

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3974

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 28, 2026

The Assembly Budget Committee reports favorably and with committee amendments Assembly Bill No. 3974 (1R).

As amended and reported, this bill would modify various provisions of the State's renewable energy incentive programs and require electric public utilities to interconnect certain solar projects.

Specifically, the bill would authorize, upon petition to the Board of Public Utilities (BPU), the co-location of solar facilities that are either registered, or seeking registration or participation in, the SREC-II program, including the administratively determined incentive (ADI) portion and the competitive solicitation incentive (CSI) portion, the community solar program, the remote net metering program, or any combination of those programs. As used in the bill, "co-location" means siting two or more SREC-II eligible solar facilities on the same property or on contiguous properties. The bill would also provide that certain solar facilities with a capacity of between five and 20 megawatts that are located on commercial or industrial rooftops, landfills, contaminated sites, or mining sites would be eligible for registration in the community solar program until December 31, 2028, subject to certain restrictions established in the bill. The bill would authorize the BPU to establish differentiated incentive levels for co-located projects and projects larger than five megawatts that participate in the community solar program.

The bill would provide that a project sited on a commercial or industrial rooftop, landfill, brownfield, contaminated site, or mining site that is participating in the community solar program or the remote net metering program would have no less than 33 months from the date of registration in the applicable program to achieve commercial operation.

The bill would require electric public utilities to accept, process, and respond to interconnection applications, upon receipt, for community solar or remote net metering facilities on any electric line that is sized 34.5 kilovolts or less. The bill would also provide that any electric line maintained by an electric public utility that is sized at 34.5 kilovolts or less would be classified as distribution lines, would

be subject to BPU jurisdiction, and any project participating a State-sponsored solar electricity incentive program or battery energy storage program would be allowed to interconnect to the line, so long as the applicant, developer, or owner of the project pays the full cost of any required interconnection study, as well as all costs associated with the actual interconnection of the project.

The bill would amend a section of current law that provides that certain renewable energy facilities are permitted uses in municipal industrial districts, in order to reduce the acreage threshold from 20 acres to 10 acres, and to include energy storage facilities within the definition of “renewable energy facility.” The bill would also broaden this section to include commercial districts, as well as industrial districts. Similarly, the bill would amend a section of current law that provides that solar facilities sited on landfills and closed resource extraction operations are permitted uses within every municipality. The bill would broaden this section to include battery storage and other renewable energy facilities, and to extend to facilities sited on rooftops, brownfields, contaminated sites, and mining sites.

The bill would create an exemption for the purchase of remote net metering credits, similar renewable energy credits, or renewable energy production credits pursuant to a program administered by the BPU from the public bidding requirements of the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.).

Finally, the bill would amend the statute establishing the State’s remote net metering program, section 6 of P.L.2018, c.17 (C.48:3-87.12), to modify the types of properties suitable to host remote net metering solar facilities, to remove brownfields and add the rooftops of industrial buildings, contaminated sites, landfills, and mining sites, subject to certain environmental restrictions involving the Department of Environmental Protection (DEP).

As amended and reported by the committee, Assembly Bill No. 3974 (1R) is identical to Senate Bill No. 3183 (2R), which was also reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments to the bill:

(1) revise the definitions of “co-location” and “mining site” in section 1 of the bill, and add a definition of “Federal Energy Regulatory Commission” to section 1 of the bill;

(2) add certain requirements in order for facilities to qualify for co-location, including that they are being proposed for co-location as a result of interconnection constraints;

(3) provide that only a total of 300 megawatts of solar facilities located on landfills, brownfields, contaminated sites, or mining sites that are between five and 20 megawatts may qualify for the community solar program under the bill, and add certain restrictions to which facilities may qualify;

(4) provide that solar projects sited on commercial or industrial rooftops, but not on brownfields, are to be given 33 months to achieve commercial operation, and allow projects that do not meet the deadline to re-register;

(5) provide that electric utilities are required to respond to, but not necessarily accept, certain interconnection applications under the bill;

(6) clarify the provisions of the bill concerning electric lines that are under the jurisdiction of the Federal Energy Regulatory Commission (FERC);

(7) add provisions clarifying that solar program applicants, solar developers, or solar owners, are required to pay the interconnection expenses for certain interconnections covered under the bill;

(8) provide that renewable energy facilities on parcels of land comprising 10 or more, rather than 20 or more, contiguous acres are to be considered a permitted use within every industrial or commercial district of a municipality, rather than within industrial districts only;

(9) provide that solar, battery storage, and renewable energy facilities and associated structures located on rooftops are to be considered a permitted use within every municipality;

(10) provide that the maximum size of remote net metering projects should remain at five megawatts, as in current law;

(11) remove brownfields, and add the rooftops of industrial buildings, contaminated sites, landfills, and mining sites among the locations that are explicitly deemed suitable for remote net metering solar projects under section 6 of P.L.2018, c.17 (C.48:3-87.12),;

(12) add certain DEP-related requirements for solar projects located on brownfields, contaminated sites, landfills, or mining sites that wish to participate in the remote net metering program;

(13) provide that remote net metering solar facilities located on a landfill, brownfield, contaminated site, or mining site may include associated or contiguous lands developed as part of the same project; and;

(14) make technical and clarifying changes.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill would result in an annual expenditure increase by the State and local government units in the form of increased electricity costs, as the costs of solar incentives are financed through electricity rates.

The OLS does not have an informational basis on which to estimate how many solar facilities will qualify for renewable energy incentives under the bill, the value of those incentives, and the specific impact of those incentives on utility rates.

To the extent that the bill makes it easier for contacting units subject to the provisions of the “Local Public Contracts Law” to purchase certain types of renewable energy credits, these entities may experience a reduction in administrative costs associated with the

public contracting process. However, these cost savings would be offset by the cost of purchasing the credits.