

LEGISLATIVE FISCAL ESTIMATE

[Third Reprint]

SENATE, No. 3183

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: JULY 6, 2026

SUMMARY

- Synopsis:** Modifies various provisions of State’s renewable energy incentive programs; requires electric public utilities to consider interconnection applications for certain solar projects.
- Type of Impact:** Annua State expenditure increase.
Indeterminate impact on local government finances.
- Agencies Affected:** Board of Public Utilities, Department of Environmental Protection, and municipalities.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Fiscal Impact	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill would result in an annual expenditure increase by the State and local governments in the form of increased electricity rates. To the extent that the bill results in an increase in electricity rates, the State would collect additional sales and use tax revenues.
- 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 contracting 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.

BILL DESCRIPTION

The bill modifies various provisions of the State’s renewable energy incentive programs and requires electric public utilities to interconnect certain solar projects.

The bill authorizes, upon petition to the Board of Public Utilities, the co-location of solar facilities that are either registered, or seeking registration, in the SREC-II program, including the administratively determined incentive portion and the competitive solicitation incentive portion, the community solar program, or any combination of those programs. Under the bill, “co-location” means the siting two or more SREC-II eligible solar facilities on the same property or on contiguous properties. The bill also provides 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 also authorizes the board to establish differentiated incentive levels for co-located projects and projects larger than five megawatts that participate in the community solar program.

The bill provides 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 amends current law to provide that certain renewable energy facilities that are parcels of land comprising 10 or more acres are permitted uses in municipal industrial and commercial districts and to include energy storage facilities within the definition of “renewable energy facility” for that purpose. The bill also amends current law to provide that solar facilities sited on landfills, closed resource extraction operations, rooftops, battery storage, and renewable energy facilities are permitted uses within every municipality.

The bill exempts the purchase remote net metering credits, similar renewable energy credits, or renewable energy production credits pursuant to program established by the board from the public bidding requirements of the Local Public Contracts Law.

Finally, the bill amends the statute governing the State’s remote net metering program 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 regulations adopted by the Department of Environmental Protection.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will result in an increase in State expenditure and revenues and have an indeterminate impact on local finances. Solar incentives are financed through electricity rates charged to utility taxpayers. To the extent that the bill allows additional energy projects to qualify for renewable energy incentives, the State and local government units will incur additional expenditures due to increased electricity costs. Charges for electricity services are subject to the sales and use tax. To the extent that the additional solar incentives result in an

increase in electricity rates, the State will collect additional revenues. 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 specific impact of those incentives on utility rates.

The OLS notes that the bill would likely lead to marginal annual expenditure increases from the General Fund for administrative costs incurred by the board and the Department of Environmental Protection, but additional staff would likely not be required.

To the extent that the bill makes it easier for contracting units subject to the provisions of the Local Public Contracts Law to purchase remote net metering credits, similar renewable energy credits, or other renewable energy production 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 these credits. The OLS notes that current law does not require any of these contracting units to purchase remote net metering credits, similar renewable energy credits, or other renewable energy credits.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).