

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE, No. 2605

with committee amendments

STATE OF NEW JERSEY

DATED: AUGUST 24, 2020

The Senate Environment and Energy Committee favorably reports Senate Bill No. 2605 with committee amendments.

This bill, as amended, would direct the Board of Public Utilities (BPU) to establish a utility-scale solar energy development program, and modify the State's renewable energy portfolio standards.

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 BPU, within one year after the effective date of the bill, to adopt rules and regulations establishing an annual competitive procurement program to develop utility-scale solar facilities capable of producing at least 1,500 megawatts of power by 2026. This program would include an 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 BPU, within 12 months after the effective date of the bill, to establish a competitive procurement process and conduct a competitive solicitation for utility-scale solar facility projects. The competitive procurement process would include: an annual procurement target of at least 375 megawatts, measured as alternating current, for the first four years of the program; a cost cap based on the BPU's forecast of the 20-year market price of energy, capacity, and Class I RECs, and including the total cost of the remunerations paid pursuant to subsection d. of section 1 of the bill and a just and reasonable value for capacity; a requirement that not more than 35 percent of each annual procurement would be awarded to any one developer; and a requirement that at least 15 percent of each annual procurement would be from combined solar and energy storage facilities.

After the initial competitive solicitation and procurement process, the bill would thereafter require the BPU, 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 BPU'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. The power purchase agreement would require that the project achieve commercial operation no later than 24 months after execution of the agreement, unless that timeframe is extended by the BPU due to an extenuating circumstance.

Under the bill, each power purchase agreement would be required to include 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), and 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 would be recovered through a non-bypassable charge incorporated into the rates of each electric public utility based on the electric public utility's proportionate share of the Statewide load, as approved by the BPU.

The bill would require a utility-scale solar facility project, to the extent practicable, to utilize native plant species and seed mixes in accordance with standards established by the Department of Environmental Protection (DEP). The bill would require the DEP, in consultation with the BPU, to establish standards for the use of pollinator-friendly native plant species and seed mixes. The bill would also prohibit a utility-scale solar facility project from being constructed on: (1) preserved farmland; (2) land preserved under the Green Acres Program; (3) land located within the preservation area of the pinelands area; (4) land designated as forest area in the pinelands comprehensive management plan; (5) land designated as freshwater wetlands or coastal wetlands; and (6) lands located within the Highlands preservation area.

The bill would require that each worker employed in the construction of a utility-scale solar facility project be paid not less than the prevailing wage rate for the worker's craft or trade, as determined by the Commissioner of Labor and Workforce Development.

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 bill would modify the State’s renewable energy portfolio standards to provide that: by January 1, 2025, 39 percent of the kilowatt hours sold in this State by each electric power supplier and basic generation service provider must be from Class I renewable energy sources, and by January 1, 2030, 54 percent of the kilowatt hours sold in this State must be from Class I renewable energy sources. The bill would also amend the definition of the term “connected to the distribution system” in section 3 of P.L.1999, c.23 (C.48:3-51) to add a solar electric generation facility that is located on a rooftop or floating on a body of water (floating photovoltaics).

The committee amendments would:

(1) reduce the total procurement capacity target for utility-scale solar facility projects from 3,000 megawatts of power by 2030 to 1,500 megawatts by 2026;

(2) specify that the evaluation criteria established by the BPU for utility-scale solar facility projects include the ability of a project to utilize pollinator-friendly habitat and avoid excessive concentrations of procurement awards to any single developer;

(3) Require the BPU to establish the competitive procurement process required under the bill in 12 months rather than 18 months;

(4) Provide that the competitive procurement process include an annual procurement target of at least 375 megawatts, measured as alternating current, for the first four years of the program;

(5) remove language that would have allowed the BPU to increase the annual procurement target under certain circumstances;

(6) Provide that not more than 35 percent of each annual procurement may be awarded to any one developer, and that at least 15 percent of each annual procurement be for combined solar and energy storage facilities;

(7) require bidders to execute a PJM facilities study agreement prior to bid submission to demonstrate that the proposed utility-scale solar facility project is sufficiently developed;

(8) require that a project achieve commercial operation no later than 24 months after execution of a power purchase agreement, unless that timeframe is extended by the BPU due to an extenuating circumstance;

(9) provide that the net costs of a power purchase agreement be recovered via a non-bypassable charge incorporated into the rates of each public utility based on the electric public utility’s proportionate share of the Statewide load;

(10) require a utility-scale solar facility project to utilize native plant species and seed mixes in accordance with standards established by the DEP, and require the DEP to establish such standards within one year after the effective date of the bill;

(11) prohibit a utility-scale solar facility project from being constructed on certain environmentally sensitive lands;

(12) require that each worker employed in the construction of a utility-scale solar facility project be paid not less than the prevailing wage rate for the worker's craft or trade;

(13) require a developer that undertakes a utility-scale solar facility project to obtain all necessary permits and other approvals as may be required under State or local law, rule, regulation, or ordinance;

(14) modify the State's renewable energy portfolio standards, as described above;

(15) amend the definition of the term "connected to the distribution system" in existing law to add a solar electric generation facility that is located on a rooftop or floating on a body of water (floating photovoltaics); and

(16) make technical corrections to the bill.