. If the board determines to establish such a program  
27 pursuant to this subsection, the board may establish a financial  
28 incentive to provide that the board shall issue one SREC for no less  
29 than every 750 kilowatt-hours of solar energy generated by the  
30 certified projects. Any financial benefit realized in relation to a  
31 project owned or operated by an electric public utility and approved  
32 by the board pursuant to section 13 of P.L.2007, c.340 (C.48:3-  
33 98.1), as a result of the provisions of a financial incentive  
34 established by the board pursuant to this subsection, shall be  
35 credited to ratepayers.

36 x. Solar electric power generation facility projects that are  
37 located on an existing or proposed commercial, retail, industrial,  
38 municipal, professional, recreational, transit, commuter,  
39 entertainment complex, multi-use, or mixed-use parking lot with a  
40 capacity to park 350 or more vehicles where the area to be utilized  
41 for the facility is paved, or an impervious surface may be owned or  
42 operated by an electric public utility and may be approved by the  
43 board pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1).  
44 (cf: P.L.2017, c.139, s.1)

45  
46 3. (New section) a. No later than one year after the date of  
47 enactment of P.L. , c. (C. ) (pending before the Legislature as  
48 this bill), the Board of Public Utilities shall require each electric

1 public utility and gas public utility to reduce the use of electricity,  
2 or natural gas, as appropriate, within its territory, by its customers,  
3 below what would have otherwise been used. For the purposes of  
4 this section, a gas public utility shall reduce the use of natural gas  
5 for residential, commercial, and industrial uses, but shall not be  
6 required to include a reduction in natural gas used for distributed  
7 energy resources such as combined heat and power.

8 Each electric public utility shall be required to achieve annual  
9 reductions in the use of electricity of two percent of the average  
10 annual usage in the prior three years within five years of  
11 implementation of its electric energy efficiency program. Each  
12 natural gas public utility shall be required to achieve annual  
13 reductions in the use of natural gas of 0.75 percent of the average  
14 annual usage in the prior three years within five years of  
15 implementation of its gas energy efficiency program. The amount  
16 of reduction mandated by the board that exceeds two percent of the  
17 average annual usage for electricity and 0.75 percent of the average  
18 annual usage for natural gas for the prior three years shall be  
19 determined pursuant to the study conducted pursuant to subsection  
20 b. of this section until the reduction in energy usage reaches the full  
21 economic, cost-effective potential in each service territory, as  
22 determined by the board.

23 b. No later than one year after the date of enactment of P.L. ,  
24 c. (C. ) (pending before the Legislature as this bill), the board  
25 shall conduct and complete a study to determine the energy savings  
26 targets for full economic, cost-effective potential for electricity  
27 usage reduction and natural gas usage reduction as well as the  
28 potential for peak demand reduction by the customers of each  
29 electric public utility and gas public utility and the timeframe for  
30 achieving the reductions. The energy savings targets for each  
31 electric public utility and gas public utility shall be reviewed every  
32 three years to determine if the targets should be adjusted. The  
33 board, in conducting the study, shall accept comments and  
34 suggestions from interested parties.

35 c. No later than one year after the date of enactment of P.L. ,  
36 c. (C. ) (pending before the Legislature as this bill), the board  
37 shall adopt quantitative performance indicators pursuant to the  
38 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
39 seq.) for each electric public utility and gas public utility, which  
40 shall establish reasonably achievable targets for energy usage  
41 reductions and peak demand reductions and take into account the  
42 public utility's energy efficiency measures and other non-utility  
43 energy efficiency measures including measures to support the  
44 development and implementation of building code changes,  
45 appliance efficiency standards, the Clean Energy program, any  
46 other State-sponsored energy efficiency or peak reduction  
47 programs, and public utility energy efficiency programs that exist  
48 on the date of enactment of P.L. , c. (C. ) (pending before the

1 Legislature as this bill). In establishing quantitative performance  
2 indicators, the board shall use a methodology that incorporates  
3 weather, economic factors, customer growth, outage-adjusted  
4 efficiency factors, and any other appropriate factors to ensure that  
5 the public utility's incentives or penalties determined pursuant to  
6 subsection e. of this section and section 13 of P.L.2007, c.340  
7 (C.48:3-98.1) are based upon performance, and take into account  
8 the growth in the use of electric vehicles, microgrids, and  
9 distributed energy resources. In establishing quantitative  
10 performance indicators, the board shall also consider each public  
11 utility's customer class mix and potential for adoption by each of  
12 those customer classes of energy efficiency programs offered by the  
13 public utility or that are otherwise available. The board shall  
14 review each quantitative performance indicator every three years.  
15 A public utility may apply all energy savings attributable to  
16 programs available to its customers, including demand side  
17 management programs, other measures implemented by the public  
18 utility, non-utility programs, including those available under energy  
19 efficiency programs in existence on the date of enactment of P.L. c.  
20 (C. ) (pending before the Legislature as this bill), building codes,  
21 and other efficiency standards in effect, to achieve the targets  
22 established in this section.

23 d. (1) Each electric public utility and gas public utility shall  
24 establish energy efficiency programs and peak demand reduction  
25 programs to be approved by the board no later than 30 days prior to  
26 the start of the energy year in order to comply with the requirements  
27 of this section. The energy efficiency programs and peak demand  
28 reduction programs adopted by each public utility shall comply with  
29 quantitative performance indicators adopted by the board pursuant  
30 to subsection c. of this section.

31 (2) The energy efficiency programs and peak demand reduction  
32 programs shall have a benefit-to-cost ratio greater than or equal to  
33 1.0 at the portfolio level, considering both economic and  
34 environmental factors, and shall be subject to review during the  
35 stakeholder process established by the board pursuant to subsection  
36 f. of this section. The methodology, assumptions, and data used to  
37 perform the benefit-to-cost analysis shall be based upon publicly  
38 available sources and shall be subject to stakeholder review and  
39 comment. A program may have a benefit-to-cost ratio of less than  
40 1.0 but may be appropriate to include within the portfolio if  
41 implementation of the program is in the public interest, including,  
42 but not limited to, benefitting low-income customers or promoting  
43 emerging energy efficiency technologies.

44 (3) Each electric public utility and gas public utility shall file  
45 with the board implementation and reporting plans as well as  
46 evaluation, measurement, and verification strategies to determine  
47 the energy usage reductions and peak demand reductions achieved  
48 by the energy efficiency programs and peak demand reduction

1 programs approved pursuant to this section. The filings shall  
2 include details of expenditures made by the public utility and the  
3 resultant reduction in energy usage and peak demand. The board  
4 shall determine the appropriate level of reasonable and prudent  
5 costs for each energy efficiency program and peak demand  
6 reduction program.

7 e. (1) Each electric public utility and gas public utility shall  
8 file an annual petition with the board to demonstrate compliance  
9 with the energy efficiency and peak demand reduction programs,  
10 compliance with the targets established pursuant to the quantitative  
11 performance indicators, and for cost recovery of the programs,  
12 including any performance incentives or penalties, pursuant to  
13 section 13 of P.L.2007, c.340 (C.48:3-98.1). Each electric public  
14 utility and gas public utility shall file annually with the board a  
15 petition to recover on a full and current basis through a surcharge  
16 all reasonable and prudent costs incurred as a result of energy  
17 efficiency programs and peak demand reduction programs required  
18 pursuant to this section, including but not limited to recovery of and  
19 on capital investment, and the revenue impact of sales losses  
20 resulting from implementation of the energy efficiency and peak  
21 demand reduction schedules, which shall be determined by the  
22 board pursuant to section 13 of P.L. 2007, c. 340 (C.48:3-98.1).

23 (2) If an electric public utility or gas public utility achieves the  
24 performance targets established in the quantitative performance  
25 indicators, the public utility shall receive an incentive as determined  
26 by the board through an accounting mechanism established pursuant  
27 to section 13 of P.L.2007, c.340 (C.48:3-98.1) for its energy  
28 efficiency measures and peak demand reduction measures for the  
29 following year. The incentive shall scale in a linear fashion to a  
30 maximum established by the board that reflects the extra value of  
31 achieving greater savings.

32 (3) If an electric public utility or gas public utility fails to  
33 achieve the reductions in its performance target established in the  
34 quantitative performance indicators, the public utility shall be  
35 assessed a penalty as determined by the board through an  
36 accounting mechanism established pursuant to section 13 of  
37 P.L.2007, c.340 (C.48:3-98.1) for its energy efficiency measures  
38 and peak demand reduction measures for the following year. The  
39 penalty shall scale in a linear fashion to a maximum established by  
40 the board that reflects the extent of the failure to achieve the  
41 required savings.

42 (4) The adjustments made pursuant to this subsection may be  
43 made through adjustments of the electric public utility's or gas  
44 public utility's return on equity related to the energy efficiency or  
45 peak demand reduction programs only, or a specified dollar amount,  
46 reflecting the incentive structure as established in this subsection.  
47 The adjustments shall not be included in a revenue or cost in any

1 base rate filing and shall be adopted by the board pursuant to the  
2 "Administrative Procedure Act."

3 f. (1) The board shall establish a stakeholder process to  
4 evaluate the economically achievable energy efficiency and peak  
5 demand reduction requirements, rate adjustments, quantitative  
6 performance indicators, and the process for evaluating, measuring,  
7 and verifying energy usage reductions and peak demand reductions  
8 by the public utilities. As part of the stakeholder process, the board  
9 shall establish an independent advisory group to study the  
10 evaluation, measurement, and verification process for energy  
11 efficiency and peak demand reduction programs, which shall  
12 include representatives from the public utilities, the Division of  
13 Rate Counsel, and environmental and consumer organizations, to  
14 provide recommendations to the board for improvements to the  
15 programs.

16 (2) Each electric public utility and gas public utility shall  
17 conduct a demographic analysis as part of the stakeholder process  
18 to determine if all of its customers are able to participate fully in  
19 implementing energy efficiency measures, to identify market  
20 barriers that prevent such participation, and to make  
21 recommendations for measures to overcome such barriers. The  
22 public utility shall be entitled to full and timely recovery of the  
23 costs associated with this analysis.

24 g. For the purposes of this section, the board shall only  
25 consider usage for which public utility energy efficiency programs  
26 are applicable.

27  
28 4. (New section) a. No later than one year after the date of  
29 enactment of P.L. , c. (C. ) (pending before the Legislature as  
30 this bill), the Board of Public Utilities shall direct each electric  
31 public utility in the State to undertake a study to determine the  
32 optimal voltage for use in their respective distribution systems,  
33 including a consideration of voltage optimization. An electric  
34 public utility shall be entitled to full and timely recovery of the  
35 costs associated with this analysis.

36 b. No later than five years after the date of enactment of P.L. ,  
37 c. (C. ) (pending before the Legislature as this bill), the board  
38 shall require the owner or operator of each commercial building  
39 over 25,000 square feet in the State to benchmark energy and water  
40 use for the prior calendar year using the United States  
41 Environmental Protection Agency's Portfolio Manager tool.

42  
43 5. (New section) a. No later than 210 days after the date of  
44 enactment of P.L. , c. (C. ) (pending before the Legislature as  
45 this bill), the Board of Public Utilities shall adopt, pursuant to the  
46 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
47 seq.), rules and regulations establishing a "Community Solar  
48 Energy Pilot Program" to permit customers of an electric public



1 utility to participate in a solar energy project that is remotely  
2 located from their properties but is within their electric public  
3 utility service territory to allow for a credit to the customer's utility  
4 bill equal to the electricity generated that is attributed to the  
5 customer's participation in the solar energy project.

6 b. The rules and regulations developed by the board shall  
7 establish:

8 (1) a capacity limit for individual solar energy projects to a  
9 maximum of five megawatts per project;

10 (2) an annual capacity limit for all solar energy projects under  
11 the pilot program;

12 (3) geographic limitations for solar energy projects and  
13 participating customers;

14 (4) a minimum number of participating customers for each solar  
15 energy project;

16 (5) the value of the credit on each participating customer's bill;

17 (6) standards to limit the land use impact of a solar energy  
18 project as required in subsection r. of section 38 of P.L.1999, c.23  
19 (C.48:3-87);

20 (7) the provision of access to solar energy projects for low and  
21 moderate income customers;

22 (8) standards to ensure the ability of residential and commercial  
23 customers to participate in solar energy projects, including  
24 residential customers in multifamily housing;

25 (9) standards for connection to the distribution system of an  
26 electric public utility; and

27 (10) provisions to minimize impacts to the distribution system  
28 of an electric public utility.

29 c. The board shall make available on its Internet website  
30 information on solar energy projects whose owners are seeking  
31 participants.

32 d. The board shall establish standards and an application  
33 process for owners of solar energy projects who wish to be included  
34 in the Community Solar Energy Pilot Program. The standards for  
35 the Community Solar Energy Pilot Program shall include, but need  
36 not be limited to, a verification process to ensure that the solar  
37 energy projects are producing an amount of energy that is greater  
38 than or equal to the amount of energy that is being credited to its  
39 participating customer's electric utility bills pursuant to subsection  
40 b. of this section, and consumer protection measures. Projects  
41 approved by the board shall have at least two participating  
42 customers.

43 The board may restrict qualified solar energy projects to those  
44 located on brownfields, landfills, areas designated in need of  
45 redevelopment, in underserved communities, or on commercial  
46 rooftops.

- 1 e. Subject to review by the board, an electric public utility shall  
2 be entitled to full and timely cost recovery for all costs incurred in  
3 implementation and compliance with this section.
- 4 f. No later than 36 months after adoption of the rules and  
5 regulations required pursuant to subsection b. of this section, the  
6 board shall adopt rules and regulations, pursuant to the  
7 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
8 seq.), to convert the Community Solar Energy Pilot Program to a  
9 permanent program. The board shall adopt rules and regulations for  
10 the permanent program that set forth standards for projects owned  
11 by electric public utilities, special purpose entities, and nonprofit  
12 entities. The rules and regulations shall also:
- 13 (1) limit the capacity of each solar energy project to a maximum  
14 of five megawatts;
- 15 (2) establish a goal for the development of at least 50 megawatts  
16 of solar energy projects per year, taking into account any changes to  
17 the SREC program;
- 18 (3) set geographic limitations for solar energy projects and  
19 participating customers;
- 20 (4) provide for a minimum number of participating customers  
21 for each solar energy project;
- 22 (5) require the provision of access to solar energy projects for  
23 low and moderate income customers;
- 24 (6) establish standards to ensure the ability of residential and  
25 commercial customers to participate in solar energy projects,  
26 including residential customers in multifamily housing;
- 27 (7) establish a method for determining the value of the credit on  
28 each participating customer's bill;
- 29 (8) establish timeframes for the credit available to the customer;
- 30 (9) establish standards and methods to verify solar electric  
31 energy generation on a monthly basis for a solar energy project;
- 32 (10) establish standards consistent with the land use provisions  
33 for solar energy projects as provided in subsections r., s., and t. of  
34 section 38 of P.L.1999, c.23 (C.48:3-87);
- 35 (11) establish standards, fees, and uniform procedures for solar  
36 energy projects to be connected to the distribution system of an  
37 electric public utility;
- 38 (12) minimize impacts to the distribution system of an electric  
39 public utility;
- 40 (13) require monthly reporting requirements for the operators of  
41 solar energy projects to the electric public utility, project customers,  
42 and the board;
- 43 (14) require reporting by the electric public utility to the  
44 operator of a solar energy project on the value of credits to the  
45 participating customer's bills; and
- 46 (15) require transferability, portability, and buy-out provisions  
47 for customers who participate in community solar energy projects.
- 48 g. As used in this section:

1       “Solar energy project” means a system containing one or more  
2 solar panels and associated equipment.

3       “Solar panel” means an elevated panel or plate, or a canopy or  
4 array thereof, that captures and converts solar radiation to produce  
5 electric power, and is approved by the board to be included in the  
6 Community Solar Energy Pilot Program. “Solar power includes flat  
7 plate, focusing solar collectors, or photovoltaic solar cells and  
8 excludes the base or foundation of the panel, plate, canopy, or  
9 array.

10

11       6. (New section) a. No later than 120 days after the date of  
12 enactment of P.L. , c. (C. ) (pending before the Legislature as  
13 this bill), the board shall establish an application and approval  
14 process to certify public entities to act as a host customer for remote  
15 net metering generating capacity. A public entity certified to act as  
16 a host customer may allocate credits to other public entities within  
17 the same electric public utility service territory. A copy of the  
18 agreement between the public entity certified to act as a host  
19 customer and other public entities designated to receive credits shall  
20 be provided to the electric public utility before remote net metering  
21 credits may be applied to a customer bill. A public entity certified  
22 to act as a host customer may host a solar energy project with a  
23 capacity up to the total average usage of the electric public utility  
24 accounts for the host public entity customer.

25       b. The board shall establish a remote net metering application  
26 process to approve as the primary account holder a certified public  
27 entity that is the host customer and the other public entities  
28 designated to receive credits.

29       c. The board shall require the owner of a solar energy project  
30 to pay a certified public entity a pro-rated public sponsor fee of  
31 \$10,000 per megawatt, up to a 10-megawatt allowance for each  
32 public entity. The board shall require each participating customer  
33 to pay at least 50 percent of the societal benefits charge established  
34 pursuant to section 12 of P.L.1999, c.23 (C.48:3-60).

35

36       7. Section 6 of P.L.2010, c.57 (C.34:1B-209.4) is amended to  
37 read as follows:

38       6. a. (1) A business, upon application to and approval from the  
39 authority, shall be allowed a credit of 100 percent of its capital  
40 investment, made after the effective date of P.L.2010, c.57 (C.48:3-  
41 87.1 et al.) but prior to its submission of documentation pursuant to  
42 subsection c. of this section, in a qualified wind energy facility  
43 located within an eligible wind energy zone, pursuant to the  
44 restrictions and requirements of this section. To be eligible for any  
45 tax credits authorized under this section, a business shall  
46 demonstrate to the authority, at the time of application, that the  
47 State's financial support of the proposed capital investment in a  
48 qualified wind energy facility will yield a net positive benefit to the

1 State. The value of all credits approved by the authority pursuant to  
2 this section may be up to \$100,000,000, except as may be increased  
3 by the authority if the chief executive officer of the authority judges  
4 certain qualified offshore wind projects to be meritorious. Credits  
5 provided pursuant to this section shall not be applicable to the cap  
6 on the credits provided in section 3 of P.L.2007, c.346 (C.34:1B-  
7 209).

8 (2) (a) A business, other than a tenant eligible pursuant to  
9 subparagraph (b) of this paragraph, shall make or acquire capital  
10 investments totaling not less than \$50,000,000 in a qualified wind  
11 energy facility, at which the business, including tenants at the  
12 qualified wind energy facility, shall employ at least 300 new, full-  
13 time employees, to be eligible for a credit under this section. A  
14 business that acquires a qualified wind energy facility after the  
15 effective date of P.L.2010, c.57 (C.48:3-87.1 et al.) shall also be  
16 deemed to have acquired the capital investment made or acquired  
17 by the seller.

18 (b) A business that is a tenant in the qualified wind energy  
19 facility, the owner of which has made or acquired capital  
20 investments in the facility totaling more than \$50,000,000, shall  
21 occupy a leased area of the qualified wind energy facility that  
22 represents at least \$17,500,000 of the capital investment in the  
23 qualified wind energy facility at which at least 300 new, full-time  
24 employees in the aggregate are employed, to be eligible for a credit  
25 under this section. The amount of capital investment in a facility  
26 that a leased area represents shall be equal to that percentage of the  
27 owner's total capital investment in the facility that the percentage of  
28 net leasable area leased by the tenant is of the total net leasable area  
29 of the qualified business facility. Capital investments made by a  
30 tenant shall be deemed to be included in the calculation of the  
31 capital investment made or acquired by the owner, but only to the  
32 extent necessary to meet the owner's minimum capital investment of  
33 \$50,000,000. Capital investments made by a tenant and not  
34 allocated to meet the owner's minimum capital investment threshold  
35 of \$50,000,000 shall be added to the amount of capital investment  
36 represented by the tenant's leased area in the qualified wind energy  
37 facility.

38 (c) The calculation of the number of new, full-time employees  
39 required pursuant to subparagraphs (a) and (b) of this paragraph  
40 may include the number of new, full-time positions resulting from  
41 an equipment supply coordination agreement with equipment  
42 manufacturers, suppliers, installers and operators associated with  
43 the supply chain required to support the qualified wind energy  
44 facility.

45 For the purposes of this paragraph, "full time employee" shall  
46 not include an employee who is a resident of another state and  
47 whose income is not subject to the "New Jersey Gross Income Tax  
48 Act," N.J.S.54A:1-1 et seq., unless that state has entered into a

1 reciprocity agreement with the State of New Jersey, provided that  
2 any employee whose work is provided pursuant to a collective  
3 bargaining agreement with **the port district** a business in the wind  
4 energy zone may be included.

5 (3) A business shall not be allowed a tax credit pursuant to this  
6 section if the business **participates in** receives a business  
7 employment incentive grant pursuant to the "Business Employment  
8 Incentive Program Act," P.L.1996, c.26 (C.34:1B-124 et al.),  
9 relating to the same capital and employees that qualify the business  
10 for this credit, or if the business receives assistance pursuant to the  
11 "Business Retention and Relocation Assistance Act," P.L.1996, c.25  
12 (C.34:1B-112 et seq.). A business that is allowed a tax credit under  
13 this section shall not be eligible for incentives authorized pursuant  
14 to the "Municipal Rehabilitation and Economic Recovery Act,"  
15 P.L.2002, c.43 (C.52:27BBB-1 et al.).

16 (4) Full-time employment for an accounting or privilege period  
17 shall be determined as the average of the monthly full-time  
18 employment for the period.

19 b. A business shall apply for the credit by **August 1, 2016**  
20 July 1, 2024, and a business shall submit its documentation for  
21 approval of its credit amount by **August 1, 2019** July 1, 2027.

22 c. The credit allowed pursuant to this section shall be  
23 administered in accordance with the provisions of subsection c. of  
24 section 3 of P.L.2007, c.346 (C.34:1B-209) and section 33 of  
25 P.L.2009, c.90 (C.34:1B-209.1), except that all references therein to  
26 "qualified business facility" shall be deemed to refer to "qualified  
27 wind energy facility," as that term is defined in subsection f. of this  
28 section.

29 d. The amount of the credit allowed pursuant to this section  
30 shall, except as otherwise provided, be equal to the capital  
31 investment made by the business, or the capital investment  
32 represented by the **business'** business's leased area, and shall be  
33 taken over a 10-year period, at the rate of one-tenth of the total  
34 amount of the **business'** business's credit for each tax accounting  
35 or privilege period of the business, beginning with the tax period in  
36 which the business is first approved by the authority as having met  
37 the investment capital and employment qualifications, subject to  
38 any disqualification as determined by annual review by the  
39 authority. In conducting its annual review, the authority may  
40 require a business to submit any information determined by the  
41 authority to be necessary and relevant to its review. The credit  
42 amount for any tax period ending after the date **eight** 18 years  
43 after the effective date of P.L.2007, c.346 (C.34:1B-207 et seq.)  
44 during which the documentation of a **business'** business's credit  
45 amount remains unapproved shall be forfeited, although credit  
46 amounts for the remainder of the years of the 10-year credit period  
47 shall remain available. The amount of the credit allowed for a tax

1 period to a business that is a tenant in a qualified wind energy  
2 facility shall not exceed the **['business']** business's total lease  
3 payments for occupancy of the qualified wind energy facility for the  
4 tax period.

5 e. The authority shall adopt rules **['in accordance with']** and  
6 regulations pursuant to the "Administrative Procedure Act,"  
7 P.L.1968, c.410 (C.52:14B-1 et seq.) as are necessary to implement  
8 this section, including, but not limited to: examples of and the  
9 determination of capital investment; the nature of businesses and  
10 employment positions constituting and participating in an  
11 equipment supply coordination agreement; a determination of the  
12 types of businesses that may be eligible and expenses that may  
13 constitute capital improvements; the promulgation of procedures  
14 and forms necessary to apply for a credit; and provisions for  
15 applicants to be charged an initial application fee, and ongoing  
16 service fees, to cover the administrative costs related to the credit.

17 The rules and regulations established by the authority pursuant to  
18 this subsection shall be effective immediately upon filing with the  
19 Office of Administrative Law and shall be effective for a period not  
20 to exceed 12 months and may, thereafter, be amended, adopted or  
21 readopted in accordance with the provisions of the "Administrative  
22 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

23 f. As used in this section: the terms "authority," "business,"  
24 and "capital investment" shall have the same meanings as defined in  
25 section 2 of the "Urban Transit Hub Tax Credit Act," P.L.2007,  
26 c.346 (C.34:1B-208), except that all references therein to "qualified  
27 business facility" shall be deemed to refer to "qualified wind energy  
28 facility" as defined in this subsection.

29 In addition, as used in this section:

30 "Equipment supply coordination agreement" means an agreement  
31 between a business and equipment manufacturer, supplier, installer,  
32 and operator that supports a qualified offshore wind project, or  
33 other wind energy project as determined by the authority, and that  
34 indicates the number of new, full-time jobs to be created by the  
35 agreement participants towards the employment requirement as set  
36 forth in paragraph (2) of subsection a. of this section.

37 "Qualified offshore wind project" **['means']** shall have the same  
38 meaning as **['the term is defined']** provided in section 3 of P.L.1999,  
39 c.23 (C.48:3-51).

40 "Qualified wind energy facility" means any building, complex of  
41 buildings, or structural components of buildings, including water  
42 access infrastructure, and all machinery and equipment used in the  
43 manufacturing, assembly, development or administration of  
44 component parts that support the development and operation of a  
45 qualified offshore wind project, or other wind energy project as  
46 determined by the authority, and that are located in a wind energy  
47 zone.

1 "Wind energy zone" means property located in the South Jersey  
2 Port District established pursuant to "The South Jersey Port  
3 Corporation Act," P.L.1968, c.60 (C.12:11A-1 et seq.).  
4 (cf: P.L.2013, c.161, s.25)

5  
6 8. (New section) The Department of Labor and Workforce  
7 Development shall establish job training programs for those who  
8 work in manufacturing and servicing of offshore wind energy  
9 equipment through Workforce Investment Boards, county colleges,  
10 and other appropriate institutions. The department shall develop  
11 training curricula in consultation with the equipment manufacturers.

12  
13 9. This act shall take effect immediately.

14  
15 STATEMENT

16  
17 This bill would require the Board of Public Utilities (board) to  
18 conduct an energy storage analysis, make changes to the solar  
19 renewable energy certificate program, adopt energy efficiency and  
20 peak demand reduction programs, adopt a "Community Solar  
21 Energy Pilot Program," and provide tax credits for certain offshore  
22 wind energy projects. The bill would also require the Department  
23 of Labor and Workforce Development to establish job training  
24 programs for those who work in manufacturing and servicing of  
25 offshore wind energy equipment.

26 This bill would require the board, in consultation with PJM, the  
27 independent system operator, to conduct an energy storage analysis.

28 In conducting the analysis required by the bill, the board would:

29 (1) consider how implementation of renewable electric energy  
30 storage systems may benefit ratepayers by providing emergency  
31 back-up power for essential services, offsetting peak loads, and  
32 stabilizing the electric distribution system;

33 (2) consider whether implementation of renewable electric  
34 energy storage systems would promote the use of electric vehicles  
35 in the State and the potential impact on renewable energy  
36 production in the State;

37 (3) study the types of energy storage technologies currently  
38 being implemented in the State;

39 (4) consider the benefits and costs to ratepayers, local  
40 governments, and electric public utilities associated with the  
41 development and implementation of additional energy storage  
42 technologies;

43 (5) determine the optimal amount of energy storage to be added  
44 in the State over the next five years in order to provide the  
45 maximum benefit to ratepayers;

46 (6) determine optimum points of entry into the electric  
47 distribution system for distributed energy resources; and

1 (7) calculate the cost to the State's ratepayers of adding the  
2 optimal amount of energy storage.

3 The bill requires the board to prepare and submit, within one  
4 year after enactment of the bill into law, a written report to the  
5 Governor and to the Legislature concerning energy storage needs  
6 and opportunities in the State. The report would: (1) summarize  
7 the energy storage analysis; (2) discuss and quantify the potential  
8 benefits and costs associated with increasing opportunities for  
9 energy storage and distributed energy resources in the State; and (3)  
10 recommend ways to increase opportunities for energy storage and  
11 distributed energy resources opportunities in the State, including  
12 any recommendations for financial incentives to aid in the  
13 development and implementation of these technologies by public  
14 and private entities in the State. Six months after completion of the  
15 report, the board would be required to initiate a proceeding to  
16 establish a process and mechanism for achieving the goal of 600  
17 megawatts of energy storage by 2021 and 2,000 megawatts of  
18 energy storage by 2030.

19 The bill would also make modifications to the State's solar  
20 renewable energy portfolio standards. It requires the board to  
21 complete a study that evaluates how to modify or replace the  
22 current program. Under current law, electric power suppliers and  
23 basic generation service providers must provide a certain  
24 percentage of their electricity from solar electric power generators.  
25 The bill accelerates the schedule to require electric power suppliers  
26 and basic generation service providers to provide a greater  
27 percentage of solar energy each year, culminating in 5.1 percent by  
28 energy year 2021 and then gradually reducing the schedule  
29 thereafter until energy year 2033. The bill also reduces the solar  
30 alternative compliance payments (SACP) beginning in energy year  
31 2019 until energy year 2033. For energy year 2019, the SACP is  
32 reduced to \$268 and is gradually reduced by \$10 per year until  
33 2033.

34 The board would be required to adopt rules and regulations no  
35 later than 180 days after the effective date of the bill to close the  
36 SREC program to new applications upon the attainment of 5.1  
37 percent of the kilowatt-hours sold in the State by each electric  
38 power supplier and each basic generation service provider from  
39 solar electric power generators connected to the distribution system.  
40 The bill provides for the closing of the SREC program no later than  
41 June 1, 2021. The bill also requires the board complete a study to  
42 evaluate how to modify or replace the SREC program in order to  
43 encourage the continued efficient and orderly development of solar  
44 renewable generating sources. The study would evaluate how to  
45 develop a program that would reduce the costs of achieving the  
46 State's solar energy goals, provide an orderly transition from the  
47 current SREC program to a new program, develop targets for grid-



1 connected and distribution systems, establish and update market-  
2 based maximum incentive payment caps, and encourage and  
3 facilitate market-based cost recovery through long-term contracts  
4 and energy market sales.

5 The bill would also require that by January 1, 2020, 21 percent  
6 of the kilowatt hours sold in the State by each electric power  
7 supplier and each basic generation service provider be from Class I  
8 renewable energy sources. It would also require the board to  
9 initiate a proceeding to establish renewable energy portfolio  
10 standards of 35 percent by energy year 2025 and 50 percent by  
11 energy year 2030. The bill would impose a cap, excluding the costs  
12 of the offshore wind renewable energy certificate program, on the  
13 cost to customers for those requirements for three energy years  
14 beginning in energy year 2019, of nine percent of the cost to  
15 customers of the total number of kilowatt hours sold in the State,  
16 and seven percent of the cost to customers of the total number of  
17 kilowatt hours sold in the State in any year thereafter.

18 The bill requires that the board, for any new applications  
19 submitted after the bill's date of enactment into law, require for any  
20 project over 25 kilowatts a notice escrow be paid that would be  
21 returned upon denial of the application, or upon commencement of  
22 commercial operation. The escrow would be forfeited to the State  
23 if the facility does not commence commercial operation within two  
24 years following the date of designation by the board. The bill  
25 would also change the SREC term to 10 years from 15 years for any  
26 project where the application is filed after the date of enactment of  
27 the bill. The bill would add solar alternative compliance payment  
28 amounts for energy years 2029 to 2033. The bill would provide that  
29 the board, for energy years 2019 and 2020, may approve up to a  
30 total of 100 megawatts of auctioned capacity of solar electric power  
31 generation facility projects.

32 Further, the bill requires the board to establish an energy  
33 efficiency program for electric public utilities and gas public  
34 utilities to reduce electricity usage, natural gas usage, and peak  
35 demand.

36 Under the bill, the board is to adopt an energy efficiency  
37 program that requires each utility to implement energy efficiency  
38 measures and peak demand reduction measures to reduce electricity  
39 usage or natural gas usage in its service territory, as appropriate, by  
40 two percent of the average energy usage in the prior three years  
41 within five years of implementation of the program. Each utility is  
42 to establish energy efficiency programs and peak demand reduction  
43 programs to be approved by the board and made available to the  
44 public to implement the energy efficiency programs. Each utility  
45 would also be required to file with the board implementation and  
46 reporting plans as well as evaluation, measurement, and verification  
47 strategies to determine the energy usage reductions and peak

1 demand reductions achieved by the energy efficiency measures and  
2 peak demand reduction measures approved by the board.

3 Under the bill, the board is required to adopt quantitative  
4 performance indicators pursuant to the "Administrative Procedure  
5 Act" for each utility which would establish reasonably achievable  
6 targets for energy usage reductions and peak demand reductions and  
7 that take into account the utility's energy efficiency measures and  
8 other non-utility energy efficiency measures including measures to  
9 support the development and implementation of building code  
10 changes, appliance efficiency standards, the Clean Energy program,  
11 and any other State-sponsored energy efficiency or peak demand  
12 reduction programs. In establishing quantitative performance  
13 indicators the board is directed to use a methodology that  
14 incorporates weather, economic factors, customer growth, and  
15 outage-adjusted efficiency factors to ensure that the public utility's  
16 incentives or penalties, as determined under the bill, are based upon  
17 performance and take into account the growth in the use of electric  
18 vehicles, microgrids, and distributed energy resources. Each  
19 quantitative performance indicator would be reviewed by the board  
20 every three years.

21 The bill also requires each electric public utility and gas public  
22 utility to file an annual petition with the board to demonstrate  
23 compliance with the energy efficiency and peak demand reduction  
24 programs, compliance with the targets established pursuant to the  
25 quantitative performance indicators, and for cost recovery of the  
26 programs. In addition to a base rate case filing, each utility may  
27 file annually with the board a petition to recover on a full and  
28 current basis through a surcharge all reasonable and prudent costs  
29 incurred as a result of energy efficiency measures and peak demand  
30 reduction measures required pursuant to the bill, including, but not  
31 limited to, recovery of and on capital investment and the revenue  
32 impact of sales losses resulting from the implementation of energy  
33 efficiency and peak demand reduction schedules. If a utility  
34 achieves the performance targets established in the quantitative  
35 performance indicators, the utility would receive an incentive as  
36 determined by the board, but failure to achieve the performance  
37 targets would result in a penalty as determined by the board. The  
38 penalty would scale in a linear fashion to a maximum that reflects  
39 the extent of the failure to achieve the required savings.

40 The bill also requires the board to establish a stakeholder process  
41 to evaluate the economically achievable energy usage reductions  
42 and peak demand reduction requirements, rate adjustments,  
43 quantitative performance indicators, and the process for evaluating,  
44 measuring, and verifying energy usage reductions and peak demand  
45 reductions by the utilities. As part of the stakeholder process, the  
46 board is required to establish an independent advisory group to  
47 study the evaluation, measurement, and verification process for

1 energy efficiency programs and peak demand reduction programs,  
2 which would include representatives from the public utilities, the  
3 Division of Rate Counsel, and environmental and consumer  
4 organizations, to provide recommendations to the board for  
5 improvements to the programs. The utilities are required to conduct  
6 a demographic analysis as part of the stakeholder process to  
7 determine if all customers are able to participate fully in  
8 implementing energy efficiency measures and peak demand  
9 reduction programs, to identify market barriers that prevent such  
10 participation, and to make recommendations for measures to  
11 overcome such barriers. Each utility would be entitled to recover  
12 the costs associated with the analysis.

13 The bill requires the board to direct the electric public utilities to  
14 undertake a study to determine the optimal voltage for use in their  
15 distribution systems. Further, the bill requires the board to require  
16 the owner or operator of each commercial building over 25,000  
17 square feet in the State to benchmark energy and water use for the  
18 prior calendar year using the United States Environmental  
19 Protection Agency's Portfolio Manager tool.

20 This bill also establishes the "Community Solar Energy Pilot  
21 Program" to permit customers of an electric public utility to  
22 participate in a solar energy project that is remotely located from  
23 their properties, but is within their utility service territory, to allow  
24 for a credit to the customer's utility bill equal to the electricity  
25 generated that is attributed to the customer's participation in the  
26 solar energy project. The program would permit a customer of an  
27 electric public utility to participate in a solar energy project with a  
28 capacity of five megawatts or less. The board would be required to  
29 adopt regulations that establish the parameters for the program. No  
30 later than 36 months after the adoption of regulations establishing  
31 the pilot program, the board would be required to convert the pilot  
32 program to a permanent program.

33 The bill would also require the board to establish an application  
34 and approval process to certify public entities to act as a host  
35 customer for remote net metering generating capacity. A public  
36 entity certified to act as a host customer may allocate credits to  
37 other public entities within the same utility service territory. A  
38 public entity certified to act as a host customer may host a solar  
39 energy project with a capacity up to the total average usage of the  
40 utility accounts for the host public entity customer.

41 The bill also provides a tax credit for qualified wind energy  
42 projects in an eligible wind energy zone. It also requires the  
43 Department of Labor and Workforce Development to establish job  
44 training programs for those who work in manufacturing and  
45 servicing of offshore wind energy equipment through Workforce  
46 Investment Boards, county colleges, and other appropriate  
47 institutions and to develop training curricula in consultation with  
48 the equipment manufacturers.

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3       Establishes and modifies clean energy and energy efficiency  
4 programs; modifies State's solar renewable energy portfolio  
5 standards.