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NOTICE¹

New Jersey SREC Program

Pre-Rule Proposal Staff Stakeholder Notice (“Stakeholder Notice”)

Pursuant to the “Open Public Meetings Act”, N.J.S.A. 10:4-6 et seq., the New Jersey Board of Public Utilities (“BPU”) hereby gives notice of a Public Meeting to discuss the closing of the existing SREC program, in accordance with the provisions of P.L. 2018, c.17 (“Clean Energy Act”).

The Clean Energy Act mandated that the Board adopt rules and regulations to close the SREC program to new applications upon the attainment of 5.1% of the kilowatt-hours sold in the State by each electric power supplier and each basic generation provider from solar electric power generators connected to the distribution system (the “5.1% Milestone”). It further directed the board to provide for an orderly and transparent mechanism that will result in the closing of the SREC program on a date certain but no later than June 1, 2021.

On February 27, 2019, the Board issued an Order clarifying eligibility for the SREC market. Within the Order was included a proposed method for calculating the 5.1% Milestone, and an estimate of when the 5.1% Milestone was anticipated to be attained based upon estimated data available at the time.

Staff anticipates recommending that the 5.1% Milestone be calculated as laid out in the attached draft proposed rule (published for discussion purposes only). Staff recognizes that certain details of the method for calculating when solar electric generation sold in New Jersey comprises 5.1% of retail electricity sales will benefit from further stakeholder input and technical research.

¹Not a Paid Legal Advertisement

Staff remains committed to ensuring a stable and balanced SREC market in New Jersey in conformance with Staff's Solar Transition Principles (published December 26, 2018 and April 8, 2019, and linked below) including, but not limited to, "support [for] the continued growth of the solar industry" and "ensur[ing] that prior investments retain value," as well as all applicable statutes and regulations. Staff notes that there may be market implications of the 5.1% calculation methodology and commits to an open and transparent public dialogue on future market balancing mechanisms, should they be necessary to maintain a healthy solar market.

Staff intends that the conversation builds upon prior discussions of the 5.1% calculation methodology in prior Board and Staff documents, including the following:

- The rule amendment to the Renewable Portfolio Standards at N.J.A.C. 14:8-2.4 adopted by the Board on December 18, 2018, and published in the New Jersey Register on January 22, 2019, including comments received and responses to comments by the Board published in the rule adoption document;²
- Staff's "SREC Transition Principles" and the questions posed in Staff's "New Jersey Solar Transition Staff Straw Proposal" from December 26, 2018;³
- The February 27, 2019, Board Order discussing, among other things, a proposed method for calculating the 5.1% Milestone;⁴ and
- Slides presented by Staff's Solar Transition Consultant at the June 14, 2019 stakeholder meeting proposing a methodology for calculating the 5.1%.⁵

In order to discuss Staff's recommended method for calculating attainment of the 5.1% Milestone, a public stakeholder meeting will held at the following date and time:

Date: Wednesday, July 31, 2019
Location: Committee Room 11, State House Annex
Trenton, New Jersey 08625
Time: 10 a.m.

Staff anticipates that interested stakeholders will be given an opportunity to make presentations no longer than 5 minutes, followed by questions from Staff. Staff **strongly** encourages entities with aligned interests to coordinate together to provide joint comments wherever possible. Stakeholders wishing to use PowerPoint slides must submit a copy of their presentation in PDF or PowerPoint format no later than 5 p.m. on July 30, 2019 via an email to solar.transitions@bpu.nj.gov.

² Available at: [http://njcleanenergy.com/files/file/R_2019%20d_010%20\(51%20N_J_R_%20138\(e\)\).pdf](http://njcleanenergy.com/files/file/R_2019%20d_010%20(51%20N_J_R_%20138(e)).pdf)

³ Available at: [http://njcleanenergy.com/files/file/Renewable_Programs/Solar%20Transition%20Straw%20Proposal%20-%202018-12-26%20clean%20\(final\).pdf](http://njcleanenergy.com/files/file/Renewable_Programs/Solar%20Transition%20Straw%20Proposal%20-%202018-12-26%20clean%20(final).pdf).

⁴ Available at: <https://www.nj.gov/bpu/pdf/boardorders/2019/20190227/2-27-19-8H.pdf>.

⁵ Available at: <http://njcleanenergy.com/files/file/JuneSolarTransitionSlides.pdf>.

Stakeholders interested in participating must register no later than 5 p.m. on July 30, 2019 via an email to solar.transitions@bpu.nj.gov. This meeting is in-person only, and will be recorded by a court reporter.

Aida Camacho-Welch

A handwritten signature in black ink that reads "Aida Camacho-Welch". The signature is written in a cursive style with a large initial 'A' and a long, sweeping underline.

Board Secretary

Dated: July 24, 2019

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ATTACHMENT: DRAFT FOR PUBLIC DISCUSSION

SUBCHAPTER 2. RENEWABLE PORTFOLIO STANDARDS

14:8-2.4

(a) No Change

(b) 1-5 No Change

6. No new SREC registration shall be accepted following a determination by the Board that 5.1 percent of the kilowatt-hours sold in the State by each electric power supplier and each basic generation provider comes from solar electric power generators connected to the State's electric distribution system has been attained. **The Board shall announce the State's attainment of the 5.1% milestone when the installed solar capacity reported through New Jersey's Clean Energy Program ("NJCEP") is estimated to have produced 5.1% of the retail electricity sales estimated to have been sold over the previous twelve months. Starting in March 2020, the Board shall report no later than the last business day of each month the estimated solar electricity generated over the previous twelve months. The trailing twelve months of solar electricity generated shall be estimated by multiplying the latest NJCEP-supplied figure on cumulative installed solar capacity for the previous twelve months by a corresponding solar output factor for each month. The solar output factor is an estimate of solar MWh output from one MW dc of capacity. Board Staff shall produce, based upon stakeholder input, an estimate of solar electricity in MWh expected energy output from one MWdc of installed solar capacity representative of the fleet of NJ solar installations. An estimate of retail electricity sold in the previous twelve months shall be calculated from data supplied by PJM-EIS GATS for load served adjusted for distribution**

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line losses via a factor based upon stakeholder input. The Board's monthly report on estimated solar electricity generated as a percent of estimated retail sales shall include the variables and methodology used for calculation which will include:

- i. An estimate of the trailing twelve months of solar electricity generated; based upon
 - a. the monthly cumulative installed solar capacity reported to the SREC****

Registration program;

- b. the solar output factors for each of the previous twelve months and how they were derived;**

- ii. an estimate of retail electricity sold and how it was calculated from PJM EIS GATS load served including the distribution line loss factor and its derivation; and**

- iii. the resulting equation and the figure it produces.**

[i. Termination of SREC registration program shall occur no later than June 1, 2021.]

7. Following a report that 5.1% of retail sales were attained from solar electric generation or that attainment of 5.1% of retail sales from solar electric generation is imminent within the next month, the Board shall authorize:

- i. Solar facilities registered in the SRP pipeline described in (p) below to be eligible for SRECs if:
 - a. a solar facility commenced commercial operations prior to the 5.1 percent milestone attainment and had submitted a complete registration or application for designation or conditional certification on or before October 29, 2018. Such a facility shall be eligible for the 15-year SREC qualification life; or,****

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(f) (Reserved)

(g) No Change

(h) 1-3 No Change

4. If the solar facility as described in the initial registration package meets SREC eligibility requirements, Board staff shall issue notice to the registrant of a conditional registration for the facility. The notice of the conditional registration shall:

i. State that, if the solar facility is constructed as described in the initial registration package, Board staff will issue a New Jersey State Certification Number for the solar facility upon construction completion and inspection **subject to conditions referenced in N.J.A.C 14:8-2.4(b)7; and**

ii. Include an expiration date 12 months after the date of the notice for facilities that are net metered, provide on-site generation, or provide power for a qualified customer engaged in aggregated net metering [or]. **Subject to the date of the Board's determination on the State's attainment of the 5.1% Milestone, facilities that are registered after August 7, 2019 may not be granted a full 12 month registration length and may not be eligible for an extension; and**

[or an expiration date 24 months after the effective date of Board approval, designation, or conditional Board certification where Board approval, designation, or conditional certification is required; and]

iii. **Include an expiration date 24 months after the effective date of Board approval, designation, or conditional certification for solar electric generation facilities where Board approval, designation, or conditional certification is required. Subject to the Board's determination on the state's attainment of the 5.1% Milestone, projects which**

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applied to the Board for approval, conditional approval or conditional certification after October 29, 2018 may not be granted a full 24 month registration length and may not be offered an extension.

5. After issuance of the notice of conditional registration, construction of the solar facility as described in the initial registration package may begin.

(i) Construction of the solar electric generating facility shall be subject to the qualifications at N.J.A.C. 14:8-2.4 (b)7 and shall be completed prior to expiration of the conditional registration. The registrant for facilities that are net metered, provide on-site generation, or provide power for a qualified customer engaged in aggregated net metering, and which received conditional registration before December 31, 2018, may request one extension prior to the expiration of the conditional registration, and shall include an updated schedule for completion. Except for registrations submitted for projects approved or conditionally approved for designation as "connected to the distribution system" under (g) above, Board staff may authorize one extension of the project's registration on a case-by-case basis, based on the likelihood of timely and successful completion of the solar facility. An extension shall provide a new expiration date, six months from the expiration of the original conditional registration. A project that is provided conditional registration after December 31, 2018, such that it has an expiration date falling after December 31, 2019, may not be granted the full six month extension. The conditional registration of such a project may end when the Board has determined that the 5.1 percent Milestone has been attained.

If the conditional registration, or extension, expires before construction is complete, the registrant shall begin the entire registration process again by submitting an initial registration package. Board staff shall treat the new registration package as if it were a first-time submittal,

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with no reference to the previous registration process. Facilities that require approval or certification by the Board, other than those requiring approval of designation under (g) above, must seek extensions of the conditional registration expiration date directly by application to the Board, unless otherwise directed by the Board. Registrants who file after failure to complete during the initial 18 or 24 month registration period shall not be subject to the penalty set out at (e) above if the Board finds that the failure to complete within time was reasonable.

If these projects were provided conditional certification after October 29, 2018, they may not be granted a full 24 month to complete the project and may not be offered an extension.

(j) No Change

(k) No Change

(l) No Change.

(m) No Change

(n) No Change

(o) No Change.

(p) No Change

(q) No Change

(r) The Board shall approve, conditionally approve, or disapprove any application for designation as connected to the distribution system of a solar electric power generation facility filed with the Board no more than 90 days after receipt by the Board of a completed application. For any such application for a project greater than 25 kilowatts, the Board shall require the applicant to post a notice escrow with the Board in an amount of \$40.00 per kilowatt of DC nameplate capacity of the facility, not to exceed \$40,000. The notice escrow amount

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shall be reimbursed to the applicant in full upon either denial of the application by the Board or upon commencement of commercial operation of the solar electric power generation facility.

The escrow amount shall be forfeited to the State if the facility is designated as connected to the distribution system pursuant to this subsection but does not commence commercial operation within two years following the date of the designation by the Board. **This escrow requirement only applies to the class of grid supply projects required to file an application for designation.**

(s) [The SREC term shall be 10 years for all applications for designation as connected to the distribution system of a solar electric power generation facility filed with the Board after May 23, 2018, the date of enactment of P.L. 2018, c. 17 (N.J.S.A. 48:3-87.8 et seq.).]

The qualification life shall be 10 years for all solar generation projects for which the Board receives a complete registration or application for designation as connected to the distribution system or conditional certification after October 29, 2018, which achieves commercial operation prior to attainment of the 5.1 percent Milestone, and which is otherwise eligible for conditional registration.