SENATE, No. 2605

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JUNE 25, 2020

Sponsored by:
Senator BOB SMITH
District 17 (Middlesex and Somerset)
Senator CHRISTOPHER “KIP” BATEMAN
District 16 (Hunterdon, Mercer, Middlesex and Somerset)

SYNOPSIS

Directs BPU to establish utility-scale solar energy development program.

CURRENT VERSION OF TEXT

As introduced.
AN ACT concerning utility-scale solar energy development,

supplementing and amending P.L.1999, c.23, and amending
P.L.2016, c.12.

BE IT ENACTED by the Senate and General Assembly of the State
of New Jersey:

1. (New section) a. The Legislature hereby finds and
declares that:

(1) In order to achieve the State’s goal of securing 50 percent of
its electricity supply from renewable energy by 2030 with the least
cost and the greatest benefit to consumers, it is critical (a) to
continually reexamine the State’s renewable energy programs and
consider creating new programs, and (b) for all solar electric energy
generated by a facility connected to an electric public utility or to
transmission facilities operated by the PJM Interconnection, L.L.C.
to be considered Class I renewable energy and for the facility to be
eligible to generate renewable energy certificates for the solar
energy it generates provided that it is not simultaneously generating
solar renewable energy certificates;

(2) The 2019 Energy Master Plan (“EMP”) found that: (a) the
State can achieve its 100 percent clean energy and 80 percent
greenhouse gas reduction goals with little added cost, and likely net
savings when health benefits and climate change mitigation benefits
are taken into account, in part by maximizing the development of
in-State renewable energy generation, including 17 gigawatts of
solar power by 2035 and 32 gigawatts by 2050; (b) under the least
cost path identified by the EMP, solar energy could meet 34 percent
of the State’s clean energy needs by 2050; and (c) to embark on this
least cost path, the EMP determined that the State should add at
least 400 megawatts of in-State solar power each year through
2030;

(3) Utility-scale solar energy is the least-cost renewable energy
resource in both the State and the Mid-Atlantic region, and New
Jersey has the market potential for at least 3,000 megawatts of
utility-scale solar energy by 2030;

(4) Fostering and incentivizing the development of new utility-
scale solar facilities within the State will: (a) mitigate price and
delivery risks while ensuring an adequate, efficient, and reliable
supply of renewable energy; (b) enhance the continued
diversification of the energy resources used in this State, resulting
in environmental and health benefits to New Jersey residents and a
more resilient energy supply; and (c) encourage lower financing
rates and enable the development of more affordable renewable
energy resources;

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.
(5) A utility-scale solar energy development program that establishes a competitive solicitation process for long-term contracts to provide Class I renewable energy will help achieve the State’s goal of securing 50 percent of its electricity supply from renewable energy by 2030 at a cost to customers that is equal to or less than the costs that would be borne by customers without the creation of such a program, thus causing no conflict with the renewable energy portfolio standard cost caps established by section 38 of P.L.1999, c.23 (C.48:3-87); and

(6) It is in the public interest to create a utility-scale solar energy development program that includes an annual competitive solicitation process to identify cost-effective utility-scale solar facility projects capable of supplying clean and reliable solar energy to New Jersey consumers.

b. (1) No later than one year after the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill), the board, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), shall adopt rules and regulations establishing an annual competitive procurement program to develop utility-scale solar facilities capable of producing at least 3,000 megawatts of power by 2030. This program shall include a transparent, competitive, and fair annual solicitation process that is open on a non-discriminatory basis to any entity seeking to construct a utility-scale solar facility that can achieve commercial operation within two years after the date of execution of a power purchase agreement, and standardized evaluation criteria to be applied equally to all bids and bidders.

(2) The evaluation criteria shall include the ability of the utility-scale solar facility and any power purchase agreement entered into pursuant to this section to:

(a) provide enhanced electricity reliability;
(b) contribute to reducing seasonal electricity price spikes;
(c) be cost effective to ratepayers over the term of the contract, taking into consideration potential economic and environmental benefits to the ratepayers;
(d) avoid line loss and mitigate transmission costs to the extent possible and ensure that transmission cost overruns, if any, are not borne by ratepayers;
(e) be paired with energy storage systems;
(f) mitigate any environmental impacts associated with the construction of the facility; and
(g) create and foster employment and economic development in the State.

c. (1) No later than 18 months after the effective date of c. (C. ) (pending before the Legislature as this bill), the board shall establish the competitive procurement process, in accordance with subparagraphs (a) and (b) of paragraph (1) of subsection d. of this section, and conduct a competitive solicitation for utility-scale
solar facility projects, in accordance with subparagraphs (a), (b), and (c) of paragraph (2) of subsection d. of this section.

d. (1) By December 31 of each year after the competitive solicitation conducted pursuant to subsection c. of this section, the board, after notice and opportunity for public comment, shall establish for the competitive procurement to take place in the following year:

(a) a procurement target of at least 375 megawatts, measured as alternating current, which target may be increased by the board to qualify for federal incentives or if the board otherwise finds doing so is in the public interest; and

(b) a cost cap based on the board’s forecast of the 20-year market price of energy, capacity, and Class I RECs, and including the total cost of remunerations paid pursuant to subsection d. of this section and a just and reasonable value for capacity.

(2) By June 30 of each year after the establishment of the competitive procurement process pursuant to paragraph (1) of this subsection, the board shall conduct a competitive solicitation for utility-scale solar facility projects, which shall:

(a) rank all bids received based on price;

(b) consider all bids that are equal to or lower than the cost cap and which meet or exceed the procurement target established by the board; and

(c) require bidders to submit fees in an amount determined by the board to cover the costs incurred by the board in administering the competitive procurement process established pursuant to this section.

e. (1) Within 90 days after a winning bid for a solicitation conducted pursuant to paragraph (2) of subsection c. of this section is chosen, each electric public utility shall negotiate a power purchase agreement with the winning bidder to purchase energy, capacity, and Class I RECs, or any combination thereof, for a term of 20 years. A power purchase agreement entered into pursuant to this subsection that is subject to review by the Federal Energy Regulatory Commission shall be filed with the Federal Energy Regulatory Commission pursuant to 16 U.S.C. s.824d.

(2) Each power purchase agreement developed pursuant to this section shall include (a) an annual remuneration of one percent of the annual payments under the agreement to be submitted to the State Treasurer for deposit into the “Preserve New Jersey Fund Account,” established pursuant to section 4 of P.L.2016, c.12 (C.13:8C-46), to be allocated as set forth pursuant to section 1 of P.L.2019, c.136 (C.13:8C-47.1), and (b) an annual remuneration of up to two and one-half percent of the annual payment under the agreement to compensate the electric public utility for accepting the financial obligation of the long-term agreement. The net costs of a power purchase agreement shall be recovered through a non-
bypassable charge incorporated into the rates of the electric public utility as approved by the board.

f. Energy produced from a utility-scale solar facility shall not simultaneously receive Class I RECs and SRECs or any other comparable credits issued under the SREC successor program developed by the board pursuant to P.L.2018, c.17 (C.48:3-87.8 et al.).

g. An electric public utility shall sell all Class I RECs generated by a utility-scale solar facility pursuant to this section to third-party energy suppliers, and any financial benefit realized by an electric public utility shall be credited to ratepayers.

h. The issuance of Class I RECs for an eligible utility-scale solar facility developed pursuant to this section shall be deemed “Board of Public Utilities financial assistance,” as defined pursuant to section 1 of P.L.2009, c.89 (C.48:2-29.47).

2. Section 3 of P.L. 1999, c.23 (C.48:3-51) is amended to read as follows:

3. As used in P.L.1999, c.23 (C.48:3-49 et al.):

"Assignee" means a person to which an electric public utility or another assignee assigns, sells, or transfers, other than as security, all or a portion of its right to or interest in bondable transition property. Except as specifically provided in P.L.1999, c.23 (C.48:3-49 et al.), an assignee shall not be subject to the public utility requirements of Title 48 or any rules or regulations adopted pursuant thereto.

"Base load electric power generation facility" means an electric power generation facility intended to be operated at a greater than 50 percent capacity factor including, but not limited to, a combined cycle power facility and a combined heat and power facility.

"Base residual auction" means the auction conducted by PJM, as part of PJM's reliability pricing model, three years prior to the start of the delivery year to secure electrical capacity as necessary to satisfy the capacity requirements for that delivery year.

"Basic gas supply service" means gas supply service that is provided to any customer that has not chosen an alternative gas supplier, whether or not the customer has received offers as to competitive supply options, including, but not limited to, any customer that cannot obtain such service for any reason, including non-payment for services. Basic gas supply service is not a competitive service and shall be fully regulated by the board.

"Basic generation service" or "BGS" means electric generation service that is provided, to any customer that has not chosen an alternative electric power supplier, whether or not the customer has received offers for competitive supply options, including, but not limited to, any customer that cannot obtain such service from an electric power supplier for any reason, including non-payment for
services. Basic generation service is not a competitive service and shall be fully regulated by the board.

"Basic generation service provider" or "provider" means a provider of basic generation service.

"Basic generation service transition costs" means the amount by which the payments by an electric public utility for the procurement of power for basic generation service and related ancillary and administrative costs exceeds the net revenues from the basic generation service charge established by the board pursuant to section 9 of P.L.1999, c.23 (C.48:3-57) during the transition period, together with interest on the balance at the board-approved rate, that is reflected in a deferred balance account approved by the board in an order addressing the electric public utility's unbundled rates, stranded costs, and restructuring filings pursuant to P.L.1999, c.23 (C.48:3-49 et al.). Basic generation service transition costs shall include, but are not limited to, costs of purchases from the spot market, bilateral contracts, contracts with non-utility generators, parting contracts with the purchaser of the electric public utility's divested generation assets, short-term advance purchases, and financial instruments such as hedging, forward contracts, and options. Basic generation service transition costs shall also include the payments by an electric public utility pursuant to a competitive procurement process for basic generation service supply during the transition period, and costs of any such process used to procure the basic generation service supply.

"Board" means the New Jersey Board of Public Utilities or any successor agency.

"Bondable stranded costs" means any stranded costs or basic generation service transition costs of an electric public utility approved by the board for recovery pursuant to the provisions of P.L.1999, c.23 (C.48:3-49 et al.), together with, as approved by the board: (1) the cost of retiring existing debt or equity capital of the electric public utility, including accrued interest, premium and other fees, costs, and charges relating thereto, with the proceeds of the financing of bondable transition property; (2) if requested by an electric public utility in its application for a bondable stranded costs rate order, federal, State and local tax liabilities associated with stranded costs recovery, basic generation service transition cost recovery, or the transfer or financing of the property, or both, including taxes, whose recovery period is modified by the effect of a stranded costs recovery order, a bondable stranded costs rate order, or both; and (3) the costs incurred to issue, service or refinance transition bonds, including interest, acquisition or redemption premium, and other financing costs, whether paid upon issuance or over the life of the transition bonds, including, but not limited to, credit enhancements, service charges, overcollateralization, interest rate cap, swap or collar, yield maintenance, maturity guarantee or other hedging agreements,
equity investments, operating costs, and other related fees, costs, and charges, or to assign, sell, or otherwise transfer bondable transition property.

"Bondable stranded costs rate order" means one or more irrevocable written orders issued by the board pursuant to P.L.1999, c.23 (C.48:3-49 et al.) which determines the amount of bondable stranded costs and the initial amount of transition bond charges authorized to be imposed to recover the bondable stranded costs, including the costs to be financed from the proceeds of the transition bonds, as well as on-going costs associated with servicing and credit enhancing the transition bonds, and provides the electric public utility specific authority to issue or cause to be issued, directly or indirectly, transition bonds through a financing entity and related matters as provided in P.L.1999, c.23 (C.48:3-49 et al.), which order shall become effective immediately upon the written consent of the related electric public utility to the order as provided in P.L.1999, c.23 (C.48:3-49 et al.).

"Bondable transition property" means the property consisting of the irrevocable right to charge, collect, and receive, and be paid from collections of, transition bond charges in the amount necessary to provide for the full recovery of bondable stranded costs which are determined to be recoverable in a bondable stranded costs rate order, all rights of the related electric public utility under the bondable stranded costs rate order including, without limitation, all rights to obtain periodic adjustments of the related transition bond charges pursuant to subsection b. of section 15 of P.L.1999, c.23 (C.48:3-64), and all revenues, collections, payments, money, and proceeds arising under, or with respect to, all of the foregoing.

"British thermal unit" or "Btu" means the amount of heat required to increase the temperature of one pound of water by one degree Fahrenheit.

"Broker" means a duly licensed electric power supplier that assumes the contractual and legal responsibility for the sale of electric generation service, transmission, or other services to end-use retail customers, but does not take title to any of the power sold, or a duly licensed gas supplier that assumes the contractual and legal obligation to provide gas supply service to end-use retail customers, but does not take title to the gas.

"Brownfield" means any former or current commercial or industrial site that is currently vacant or underutilized and on which there has been, or there is suspected to have been, a discharge of a contaminant.

"Buydown" means an arrangement or arrangements involving the buyer and seller in a given power purchase contract and, in some cases third parties, for consideration to be given by the buyer in order to effectuate a reduction in the pricing, or the restructuring of other terms to reduce the overall cost of the power contract, for the
remaining succeeding period of the purchased power arrangement or arrangements.

"Buyout" means an arrangement or arrangements involving the buyer and seller in a given power purchase contract and, in some cases third parties, for consideration to be given by the buyer in order to effectuate a termination of such power purchase contract.

"Class I renewable energy" means electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal technologies, wave or tidal action, small scale hydropower facilities with a capacity of three megawatts or less and put into service after the effective date of P.L.2012, c.24, methane gas from landfills or methane gas from a biomass facility provided that the biomass is cultivated and harvested in a sustainable manner, or methane gas from a composting or anaerobic or aerobic digestion facility that converts food waste or other organic waste to energy.

"Class II renewable energy" means electric energy produced at a hydropower facility with a capacity of greater than three megawatts, but less than 30 megawatts, or a resource recovery facility, provided that the facility is located where retail competition is permitted and provided further that the Commissioner of Environmental Protection has determined that the facility meets the highest environmental standards and minimizes any impacts to the environment and local communities. Class II renewable energy shall not include electric energy produced at a hydropower facility with a capacity of greater than 30 megawatts on or after the effective date of P.L.2015, c.51.

"Co-generation" means the sequential production of electricity and steam or other forms of useful energy used for industrial or commercial heating and cooling purposes.

"Combined cycle power facility" means a generation facility that combines two or more thermodynamic cycles, by producing electric power via the combustion of fuel and then routing the resulting waste heat by-product to a conventional boiler or to a heat recovery steam generator for use by a steam turbine to produce electric power, thereby increasing the overall efficiency of the generating facility.

"Combined heat and power facility" or "co-generation facility" means a generation facility which produces electric energy and steam or other forms of useful energy such as heat, which are used for industrial or commercial heating or cooling purposes. A combined heat and power facility or co-generation facility shall not be considered a public utility.

"Competitive service" means any service offered by an electric public utility or a gas public utility that the board determines to be competitive pursuant to section 8 or section 10 of P.L.1999, c.23 (C.48:3-56 or C.48:3-58) or that is not regulated by the board.

"Commercial and industrial energy pricing class customer" or "CIEP class customer" means that group of non-residential
customers with high peak demand, as determined by periodic board order, which either is eligible or which would be eligible, as determined by periodic board order, to receive funds from the Retail Margin Fund established pursuant to section 9 of P.L.1999, c.23 (C.48:3-57) and for which basic generation service is hourly-priced.

"Comprehensive resource analysis" means an analysis including, but not limited to, an assessment of existing market barriers to the implementation of energy efficiency and renewable technologies that are not or cannot be delivered to customers through a competitive marketplace.

"Connected to the distribution system" means, for a solar electric power generation facility, that the facility is: (1) connected to a net metering customer's side of a meter, regardless of the voltage at which that customer connects to the electric grid; (2) an on-site generation facility; (3) qualified for net metering aggregation as provided pursuant to paragraph (4) of subsection e. of section 38 of P.L.1999, c.23 (C.48:3-87); (4) owned or operated by an electric public utility and approved by the board pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1); (5) directly connected to the electric grid at 69 kilovolts or less, regardless of how an electric public utility classifies that portion of its electric grid, and is designated as "connected to the distribution system" by the board pursuant to subsections q. through s. of section 38 of P.L.1999, c.23 (C.48:3-87); or (6) is certified by the board, in consultation with the Department of Environmental Protection, as being located on a brownfield, on an area of historic fill, or on a properly closed sanitary landfill facility. Any solar electric power generation facility, other than that of a net metering customer on the customer's side of the meter, connected above 69 kilovolts shall not be considered connected to the distribution system.

"Customer" means any person that is an end user and is connected to any part of the transmission and distribution system within an electric public utility's service territory or a gas public utility's service territory within this State.

"Customer account service" means metering, billing, or such other administrative activity associated with maintaining a customer account.

"Delivery year" or "DY" means the 12-month period from June 1st through May 31st, numbered according to the calendar year in which it ends.

"Demand side management" means the management of customer demand for energy service through the implementation of cost-effective energy efficiency technologies, including, but not limited to, installed conservation, load management, and energy efficiency measures on and in the residential, commercial, industrial, institutional, and governmental premises and facilities in this State.

"Electric generation service" means the provision of retail electric energy and capacity which is generated off-site from the
location at which the consumption of such electric energy and
capacity is metered for retail billing purposes, including agreements
and arrangements related thereto.

"Electric power generator" means an entity that proposes to
construct, own, lease, or operate, or currently owns, leases, or
operates, an electric power production facility that will sell or does
sell at least 90 percent of its output, either directly or through a
marketer, to a customer or customers located at sites that are not on
or contiguous to the site on which the facility will be located or is
located. The designation of an entity as an electric power generator
for the purposes of P.L.1999, c.23 (C.48:3-49 et al.) shall not, in
and of itself, affect the entity's status as an exempt wholesale
generator under the Public Utility Holding Company Act of 1935,
15 U.S.C. s.79 et seq., or its successor act.

"Electric power supplier" means a person or entity that is duly
licensed pursuant to the provisions of P.L.1999, c.23 (C.48:3-49 et
al.) to offer and to assume the contractual and legal responsibility to
provide electric generation service to retail customers, and includes
load serving entities, marketers, and brokers that offer or provide
electric generation service to retail customers. The term excludes an
electric public utility that provides electric generation service only
as a basic generation service pursuant to section 9 of P.L.1999, c.23
(C.48:3-57).

"Electric public utility" means a public utility, as that term is
defined in R.S.48:2-13, that transmits and distributes electricity to
end users within this State.

"Electric related service" means a service that is directly related
to the consumption of electricity by an end user, including, but not
limited to, the installation of demand side management measures at
the end user's premises, the maintenance, repair, or replacement of
appliances, lighting, motors, or other energy-consuming devices at
the end user's premises, and the provision of energy consumption
measurement and billing services.

"Electronic signature" means an electronic sound, symbol, or
process, attached to, or logically associated with, a contract or other
record, and executed or adopted by a person with the intent to sign
the record.

"Eligible generator" means a developer of a base load or mid-
merit electric power generation facility including, but not limited to,
an on-site generation facility that qualifies as a capacity resource
under PJM criteria and that commences construction after the
effective date of P.L.2011, c.9 (C.48:3-98.2 et al.).

"Energy agent" means a person that is duly registered pursuant to
the provisions of P.L.1999, c.23 (C.48:3-49 et al.), that arranges the
sale of retail electricity or electric related services, or retail gas
supply or gas related services, between government aggregators or
private aggregators and electric power suppliers or gas suppliers,
but does not take title to the electric or gas sold.
"Energy consumer" means a business or residential consumer of electric generation service or gas supply service located within the territorial jurisdiction of a government aggregator.

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

"Energy year" or "EY" means the 12-month period from June 1st through May 31st, numbered according to the calendar year in which it ends.

"Existing business relationship" means a relationship formed by a voluntary two-way communication between an electric power supplier, gas supplier, broker, energy agent, marketer, private aggregator, sales representative, or telemarketer and a customer, regardless of an exchange of consideration, on the basis of an inquiry, application, purchase, or transaction initiated by the customer regarding products or services offered by the electric power supplier, gas supplier, broker, energy agent, marketer, private aggregator, sales representative, or telemarketer; however, a consumer's use of electric generation service or gas supply service through the consumer's electric public utility or gas public utility shall not constitute or establish an existing business relationship for the purpose of P.L.2013, c.263.

"Farmland" means land actively devoted to agricultural or horticultural use that is valued, assessed, and taxed pursuant to the "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.).

"Federal Energy Regulatory Commission" or "FERC" means the federal agency established pursuant to 42 U.S.C. s.7171 et seq. to regulate the interstate transmission of electricity, natural gas, and oil.

"Final remediation document" shall have the same meaning as provided in section 3 of P.L.1976, c.141 (C.58:10-23.11b).

"Financing entity" means an electric public utility, a special purpose entity, or any other assignee of bondable transition property, which issues transition bonds. Except as specifically provided in P.L.1999, c.23 (C.48:3-49 et al.), a financing entity which is not itself an electric public utility shall not be subject to the public utility requirements of Title 48 of the Revised Statutes or any rules or regulations adopted pursuant thereto.

"Gas public utility" means a public utility, as that term is defined in R.S.48:2-13, that distributes gas to end users within this State.

"Gas related service" means a service that is directly related to the consumption of gas by an end user, including, but not limited to, the installation of demand side management measures at the end user's premises, the maintenance, repair or replacement of appliances or other energy-consuming devices at the end user's
premises, and the provision of energy consumption measurement and billing services.

"Gas supplier" means a person that is duly licensed pursuant to the provisions of P.L.1999, c.23 (C.48:3-49 et al.) to offer and assume the contractual and legal obligation to provide gas supply service to retail customers, and includes, but is not limited to, marketers and brokers. A non-public utility affiliate of a public utility holding company may be a gas supplier, but a gas public utility or any subsidiary of a gas utility is not a gas supplier. In the event that a gas public utility is not part of a holding company legal structure, a related competitive business segment of that gas public utility may be a gas supplier, provided that related competitive business segment is structurally separated from the gas public utility, and provided that the interactions between the gas public utility and the related competitive business segment are subject to the affiliate relations standards adopted by the board pursuant to subsection k. of section 10 of P.L.1999, c.23 (C.48:3-58). "Gas supply service" means the provision to customers of the retail commodity of gas, but does not include any regulated distribution service.

"Government aggregator" means any government entity subject to the requirements of the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.), the "Public School Contracts Law," N.J.S.18A:18A-1 et seq., or the "County College Contracts Law," P.L.1982, c.189 (C.18A:64A-25.1 et seq.), that enters into a written contract with a licensed electric power supplier or a licensed gas supplier for: (1) the provision of electric generation service, electric related service, gas supply service, or gas related service for its own use or the use of other government aggregators; or (2) if a municipal or county government, the provision of electric generation service or gas supply service on behalf of business or residential customers within its territorial jurisdiction.

"Government energy aggregation program" means a program and procedure pursuant to which a government aggregator enters into a written contract for the provision of electric generation service or gas supply service on behalf of business or residential customers within its territorial jurisdiction.

"Governmental entity" means any federal, state, municipal, local, or other governmental department, commission, board, agency, court, authority, or instrumentality having competent jurisdiction.

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

"Historic fill" means generally large volumes of non-indigenous material, no matter what date they were emplaced on the site, used to raise the topographic elevation of a site, which were
contaminated prior to emplacement and are in no way connected
with the operations at the location of emplacement and which
include, but are not limited to, construction debris, dredge spoils,
incinerator residue, demolition debris, fly ash, and non-hazardous
solid waste. "Historic fill" shall not include any material which is
substantially chromate chemical production waste or any other
chemical production waste or waste from processing of metal or
mineral ores, residues, slags, or tailings.

"Incremental auction" means an auction conducted by PJM, as
part of PJM's reliability pricing model, prior to the start of the
delivery year to secure electric capacity as necessary to satisfy the
capacity requirements for that delivery year, that is not otherwise
provided for in the base residual auction.

"Leakage" means an increase in greenhouse gas emissions
related to generation sources located outside of the State that are not
subject to a state, interstate, or regional greenhouse gas emissions
cap or standard that applies to generation sources located within the
State.

"Locational deliverability area" or "LDA" means one or more of
the zones within the PJM region which are used to evaluate area
transmission constraints and reliability issues including electric
public utility company zones, sub-zones, and combinations of
zones.

"Long-term capacity agreement pilot program" or "LCAPP"
means a pilot program established by the board that includes
participation by eligible generators, to seek offers for financially-
settled standard offer capacity agreements with eligible generators
pursuant to the provisions of P.L.2011, c.9 (C.48:3-98.2 et al.).

"Market transition charge" means a charge imposed pursuant to
section 13 of P.L.1999, c.23 (C.48:3-61) by an electric public
utility, at a level determined by the board, on the electric public
utility customers for a limited duration transition period to recover
stranded costs created as a result of the introduction of electric
power supply competition pursuant to the provisions of
P.L.1999, c.23 (C.48:3-49 et al.).

"Marketer" means a duly licensed electric power supplier that
takes title to electric energy and capacity, transmission and other
services from electric power generators and other wholesale
suppliers and then assumes the contractual and legal obligation to
provide electric generation service, and may include transmission
and other services, to an end-use retail customer or customers, or a
duly licensed gas supplier that takes title to gas and then assumes
the contractual and legal obligation to provide gas supply service to
an end-use customer or customers.

"Mid-merit electric power generation facility" means a
generation facility that operates at a capacity factor between
baseload generation facilities and peaker generation facilities.
"Net metering aggregation" means a procedure for calculating the combination of the annual energy usage for all facilities owned by a single customer where such customer is a State entity, school district, county, county agency, county authority, municipality, municipal agency, or municipal authority, and which are served by a solar electric power generating facility as provided pursuant to paragraph (4) of subsection e. of section 38 of P.L.1999, c.23 (C.48:3-87).

"Net proceeds" means proceeds less transaction and other related costs as determined by the board.

"Net revenues" means revenues less related expenses, including applicable taxes, as determined by the board.

"Offshore wind energy" means electric energy produced by a qualified offshore wind project.

"Offshore wind renewable energy certificate" or "OREC" means a certificate, issued by the board or its designee, representing the environmental attributes of one megawatt hour of electric generation from a qualified offshore wind project.

"Off-site end use thermal energy services customer" means an end use customer that purchases thermal energy services from an on-site generation facility, combined heat and power facility, or co-generation facility, and that is located on property that is separated from the property on which the on-site generation facility, combined heat and power facility, or co-generation facility is located by more than one easement, public thoroughfare, or transportation or utility-owned right-of-way.

"On-site generation facility" means a generation facility, including, but not limited to, a generation facility that produces Class I or Class II renewable energy, and equipment and services appurtenant to electric sales by such facility to the end use customer located on the property or on property contiguous to the property on which the end user is located. An on-site generation facility shall not be considered a public utility. The property of the end use customer and the property on which the on-site generation facility is located shall be considered contiguous if they are geographically located next to each other, but may be otherwise separated by an easement, public thoroughfare, transportation or utility-owned right-of-way, or if the end use customer is purchasing thermal energy services produced by the on-site generation facility, for use for heating or cooling, or both, regardless of whether the customer is located on property that is separated from the property on which the on-site generation facility is located by more than one easement, public thoroughfare, or transportation or utility-owned right-of-way.

"Open access offshore wind transmission facility" means an open access transmission facility, located either in the Atlantic Ocean or onshore, used to facilitate the collection of offshore wind energy or its delivery to the electric transmission system in this State.
"Person" means an individual, partnership, corporation, association, trust, limited liability company, governmental entity, or other legal entity.

"PJM Interconnection, L.L.C." or "PJM" means the privately-held, limited liability corporation that serves as a FERC-approved Regional Transmission Organization, or its successor, that manages the regional, high-voltage electricity grid serving all or parts of 13 states including New Jersey and the District of Columbia, operates the regional competitive wholesale electric market, manages the regional transmission planning process, and establishes systems and rules to ensure that the regional and in-State energy markets operate fairly and efficiently.

"Preliminary assessment" shall have the same meaning as provided in section 3 of P.L.1976, c.141 (C.58:10-23.11b).

"Private aggregator" means a non-government aggregator that is a duly-organized business or non-profit organization authorized to do business in this State that enters into a contract with a duly licensed electric power supplier for the purchase of electric energy and capacity, or with a duly licensed gas supplier for the purchase of gas supply service, on behalf of multiple end-use customers by combining the loads of those customers.

"Properly closed sanitary landfill facility" means a sanitary landfill facility, or a portion of a sanitary landfill facility, for which performance is complete with respect to all activities associated with the design, installation, purchase, or construction of all measures, structures, or equipment required by the Department of Environmental Protection, pursuant to law, in order to prevent, minimize, or monitor pollution or health hazards resulting from a sanitary landfill facility subsequent to the termination of operations at any portion thereof, including, but not necessarily limited to, the placement of earthen or vegetative cover, and the installation of methane gas vents or monitors and leachate monitoring wells or collection systems at the site of any sanitary landfill facility.

"Public utility holding company" means: (1) any company that, directly or indirectly, owns, controls, or holds with power to vote, 10 percent or more of the outstanding voting securities of an electric public utility or a gas public utility or of a company which is a public utility holding company by virtue of this definition, unless the Securities and Exchange Commission, or its successor, by order declares such company not to be a public utility holding company under the Public Utility Holding Company Act of 1935, 15 U.S.C. s.79 et seq., or its successor; or (2) any person that the Securities and Exchange Commission, or its successor, determines, after notice and opportunity for hearing, directly or indirectly, to exercise, either alone or pursuant to an arrangement or understanding with one or more other persons, such a controlling influence over the management or policies of an electric public utility or a gas public utility or public utility holding company as to
make it necessary or appropriate in the public interest or for the
protection of investors or consumers that such person be subject to
the obligations, duties, and liabilities imposed in the Public Utility
Holding Company Act of 1935, 15 U.S.C. s.79 et seq., or its
successor act.

"Qualified offshore wind project" means a wind turbine
electricity generation facility in the Atlantic Ocean and connected
to the electric transmission system in this State, and includes the
associated transmission-related interconnection facilities and
equipment, and approved by the board pursuant to section 3 of
P.L.2010, c.57 (C.48:3-87.1).

"Registration program" means an administrative process
developed by the board pursuant to subsection u. of section 38 of
P.L.1999, c.23 (C.48:3-87) that requires all owners of solar electric
generation facilities connected to the distribution system that
intend to generate SRECs, to file with the board documents
detailing the size, location, interconnection plan, land use, and other
project information as required by the board.

"Regulatory asset" means an asset recorded on the books of an
electric public utility or gas public utility pursuant to the Statement
of Financial Accounting Standards, No. 71, entitled "Accounting for
the Effects of Certain Types of Regulation," or any successor
standard and as deemed recoverable by the board.

"Related competitive business segment of an electric public
utility or gas public utility" means any business venture of an
electric public utility or gas public utility including, but not limited
to, functionally separate business units, joint ventures, and
partnerships, that offers to provide or provides competitive services.

"Related competitive business segment of a public utility holding
company" means any business venture of a public utility holding
company, including, but not limited to, functionally separate
business units, joint ventures, and partnerships and subsidiaries, that
offers to provide or provides competitive services, but does not
include any related competitive business segments of an electric
public utility or gas public utility.

"Reliability pricing model" or "RPM" means PJM's capacity-
market model, and its successors, that secures capacity on behalf of
electric load serving entities to satisfy load obligations not satisfied
through the output of electric generation facilities owned by those
entities, or otherwise secured by those entities through bilateral
contracts.

"Renewable energy certificate" or "REC" means a certificate
representing the environmental benefits or attributes of one
megawatt-hour of generation from a generating facility that
produces Class I or Class II renewable energy, but shall not include
a solar renewable energy certificate or an offshore wind renewable
energy certificate.
"Resource clearing price" or "RCP" means the clearing price established for the applicable locational deliverability area by the base residual auction or incremental auction, as determined by the optimization algorithm for each auction, conducted by PJM as part of PJM's reliability pricing model.

"Resource recovery facility" means a solid waste facility constructed and operated for the incineration of solid waste for energy production and the recovery of metals and other materials for reuse, which the Department of Environmental Protection has determined to be in compliance with current environmental standards, including, but not limited to, all applicable requirements of the federal "Clean Air Act" (42 U.S.C. s.7401 et seq.).

"Restructuring related costs" means reasonably incurred costs directly related to the restructuring of the electric power industry, including the closure, sale, functional separation, and divestiture of generation and other competitive utility assets by a public utility, or the provision of competitive services as those costs are determined by the board, and which are not stranded costs as defined in P.L.1999, c.23 (C.48:3-49 et al.) but may include, but not be limited to, investments in management information systems, and which shall include expenses related to employees affected by restructuring which result in efficiencies and which result in benefits to ratepayers, such as training or retraining at the level equivalent to one year's training at a vocational or technical school or county community college, the provision of severance pay of two weeks of base pay for each year of full-time employment, and a maximum of 24 months' continued health care coverage. Except as to expenses related to employees affected by restructuring, "restructuring related costs" shall not include going forward costs.

"Retail choice" means the ability of retail customers to shop for electric generation or gas supply service from electric power or gas suppliers, or opt to receive basic generation service or basic gas service, and the ability of an electric power or gas supplier to offer electric generation service or gas supply service to retail customers, consistent with the provisions of P.L.1999, c.23 (C.48:3-49 et al.).

"Retail margin" means an amount, reflecting differences in prices that electric power suppliers and electric public utilities may charge in providing electric generation service and basic generation service, respectively, to retail customers, excluding residential customers, which the board may authorize to be charged to categories of basic generation service customers of electric public utilities in this State, other than residential customers, under the board's continuing regulation of basic generation service pursuant to sections 3 and 9 of P.L.1999, c.23 (C.48:3-51 and 48:3-57), for the purpose of promoting a competitive retail market for the supply of electricity.

"Sales representative" means a person employed by, acting on behalf of, or as an independent contractor for, an electric power
supplier, gas supplier, broker, energy agent, marketer, or private aggregator who, by any means, solicits a potential residential customer for the provision of electric generation service or gas supply service.

"Sanitary landfill facility" shall have the same meaning as provided in section 3 of P.L.1970, c.39 (C.13:1E-3).

"School district" means a local or regional school district established pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey Statutes, a county special services school district established pursuant to article 8 of chapter 46 of Title 18A of the New Jersey Statutes, a county vocational school district established pursuant to article 3 of chapter 54 of Title 18A of the New Jersey Statutes, and a district under full State intervention pursuant to P.L.1987, c.399 (C.18A:7A-34 et al.).

"Shopping credit" means an amount deducted from the bill of an electric public utility customer to reflect the fact that the customer has switched to an electric power supplier and no longer takes basic generation service from the electric public utility.

"Site investigation" shall have the same meaning as provided in section 3 of P.L.1976, c.141 (C.58:10-23.11b).

"Small scale hydropower facility" means a facility located within this State that is connected to the distribution system, and that meets the requirements of, and has been certified by, a nationally recognized low-impact hydropower organization that has established low-impact hydropower certification criteria applicable to: (1) river flows; (2) water quality; (3) fish passage and protection; (4) watershed protection; (5) threatened and endangered species protection; (6) cultural resource protection; (7) recreation; and (8) facilities recommended for removal.

"Social program" means a program implemented with board approval to provide assistance to a group of disadvantaged customers, to provide protection to consumers, or to accomplish a particular societal goal, and includes, but is not limited to, the winter moratorium program, utility practices concerning "bad debt" customers, low income assistance, deferred payment plans, weatherization programs, and late payment and deposit policies, but does not include any demand side management program or any environmental requirements or controls.

"Societal benefits charge" means a charge imposed by an electric public utility, at a level determined by the board, pursuant to, and in accordance with, section 12 of P.L.1999, c.23 (C.48:3-60).

"Solar alternative compliance payment" or "SACP" means a payment of a certain dollar amount per megawatt hour (MWh) which an electric power supplier or provider may submit to the board in order to comply with the solar electric generation requirements under section 38 of P.L.1999, c.23 (C.48:3-87).

"Solar renewable energy certificate" or "SREC" means a certificate issued by the board or its designee, representing one
megawatt hour (MWh) of solar energy that is generated by a facility connected to the distribution system in this State and has value based upon, and driven by, the energy market.

"Standard offer capacity agreement" or "SOCA" means a financially-settled transaction agreement, approved by board order, that provides for eligible generators to receive payments from the electric public utilities for a defined amount of electric capacity for a term to be determined by the board but not to exceed 15 years, and for such payments to be a fully non-bypassable charge, with such an order, once issued, being irrevocable.

"Standard offer capacity price" or "SOCP" means the capacity price that is fixed for the term of the SOCA and which is the price to be received by eligible generators under a board-approved SOCA.

"State entity" means a department, agency, or office of State government, a State university or college, or an authority created by the State.

"Stranded cost" means the amount by which the net cost of an electric public utility's electric generating assets or electric power purchase commitments, as determined by the board consistent with the provisions of P.L.1999, c.23 (C.48:3-49 et al.), exceeds the market value of those assets or contractual commitments in a competitive supply marketplace and the costs of buydowns or buyouts of power purchase contracts.

"Stranded costs recovery order" means each order issued by the board in accordance with subsection c. of section 13 of P.L.1999, c.23 (C.48:3-61) which sets forth the amount of stranded costs, if any, the board has determined an electric public utility is eligible to recover and collect in accordance with the standards set forth in section 13 of P.L.1999, c.23 (C.48:3-61) and the recovery mechanisms therefor.

"Telemarketer" shall have the same meaning as set forth in section 2 of P.L.2003, c.76 (C.56:8-120).

"Telemarketing sales call" means a telephone call made by a telemarketer to a potential residential customer as part of a plan, program, or campaign to encourage the customer to change the customer's electric power supplier or gas supplier. A telephone call made to an existing customer of an electric power supplier, gas supplier, broker, energy agent, marketer, private aggregator, or sales representative, for the sole purpose of collecting on accounts or following up on contractual obligations, shall not be deemed a telemarketing sales call. A telephone call made in response to an express written request of a customer shall not be deemed a telemarketing sales call.

"Thermal efficiency" means the useful electric energy output of a facility, plus the useful thermal energy output of the facility, expressed as a percentage of the total energy input to the facility.
"Transition bond charge" means a charge, expressed as an amount per kilowatt hour, that is authorized by and imposed on electric public utility ratepayers pursuant to a bondable stranded costs rate order, as modified at any time pursuant to the provisions of P.L.1999, c.23 (C.48:3-49 et al.).

"Transition bonds" means bonds, notes, certificates of participation, beneficial interest, or other evidences of indebtedness or ownership issued pursuant to an indenture, contract, or other agreement of an electric public utility or a financing entity, the proceeds of which are used, directly or indirectly, to recover, finance or refinance bondable stranded costs and which are, directly or indirectly, secured by or payable from bondable transition property. References in P.L.1999, c.23 (C.48:3-49 et al.) to principal, interest, and acquisition or redemption premium with respect to transition bonds which are issued in the form of certificates of participation or beneficial interest or other evidences of ownership shall refer to the comparable payments on such securities.

"Transition period" means the period from August 1, 1999 through July 31, 2003.

"Transmission and distribution system" means, with respect to an electric public utility, any facility or equipment that is used for the transmission, distribution, or delivery of electricity to the customers of the electric public utility including, but not limited to, the land, structures, meters, lines, switches, and all other appurtenances thereof and thereto, owned or controlled by the electric public utility within this State.

"Universal service" means any service approved by the board with the purpose of assisting low-income residential customers in obtaining or retaining electric generation or delivery service.

"Unsolicited advertisement" means any advertising claims of the commercial availability or quality of services provided by an electric power supplier, gas supplier, broker, energy agent, marketer, private aggregator, sales representative, or telemarketer which is transmitted to a potential customer without that customer's prior express invitation or permission.

"Utility-scale solar facility" means a solar electric power generation facility that is capable of producing at least 10 megawatts of electric power, measured as alternating current, and is connected to the electric transmission system at a location that is within the service territory of an electric public utility or to the distribution system operated by an electric public utility. Any such facility shall qualify as Class I renewable energy for the purposes of receiving Class I renewable energy certificates for compliance with the State’s renewable energy portfolio standards.

(cf: P.L.2020, c.24, s.7)
3. Section 4 of P.L.2016, c.12 (C.13:8C-46) is amended to read as follows:
4. There is established in the General Fund a special account to be known as the "Preserve New Jersey Fund Account."

a. The State Treasurer shall credit to this account:
   (1) (a) (i) For State fiscal year 2016, an amount equal to 71 percent of the four percent of the revenue annually derived from the tax imposed pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as amended and supplemented, or any other State law of similar effect, dedicated for recreation and conservation, farmland preservation, and historic preservation purposes pursuant to subparagraph (a) of Article VIII, Section II, paragraph 6 of the State Constitution, less $19,972,000 already appropriated and expended for parks management in P.L.2015, c.63; and
   (ii) in each State fiscal year 2017 through and including State fiscal year 2019 an amount equal to 71 percent of the four percent of the revenue annually derived from the tax imposed pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as amended and supplemented, or any other State law of similar effect, dedicated to recreation and conservation, farmland preservation, and historic preservation purposes pursuant to subparagraph (a) of Article VIII, Section II, paragraph 6 of the State Constitution; and
   (b) (i) in each State fiscal year commencing in State fiscal year 2020 and annually thereafter, an amount equal to 78 percent of the six percent of the revenue annually derived from the tax imposed pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as amended and supplemented, or any other State law of similar effect, dedicated to recreation and conservation, farmland preservation, and historic preservation purposes pursuant to subparagraph (a) of Article VIII, Section II, paragraph 6 of the State Constitution; and
   (ii) any amount received from an electric public utility pursuant to section 1 of P.L. , c. (C. ) (pending before the Legislature as this bill); and
   (2) in each State fiscal year, an amount equal to the amount dedicated pursuant to subparagraph (b) of Article VIII, Section II, paragraph 6 of the State Constitution.

b. In each State fiscal year, the amount credited to the Preserve New Jersey Fund Account shall be appropriated from time to time by the Legislature only for the applicable purposes set forth in Article VIII, Section II, paragraph 6 of the State Constitution and this act P.L.2016, c.12 (C.13:8C-43 et seq.) for:
   (1) providing funding, including loans or grants, for the preservation, including acquisition, development, and stewardship, of lands for recreation and conservation purposes, including lands that protect water supplies and lands that have incurred flood or
storm damage or are likely to do so, or that may buffer or protect
other properties from flood or storm damage;

(2) providing funding, including loans or grants, for the
preservation and stewardship of land for agricultural or horticultural
use and production;

(3) providing funding, including loans or grants, for historic
preservation; and

(4) paying administrative costs associated with (1) through (3)
of this subsection.

c. Nothing in this act shall authorize any State entity to use
constitutionally dedicated CBT moneys for the purpose of making
any payments relating to any bonds, notes, or other debt
obligations, other than those relating to obligations arising from
land purchase agreements made with landowners.

d. In each State fiscal year after the enactment of
P.L., c. (C.) (pending before the Legislature as this bill), the
State Treasurer shall notify, in writing, the chairperson of the
Garden State Preservation Trust of the amount received from an
electric public utility pursuant to section 1 of P.L., c. (C.)
(pending before the Legislature as this bill) and credited to the
Preserve New Jersey Fund Account pursuant to subsubparagraph
(ii) of subparagraph (b) of paragraph (1) of subsection a. of this
section to be used for the purposes of subsection b. of this section.

(cf: P.L.2016, c.12, s.4)

4. This act shall take effect immediately.

STATEMENT

This bill would supplement the “Electric Discount and Energy
Competition Act” (EDECA), P.L.1999, c.23 (C.48:3-49 et al.), to
direct the Board of Public Utilities (board) to establish a utility-
scale solar energy development program.

The bill would define a "utility-scale solar facility" as a solar
electric power generation facility that is capable of producing at
least 10 megawatts of electric power, measured as alternating
current, and is connected to the electric transmission system at a
location that is within the service territory of an electric public
utility or to the distribution system operated by an electric public
utility.

The bill would require the board, within one year after the date
the bill is enacted into law, to adopt rules and regulations
establishing an annual competitive procurement program to develop
utility-scale solar facilities capable of producing at least 3,000
megawatts of power by 2030. This program would include a
transparent, competitive, and fair annual solicitation process that is
open on a non-discriminatory basis to any entity seeking to
construct a utility-scale solar facility that can achieve commercial operation within two years after the date of execution of a power purchase agreement, and standardized evaluation criteria to be applied equally to all bids and bidders.

The bill would require the board, within 18 months after the date the bill is enacted into law, to establish a competitive procurement process and conduct a competitive solicitation for utility-scale solar facility projects. The competitive procurement process is to include: a procurement target of at least 375 megawatts, measured as alternating current, which target may be increased by the board to qualify for federal incentives or if the board otherwise finds doing so is in the public interest; and a cost cap based on the board’s forecast of the 20-year market price of energy, capacity, and Class I RECs, less the total cost of the annual remunerations one percent to be submitted to the State Treasurer for deposit into the “Preserve New Jersey Fund Account,” established pursuant to section 4 of P.L.2016, c.12 (C.13:8C-46), and up to two and one-half percent to compensate the electric public utility for costs incurred.

After the initial competitive solicitation and procurement process, the bill would thereafter require the board, by December 31 of each year, to establish for the competitive procurement to take place in the following year, and by June 30th of each year to conduct a competitive solicitation for utility-scale solar facilities.

Following the board’s competitive solicitation for utility-scale solar facility projects and the selection of a winning bidder, each electric public utility would be required to negotiate a power purchase agreement with the winning bidder to purchase energy, capacity, and Class I RECs, or any combination thereof, for a term of 20 years.

This bill would also amend the “Preserve New Jersey Act,” P.L.2016, c.12 (C.13:8C-43 et seq.), to provide that the amounts received by the State Treasurer pursuant to this bill from an electric public utility would be deposited into the “Preserve New Jersey Fund Account” and be used in accordance with the provisions of the “Preserve New Jersey Act” for recreation and conservation, farmland, and historic preservation purposes.

The 2019 Energy Master Plan (“EMP”) found that the State could achieve its 100 percent clean energy and 80 percent greenhouse gas reduction goals with net savings and little added cost when health benefits and climate change mitigation benefits are taken into account, by maximizing the development of in-State renewable energy generation, including 17,000 megawatts of solar energy by 2035 and 32 gigawatts by 2050. Under the least cost path identified by the EMP, solar energy could meet 34 percent of the State’s clean energy needs by 2050. The EMP further determined that to embark on this least cost path the State should add at least 400 megawatts of in-State solar energy each year through 2030.