

ASSEMBLY, No. 3025

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED JUNE 7, 2012

Sponsored by:

Assemblywoman MILA M. JASEY

District 27 (Essex and Morris)

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Assemblyman TIMOTHY J. EUSTACE

District 38 (Bergen and Passaic)

SYNOPSIS

Revises certain solar renewable energy programs and requirements; provides for aggregating net metering on certain properties owned or leased by local government units and school districts.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/8/2012)

1 AN ACT concerning net metering and solar renewable portfolio
2 standards requirements and amending P.L.1999, c.23.

3

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

6

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

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

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

17 "Base load electric power generation facility" means an electric
18 power generation facility intended to be operated at a greater than
19 50 percent capacity factor including, but not limited to, a combined
20 cycle power facility and a combined heat and power facility;

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

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

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

40 "Basic generation service provider" or "provider" means a
41 provider of basic generation service;

42 "Basic generation service transition costs" means the amount by
43 which the payments by an electric public utility for the procurement
44 of power for basic generation service and related ancillary and
45 administrative costs exceeds the net revenues from the basic

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.

1 generation service charge established by the board pursuant to
2 section 9 of P.L.1999, c.23 (C.48:3-57) during the transition period,
3 together with interest on the balance at the board-approved rate, that
4 is reflected in a deferred balance account approved by the board in
5 an order addressing the electric public utility's unbundled rates,
6 stranded costs, and restructuring filings pursuant to P.L.1999, c.23
7 (C.48:3-49 et al.). Basic generation service transition costs shall
8 include, but are not limited to, costs of purchases from the spot
9 market, bilateral contracts, contracts with non-utility generators,
10 parting contracts with the purchaser of the electric public utility's
11 divested generation assets, short-term advance purchases, and
12 financial instruments such as hedging, forward contracts, and
13 options. Basic generation service transition costs shall also include
14 the payments by an electric public utility pursuant to a competitive
15 procurement process for basic generation service supply during the
16 transition period, and costs of any such process used to procure the
17 basic generation service supply;

18 "Board" means the New Jersey Board of Public Utilities or any
19 successor agency;

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

43 "Bondable stranded costs rate order" means one or more
44 irrevocable written orders issued by the board pursuant to P.L.1999,
45 c.23 (C.48:3-49 et al.) which determines the amount of bondable
46 stranded costs and the initial amount of transition bond charges
47 authorized to be imposed to recover such bondable stranded costs,
48 including the costs to be financed from the proceeds of the

1 transition bonds, as well as on-going costs associated with servicing
2 and credit enhancing the transition bonds, and provides the electric
3 public utility specific authority to issue or cause to be issued,
4 directly or indirectly, transition bonds through a financing entity
5 and related matters as provided in P.L.1999, c.23 (C.48:3-49 et al.),
6 which order shall become effective immediately upon the written
7 consent of the related electric public utility to such order as
8 provided in P.L.1999, c.23 (C.48:3-49 et al.);

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

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

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

30 "Brownfield" means any former or current commercial or
31 industrial site that is currently vacant or underutilized and on which
32 there has been, or there is suspected to have been, a discharge of
33 contaminant, as included in the "Brownfields Redevelopment Task
34 Force" inventory, developed pursuant to section 5 of P.L.1997,
35 c.278 (C.58:10B-23);

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

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

47 "Class I renewable energy" means electric energy produced from
48 solar technologies, photovoltaic technologies, wind energy, fuel

1 cells, geothermal technologies, wave or tidal action, small scale
2 hydropower facilities with a capacity of three megawatts or less and
3 put into service after the effective date of P.L. , c. (C.)
4 (pending before the Legislature as this bill), and methane gas from
5 landfills or a biomass facility, provided that the biomass is
6 cultivated and harvested in a sustainable manner;

7 "Class II renewable energy" means electric energy produced at a
8 **[resource recovery facility or]** hydropower facility with a capacity
9 of greater than three megawatts or a resource recovery facility,
10 provided that such facility is located where retail competition is
11 permitted and provided further that the Commissioner of
12 Environmental Protection has determined that such facility meets
13 the highest environmental standards and minimizes any impacts to
14 the environment and local communities;

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

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

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

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

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

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

47 "Connected to the distribution system" means, for a solar electric
48 power generation facility, the facility is: (1) connected to a net

1 metering customer's side of a meter, regardless of the voltage at
2 which that customer connects to the electric grid; (2) an on-site
3 generation facility; (3) qualified for virtual net metering
4 aggregation as provided pursuant to paragraph (4) of subsection e.
5 of section 38 of P.L.1999, c.23 (C.48:3-87); or (4) directly
6 connected to the electric grid at 69 kilovolts or less, regardless of
7 how an electric public utility classifies that portion of its electric
8 grid, and is designated as connected to the distribution system by
9 the board pursuant to subsections q. through s. of section 38 of
10 P.L.1999, c.23 (C.48:3-87), or is certified by the board as being
11 located on a brownfield or a properly closed sanitary landfill
12 facility. Any solar electric power generation facility, other than that
13 of a net metering customer on the customer's side of the meter,
14 connected above 69 kilovolts, shall not be considered connected to
15 the distribution system;

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

20 "Customer account service" means metering, billing, or such
21 other administrative activity associated with maintaining a customer
22 account;

23 "Delivery year" or "DY" means the 12-month period from June
24 1st through May 31st, numbered according to the calendar year in
25 which it ends;

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

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

37 "Electric power generator" means an entity that proposes to
38 construct, own, lease or operate, or currently owns, leases or
39 operates, an electric power production facility that will sell or does
40 sell at least 90 percent of its output, either directly or through a
41 marketer, to a customer or customers located at sites that are not on
42 or contiguous to the site on which the facility will be located or is
43 located. The designation of an entity as an electric power generator
44 for the purposes of P.L.1999, c.23 (C.48:3-49 et al.) shall not, in
45 and of itself, affect the entity's status as an exempt wholesale
46 generator under the Public Utility Holding Company Act of 1935,
47 15 U.S.C. s.79 et seq., or its successor;

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

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

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

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

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

29 "Energy agent" means a person that is duly registered pursuant to
30 the provisions of P.L.1999, c.23 (C.48:3-49 et al.), that arranges the
31 sale of retail electricity or electric related services or retail gas
32 supply or gas related services between government aggregators or
33 private aggregators and electric power suppliers or gas suppliers,
34 but does not take title to the electric or gas sold;

35 "Energy consumer" means a business or residential consumer of
36 electric generation service or gas supply service located within the
37 territorial jurisdiction of a government aggregator;

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

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

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

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

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

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

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

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

36 "Gas supply service" means the provision to customers of the
37 retail commodity of gas, but does not include any regulated
38 distribution service;

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

1 generation service or gas supply service on behalf of business or
2 residential customers within its territorial jurisdiction;

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

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

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

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

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

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

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

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

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

1 duly licensed gas supplier that takes title to gas and then assumes
2 the contractual and legal obligation to provide gas supply service to
3 an end-use customer or customers;

4 "Mid-merit electric power generation facility" means a
5 generation facility that operates at a capacity factor between
6 baseload generation facilities and peaker generation facilities;

7 "Net proceeds" means proceeds less transaction and other related
8 costs as determined by the board;

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

11 "Offshore wind energy" means electric energy produced by a
12 qualified offshore wind project;

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

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

25 "On-site generation facility" means a generation facility,
26 including, but not limited to, a generation facility that produces
27 Class I or Class II renewable energy, and equipment and services
28 appurtenant to electric sales by such facility to the end use customer
29 located on the property or on property contiguous to the property on
30 which the end user is located for the specific purpose of supplying
31 generation to the end use customer's property. The total output of
32 the on-site generation facility shall be used to serve the load of the
33 on-site end use customer unless the customer is eligible for and
34 engaged in virtual net metering aggregation. An on-site generation
35 facility shall not be considered a public utility. The property of the
36 end use customer and the property on which the on-site generation
37 facility is located shall be considered contiguous if they are
38 geographically located next to each other, but may be otherwise
39 separated by an easement, public thoroughfare, transportation or
40 utility-owned right-of-way, or if the end use customer is purchasing
41 thermal energy services produced by the on-site generation facility,
42 for use for heating or cooling, or both, regardless of whether the
43 customer is located on property that is separated from the property
44 on which the on-site generation facility is located by more than one
45 easement, public thoroughfare, or transportation or utility-owned
46 right-of-way;

1 "Person" means an individual, partnership, corporation,
2 association, trust, limited liability company, governmental entity or
3 other legal entity;

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

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

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

32 "Public utility holding company" means: (1) any company that,
33 directly or indirectly, owns, controls, or holds with power to vote,
34 ten percent or more of the outstanding voting securities of an
35 electric public utility or a gas public utility or of a company which
36 is a public utility holding company by virtue of this definition,
37 unless the Securities and Exchange Commission, or its successor,
38 by order declares such company not to be a public utility holding
39 company under the Public Utility Holding Company Act of 1935,
40 15 U.S.C. s.79 et seq., or its successor; or (2) any person that the
41 Securities and Exchange Commission, or its successor, determines,
42 after notice and opportunity for hearing, directly or indirectly, to
43 exercise, either alone or pursuant to an arrangement or
44 understanding with one or more other persons, such a controlling
45 influence over the management or policies of an electric public
46 utility or a gas public utility or public utility holding company as to
47 make it necessary or appropriate in the public interest or for the
48 protection of investors or consumers that such person be subject to

1 the obligations, duties, and liabilities imposed in the Public Utility
2 Holding Company Act of 1935 or its successor;

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

9 "Registration program" means an administrative process
10 developed by the board pursuant to subsection u. of section 38 of
11 P.L.1999, c.12 (C.48:3-87) that requires all owners of solar electric
12 power generation facilities connected to the distribution system that
13 intend to generate SRECs, to file with the board documents
14 detailing the size, location, interconnection plan, land use, and other
15 project information as required by the board;

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

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

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

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

39 "Renewable energy certificate" or "REC" means a certificate
40 representing the environmental benefits or attributes of one
41 megawatt-hour of generation from a generating facility that
42 produces Class I or Class II renewable energy, but shall not include
43 a solar renewable energy certificate or an offshore wind renewable
44 energy certificate;

45 "Resource clearing price" or "RCP" means the clearing price
46 established for the applicable locational deliverability area by the
47 base residual auction or incremental auction, as determined by the

1 optimization algorithm for each auction, conducted by PJM as part
2 of PJM's reliability pricing model;

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

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

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

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

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

46 "School district" means a local or regional school district
47 established pursuant to chapter 8 or chapter 13 of Title 18A of the
48 New Jersey Statutes, a county special services school district

1 established pursuant to article 8 of chapter 46 of Title 18A of the
2 New Jersey Statutes, a county vocational school district established
3 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey
4 Statutes, and a district under full State intervention pursuant to
5 P.L.1987, c.399 (C.18A:7A-34 et al.);

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

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

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

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

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

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

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

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

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

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

19 "Thermal efficiency" means the useful electric energy output of a
20 facility, plus the useful thermal energy output of the facility,
21 expressed as a percentage of the total energy input to the facility;

22 "Transition bond charge" means a charge, expressed as an
23 amount per kilowatt hour, that is authorized by and imposed on
24 electric public utility ratepayers pursuant to a bondable stranded
25 costs rate order, as modified at any time pursuant to the provisions
26 of P.L.1999, c.23 (C.48:3-49 et al.);

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

40 "Transition period" means the period from August 1, 1999
41 through July 31, 2003;

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

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

4 "Virtual net metering aggregation" means a procedure for
5 calculating the combination of the annual energy usage for all
6 facilities owned or leased by a single customer and that customer is
7 a school district, county, county agency, county authority,
8 municipality, municipal agency, or municipal authority, as provided
9 pursuant to paragraph (4) of subsection e. of section 38 of P.L.1999,
10 c.23 (C.48:3-87).

11 (cf: P.L.2011, c.9, s.2)

12
13 2. Section 38 of P.L.1999, c.23 (C.48:3-87) is amended to read
14 as follows:

15 38. a. The board shall require an electric power supplier or basic
16 generation service provider to disclose on a customer's bill or on
17 customer contracts or marketing materials, a uniform, common set
18 of information about the environmental characteristics of the energy
19 purchased by the customer, including, but not limited to:

20 (1) Its fuel mix, including categories for oil, gas, nuclear, coal,
21 solar, hydroelectric, wind and biomass, or a regional average
22 determined by the board;

23 (2) Its emissions, in pounds per megawatt hour, of sulfur
24 dioxide, carbon dioxide, oxides of nitrogen, and any other pollutant
25 that the board may determine to pose an environmental or health
26 hazard, or an emissions default to be determined by the board; and

27 (3) Any discrete emission reduction retired pursuant to rules and
28 regulations adopted pursuant to P.L.1995, c.188.

29 b. Notwithstanding any provisions of the "Administrative
30 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
31 contrary, the board shall initiate a proceeding and shall adopt, in
32 consultation with the Department of Environmental Protection, after
33 notice and opportunity for public comment and public hearing,
34 interim standards to implement this disclosure requirement,
35 including, but not limited to:

36 (1) A methodology for disclosure of emissions based on output
37 pounds per megawatt hour;

38 (2) Benchmarks for all suppliers and basic generation service
39 providers to use in disclosing emissions that will enable consumers
40 to perform a meaningful comparison with a supplier's or basic
41 generation service provider's emission levels; and

42 (3) A uniform emissions disclosure format that is graphic in
43 nature and easily understandable by consumers. The board shall
44 periodically review the disclosure requirements to determine if
45 revisions to the environmental disclosure system as implemented
46 are necessary.

47 Such standards shall be effective as regulations immediately
48 upon filing with the Office of Administrative Law and shall be

1 effective for a period not to exceed 18 months, and may, thereafter,
2 be amended, adopted or readopted by the board in accordance with
3 the provisions of the "Administrative Procedure Act."

4 c. (1) The board may adopt, in consultation with the
5 Department of Environmental Protection, after notice and
6 opportunity for public comment, an emissions portfolio standard
7 applicable to all electric power suppliers and basic generation
8 service providers, upon a finding that:

9 (a) The standard is necessary as part of a plan to enable the
10 State to meet federal Clean Air Act or State ambient air quality
11 standards; and

12 (b) Actions at the regional or federal level cannot reasonably be
13 expected to achieve the compliance with the federal standards.

14 (2) By July 1, 2009, the board shall adopt, pursuant to the
15 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
16 seq.), a greenhouse gas emissions portfolio standard to mitigate
17 leakage or another regulatory mechanism to mitigate leakage
18 applicable to all electric power suppliers and basic generation
19 service providers that provide electricity to customers within the
20 State. The greenhouse gas emissions portfolio standard or any other
21 regulatory mechanism to mitigate leakage shall:

22 (a) Allow a transition period, either before or after the effective
23 date of the regulation to mitigate leakage, for a basic generation
24 service provider or electric power supplier to either meet the
25 emissions portfolio standard or other regulatory mechanism to
26 mitigate leakage, or to transfer any customer to a basic generation
27 service provider or electric power supplier that meets the emissions
28 portfolio standard or other regulatory mechanism to mitigate
29 leakage. If the transition period allowed pursuant to this
30 subparagraph occurs after the implementation of an emissions
31 portfolio standard or other regulatory mechanism to mitigate
32 leakage, the transition period shall be no longer than three years;
33 and

34 (b) Exempt the provision of basic generation service pursuant to
35 a basic generation service purchase and sale agreement effective
36 prior to the date of the regulation.

37 Unless the Attorney General or the Attorney General's designee
38 determines that a greenhouse gas emissions portfolio standard
39 would unconstitutionally burden interstate commerce or would be
40 preempted by federal law, the adoption by the board of an electric
41 energy efficiency portfolio standard pursuant to subsection g. of this
42 section, a gas energy efficiency portfolio standard pursuant to
43 subsection h. of this section, or any other enhanced energy
44 efficiency policies to mitigate leakage shall not be considered
45 sufficient to fulfill the requirement of this subsection for the
46 adoption of a greenhouse gas emissions portfolio standard or any
47 other regulatory mechanism to mitigate leakage.

1 d. Notwithstanding any provisions of the "Administrative
2 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
3 contrary, the board shall initiate a proceeding and shall adopt, after
4 notice, provision of the opportunity for comment, and public
5 hearing, renewable energy portfolio standards that shall require:

6 (1) that two and one-half percent of the kilowatt hours sold in
7 this State by each electric power supplier and each basic generation
8 service provider be from Class I or Class II renewable energy
9 sources;

10 (2) beginning on January 1, 2001, that one-half of one percent
11 of the kilowatt hours sold in this State by each electric power
12 supplier and each basic generation service provider be from Class I
13 renewable energy sources. The board shall increase the required
14 percentage for Class I renewable energy sources so that by January
15 1, 2006, one percent of the kilowatt hours sold in this State by each
16 electric power supplier and each basic generation service provider
17 shall be from Class I renewable energy sources and shall
18 additionally increase the required percentage for Class I renewable
19 energy sources by one-half of one percent each year until January 1,
20 2012, when four percent of the kilowatt hours sold in this State by
21 each electric power supplier and each basic generation service
22 provider shall be from Class I renewable energy sources.

23 An electric power supplier or basic generation service provider
24 may satisfy the requirements of this subsection by participating in a
25 renewable energy trading program approved by the board in
26 consultation with the Department of Environmental Protection;

27 (3) that the board establish a multi-year schedule, applicable to
28 each electric power supplier or basic generation service provider in
29 this State, beginning with the one-year period commencing on June
30 1, 2010, and continuing for each subsequent one-year period up to
31 and including, the one-year period commencing on **[June 1, 2025]**
32 **June 1, 2028**, that requires **[suppliers or providers to purchase at**
33 **least]** the following number or percentage, as the case may be, of
34 kilowatt-hours sold in this State by each electric power supplier and
35 each basic generation service provider to be from solar electric
36 power generators connected to the distribution system in this State:

37 EY 2011	306 Gigawatthours (Gwhrs)
38 EY 2012	442 Gwhrs
39 EY 2013	596 Gwhrs
40 EY 2014	[772 Gwhrs] <u>2.184%</u>
41 EY 2015	[965 Gwhrs] <u>2.543%</u>
42 EY 2016	[1,150 Gwhrs] <u>2.549%</u>
43 EY 2017	[1,357 Gwhrs] <u>2.788%</u>
44 EY 2018	[1,591 Gwhrs] <u>3.023%</u>
45 EY 2019	[1,858 Gwhrs] <u>3.255%</u>
46 EY 2020	[2,164 Gwhrs] <u>3.486%</u>
47 EY 2021	[2,518 Gwhrs] <u>3.722%</u>

1 EY 2022 [2,928 Gwhrs] 3.865%
 2 EY 2023 [3,433 Gwhrs] 4.002%
 3 EY 2024 [3,989 Gwhrs] 4.078%
 4 EY 2025 [4,610 Gwhrs] 4.147%
 5 EY 2026 [5,316 Gwhrs] 4.180%
 6 EY 2027 4.204%
 7 EY 2028, 4.227%, and for every energy year thereafter, at least
 8 [5,316 Gwhrs] 4.227% per energy year to reflect an increasing
 9 number of kilowatt-hours to be purchased by suppliers or providers
 10 from solar electric power generators connected to the distribution
 11 system in this State, and to establish a framework within which, of
 12 the electricity that the generators sell in this State, suppliers and
 13 providers shall [purchase] each obtain at least [2,518 Gwhrs]
 14 3.722% in the energy year 2021 and [5,316 Gwhrs] 4.227% in the
 15 energy year [2026] 2028 from solar electric power generators
 16 connected to the distribution system in this State, provided,
 17 however, that

18 [the number of solar kilowatt-hours required to be purchased by
 19 each supplier or provider, when expressed as a percentage of the
 20 total number of solar kilowatt-hours purchased in this State, shall be
 21 equivalent to each supplier's or provider's proportionate share of the
 22 total number of kilowatt-hours sold in this State by all suppliers and
 23 providers.] :

24 (a) The board shall determine an appropriate period of no less
 25 than 120 days following the end of an energy year prior to which a
 26 provider or supplier must demonstrate compliance for that energy
 27 year with the annual renewable portfolio standard;

28 (b) No more than 24 months following the date of enactment of
 29 P.L. , c. (C.) (pending before the Legislature as this bill),
 30 the board shall complete a proceeding to investigate approaches to
 31 mitigate solar development volatility and prepare and submit,
 32 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report to
 33 the Legislature, detailing its findings and recommendations. As
 34 part of the proceeding, the board shall evaluate other techniques
 35 used nationally and internationally;

36 (c) The solar renewable portfolio standards requirements in this
 37 paragraph shall exempt those existing supply contracts which are
 38 effective prior to the date of enactment of P.L. , c. (C.)
 39 (pending before the Legislature as this bill) from any increase
 40 beyond the number of SRECs that exceeds the number mandated by
 41 the solar renewable portfolio standards requirements that were in
 42 effect on the date that the providers executed their existing supply
 43 contracts. This limited exemption for providers' existing supply
 44 contracts shall not be construed to lower the Statewide solar
 45 sourcing requirements set forth in this paragraph. Such incremental
 46 new requirements shall be distributed over the electric power
 47 suppliers and providers not subject to the existing supply contract

1 exemption until such time as existing supply contracts expire and
2 all suppliers are subject to the new requirement in a manner that is
3 competitively neutral among all providers and suppliers, such that
4 non-exempt providers are assigned the requirements that would
5 have otherwise been assigned to the exempt providers.

6 【The solar renewable portfolio standards requirements in
7 paragraph (3) of this subsection shall automatically increase by 20%
8 for the remainder of the schedule in the event that the following two
9 conditions are met: (a) the number of SRECs generated meets or
10 exceeds the requirement for three consecutive reporting years,
11 starting with energy year 2013; and (b) the average SREC price for
12 all SRECs purchased by entities with renewable energy portfolio
13 standards obligations has decreased in the same three consecutive
14 reporting years; and

15 The board shall exempt providers' existing supply contracts that
16 are: (a) effective prior to the date of P.L.2009, c.289; or (b)
17 effective prior to any future increase in the solar renewable
18 portfolio standard beyond the multi-year schedule established in
19 paragraph (3) of this subsection. This exemption shall apply to the
20 number of SRECs that exceeds the number mandated by the solar
21 renewable portfolio standards requirements that were in effect on
22 the date that the providers executed their existing supply contracts.
23 This limited exemption for providers' existing supply contracts shall
24 not be construed to lower the Statewide solar purchase requirements
25 set forth in paragraph (3) of this subsection. Such incremental new
26 requirements shall be distributed over the electric power suppliers
27 and providers not subject to the existing supply contract exemption
28 until such time as existing supply contracts expire and all suppliers
29 are subject to the new requirement.】

30 An electric power supplier or basic generation service provider
31 may satisfy the requirements of this subsection by participating in a
32 renewable energy trading program approved by the board in
33 consultation with the Department of Environmental Protection, or
34 compliance with the requirements of this subsection may be
35 demonstrated to the board by suppliers or providers through the
36 purchase of SRECs.

37 The renewable energy portfolio standards adopted by the board
38 pursuant to paragraphs (1) and (2) of this subsection shall be
39 effective as regulations immediately upon filing with the Office of
40 Administrative Law and shall be effective for a period not to exceed
41 18 months, and may, thereafter, be amended, adopted or readopted
42 by the board in accordance with the provisions of the
43 "Administrative Procedure Act."

44 The renewable energy portfolio standards adopted by the board
45 pursuant to this paragraph 【(3) of this subsection】 shall be effective
46 as regulations immediately upon filing with the Office of
47 Administrative Law and shall be effective for a period not to exceed
48 30 months after such filing, and shall, thereafter, be amended,

1 adopted or readopted by the board in accordance with the
2 "Administrative Procedure Act"; and

3 (4) within 180 days after the date of enactment of P.L.2010,
4 c.57 (C.48:3-87.1 et al.), that the board establish an offshore wind
5 renewable energy certificate program to require that a percentage of
6 the kilowatt hours sold in this State by each electric power supplier
7 and each basic generation service provider be from offshore wind
8 energy in order to support at least 1,100 megawatts of generation
9 from qualified offshore wind projects.

10 The percentage established by the board pursuant to this
11 paragraph shall serve as an offset to the renewable energy portfolio
12 standard established pursuant to paragraphs (1) and (2) of this
13 subsection and shall reduce the corresponding Class I renewable
14 energy requirement.

15 The percentage established by the board pursuant to this
16 paragraph shall reflect the projected OREC production of each
17 qualified offshore wind project, approved by the board pursuant to
18 section 3 of P.L.2010, c.57 (C.48:3-87.1), for twenty years from the
19 commercial operation start date of the qualified offshore wind
20 project which production projection and OREC purchase
21 requirement, once approved by the board, shall not be subject to
22 reduction.

23 An electric power supplier or basic generation service provider
24 shall comply with the OREC program established pursuant to this
25 paragraph through the purchase of offshore wind renewable energy
26 certificates at a price and for the time period required by the board.
27 In the event there are insufficient offshore wind renewable energy
28 certificates available, the electric power supplier or basic generation
29 service provider shall pay an offshore wind alternative compliance
30 payment established by the board. Any offshore wind alternative
31 compliance payments collected shall be refunded directly to the
32 ratepayers by the electric public utilities.

33 The rules established by the board pursuant to this paragraph
34 shall be effective as regulations immediately upon filing with the
35 Office of Administrative Law and shall be effective for a period not
36 to exceed 18 months, and may, thereafter, be amended, adopted or
37 readopted by the board in accordance with the provisions of the
38 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
39 seq.).

40 e. Notwithstanding any provisions of the "Administrative
41 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
42 contrary, the board shall initiate a proceeding and shall adopt, after
43 notice, provision of the opportunity for comment, and public
44 hearing:

45 (1) net metering standards for electric power suppliers and basic
46 generation service providers. The standards shall require electric
47 power suppliers and basic generation service providers to offer net
48 metering at non-discriminatory rates to industrial, large

1 commercial, residential and small commercial customers, as those
2 customers are classified or defined by the board, that generate
3 electricity, on the customer's side of the meter, using a Class I
4 renewable energy source, for the net amount of electricity supplied
5 by the electric power supplier or basic generation service provider
6 over an annualized period. Systems of any sized capacity, as
7 measured in watts, are eligible for net metering . If the amount of
8 electricity generated by the customer-generator, plus any kilowatt
9 hour credits held over from the previous billing periods, exceeds the
10 electricity supplied by the electric power supplier or basic
11 generation service provider, then the electric power supplier or
12 basic generation service provider, as the case may be, shall credit
13 the customer-generator for the excess kilowatt hours until the end of
14 the annualized period at which point the customer-generator will be
15 compensated for any remaining credits or, if the customer-generator
16 chooses, credit the customer-generator on a real-time basis, at the
17 electric power supplier's or basic generation service provider's
18 avoided cost of wholesale power or the PJM electric power pool's
19 real-time locational marginal pricing rate, adjusted for losses, for
20 the respective zone in the PJM electric power pool. Alternatively,
21 the customer-generator may execute a bilateral agreement with an
22 electric power supplier or basic generation service provider for the
23 sale and purchase of the customer-generator's excess generation.
24 The customer-generator may be credited on a real-time basis, so
25 long as the customer-generator follows applicable rules prescribed
26 by the PJM electric power pool for its capacity requirements for the
27 net amount of electricity supplied by the electric power supplier or
28 basic generation service provider. The board may authorize an
29 electric power supplier or basic generation service provider to cease
30 offering net metering whenever the total rated generating capacity
31 owned and operated by net metering customer-generators Statewide
32 equals 2.5 percent of the State's peak electricity demand;

33 (2) safety and power quality interconnection standards for Class
34 I renewable energy source systems used by a customer-generator
35 that shall be eligible for net metering.

36 Such standards or rules shall take into consideration the goals of
37 the New Jersey Energy Master Plan, applicable industry standards,
38 and the standards of other states and the Institute of Electrical and
39 Electronic Engineers. The board shall allow electric public utilities
40 to recover the costs of any new net meters, upgraded net meters,
41 system reinforcements or upgrades, and interconnection costs
42 through either their regulated rates or from the net metering
43 customer-generator; **[and]**

44 (3) credit or other incentive rules for generators using Class I
45 renewable energy generation systems that connect to New Jersey's
46 electric public utilities' distribution system but who do not net meter
47 and;

1 (4) virtual net metering aggregation standards to require electric
2 public utilities to provide virtual net metering aggregation to single
3 electric public utility customers that operate a solar electric power
4 generation facility, provided that any such customer is a school
5 district, county, county agency, county authority, municipality,
6 municipal agency, or municipal authority. The standards shall
7 provide that, in order to qualify for virtual net metering
8 aggregation, the customer must operate a solar electric power
9 generation facility that is directly connected to the electric grid, is
10 not an on-site generation facility, that all of the facilities of the
11 single customer combined for the purpose of virtual net metering
12 aggregation are facilities owned or operated by the single customer,
13 are located within its territorial jurisdiction and are within the
14 service territory of a single electric public utility. The standards
15 shall provide that in order to qualify for virtual net metering
16 aggregation, the customer's solar electric power generation facility
17 shall be sized so that its annual generation does not exceed the
18 combined annual energy usage of the qualified customer facilities,
19 and the qualified customer facilities shall all be in the same
20 customer class under the applicable electric public utility
21 transmission and distribution tariff. All electricity used by a
22 customer engaged in virtual net metering aggregation shall be
23 delivered pursuant to the electric public utility transmission and
24 distribution tariffs applicable to the customer class of the customer
25 using the electricity. A customer that is a school district, county,
26 county agency, county authority, municipality, municipal agency, or
27 municipal authority, may purchase such electricity through virtual
28 net metering aggregation to meet its electricity requirements. Any
29 incremental cost to an electric public utility for virtual net metering
30 aggregation shall be fully and timely recovered in a manner to be
31 determined by the board.

32 Such rules shall require the board or its designee to issue a credit
33 or other incentive to those generators that do not use a net meter but
34 otherwise generate electricity derived from a Class I renewable
35 energy source and to issue an enhanced credit or other incentive,
36 including, but not limited to, a solar renewable energy credit, to
37 those generators that generate electricity derived from solar
38 technologies.

39 Such standards or rules shall be effective as regulations
40 immediately upon filing with the Office of Administrative Law and
41 shall be effective for a period not to exceed 18 months, and may,
42 thereafter, be amended, adopted or readopted by the board in
43 accordance with the provisions of the "Administrative Procedure
44 Act."

45 f. The board may assess, by written order and after notice and
46 opportunity for comment, a separate fee to cover the cost of
47 implementing and overseeing an emission disclosure system or
48 emission portfolio standard, which fee shall be assessed based on an

1 electric power supplier's or basic generation service provider's share
2 of the retail electricity supply market. The board shall not impose a
3 fee for the cost of implementing and overseeing a greenhouse gas
4 emissions portfolio standard adopted pursuant to paragraph (2) of
5 subsection c. of this section, the electric energy efficiency portfolio
6 standard adopted pursuant to subsection g. of this section, or the gas
7 energy efficiency portfolio standard adopted pursuant to subsection
8 h. of this section.

9 g. The board may adopt, pursuant to the "Administrative
10 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), an electric
11 energy efficiency portfolio standard that may require each electric
12 public utility to implement energy efficiency measures that reduce
13 electricity usage in the State by 2020 to a level that is 20 percent
14 below the usage projected by the board in the absence of such a
15 standard. Nothing in this section shall be construed to prevent an
16 electric public utility from meeting the requirements of this section
17 by contracting with another entity for the performance of the
18 requirements.

19 h. The board may adopt, pursuant to the "Administrative
20 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), a gas energy
21 efficiency portfolio standard that may require each gas public utility
22 to implement energy efficiency measures that reduce natural gas
23 usage for heating in the State by 2020 to a level that is 20 percent
24 below the usage projected by the board in the absence of such a
25 standard. Nothing in this section shall be construed to prevent a gas
26 public utility from meeting the requirements of this section by
27 contracting with another entity for the performance of the
28 requirements.

29 i. After the board establishes a schedule of solar kilowatt-hour
30 sale or purchase requirements pursuant to paragraph (3) of
31 subsection d. of this section, the board may initiate subsequent
32 proceedings and adopt, after appropriate notice and opportunity for
33 public comment and public hearing, increased minimum solar
34 kilowatt-hour sale or purchase requirements, provided that the
35 board shall not reduce previously established minimum solar
36 kilowatt-hour sale or purchase requirements, or otherwise impose
37 constraints that reduce the requirements by any means.

38 j. The board shall determine an appropriate level of solar
39 alternative compliance payment, and **【establish a 15-year solar**
40 **alternative compliance payment schedule, that permits】** permit each
41 supplier or provider to submit an SACP to comply with the solar
42 electric generation requirements of paragraph (3) of subsection d. of
43 this section. The value of the SACP for each Energy Year, for
44 Energy Years 2014 through 2028 per megawatt hour from solar

1	<u>electric generation required pursuant to this section, shall be:</u>
2	<u>EY 2014</u> \$325
3	<u>EY 2015</u> \$317
4	<u>EY 2016</u> \$309
5	<u>EY 2017</u> \$301
6	<u>EY 2018</u> \$294
7	<u>EY 2019</u> \$286
8	<u>EY 2020</u> \$279
9	<u>EY 2021</u> \$272
10	<u>EY 2022</u> \$265
11	<u>EY 2023</u> \$259
12	<u>EY 2024</u> \$252
13	<u>EY 2025</u> \$246
14	<u>EY 2026</u> \$240
15	<u>EY 2027</u> \$234
16	<u>EY 2028</u> \$228

17 The board may initiate subsequent proceedings and adopt, after
18 appropriate notice and opportunity for public comment and public
19 hearing, an increase in solar alternative compliance payments,
20 provided that the board shall not reduce previously established
21 levels of solar alternative compliance payments, nor shall the board
22 provide relief from the obligation of payment of the SACP by the
23 electric power suppliers or basic generation service providers in any
24 form. Any SACP payments collected shall be refunded directly to
25 the ratepayers by the electric public utilities.

26 k. The board may allow electric public utilities to offer long-
27 term contracts through a competitive process, direct electric public
28 utility investment and other means of financing, including but not
29 limited to loans, for the purchase of SRECs and the resale of SRECs
30 to suppliers or providers or others, provided that after such
31 contracts have been approved by the board, the board's approvals
32 shall not be modified by subsequent board orders.

33 l. The board shall implement its responsibilities under the
34 provisions of this section in such a manner as to:

35 (1) place greater reliance on competitive markets, with the
36 explicit goal of encouraging and ensuring the emergence of new
37 entrants that can foster innovations and price competition;

38 (2) maintain adequate regulatory authority over non-competitive
39 public utility services;

40 (3) consider alternative forms of regulation in order to address
41 changes in the technology and structure of electric public utilities;

42 (4) promote energy efficiency and Class I renewable energy
43 market development, taking into consideration environmental
44 benefits and market barriers;

45 (5) make energy services more affordable for low and moderate
46 income customers;

1 (6) attempt to transform the renewable energy market into one
2 that can move forward without subsidies from the State or public
3 utilities;

4 (7) achieve the goals put forth under the renewable energy
5 portfolio standards;

6 (8) promote the lowest cost to ratepayers; and

7 (9) allow all market segments to participate.

8 m. The board shall ensure the availability of financial incentives
9 under its jurisdiction, including, but not limited to, long-term
10 contracts, loans, SRECs, or other financial support, to ensure
11 market diversity, competition, and appropriate coverage across all
12 ratepayer segments, including, but not limited to, residential,
13 commercial, industrial, non-profit, farms, schools, and public entity
14 customers.

15 n. For projects which are owned, or directly invested in, by a
16 public utility pursuant to section 13 of P.L.2007, c.340 (C.48:3-
17 98.1), the board shall determine the number of SRECs with which
18 such projects shall be credited; and in determining such number the
19 board shall ensure that the market for SRECs does not detrimentally
20 affect the development of non-utility solar projects and shall
21 consider how its determination may impact the ratepayers.

22 o. The board, in consultation with the Department of
23 Environmental Protection, electric public utilities, the Division of
24 Rate Counsel in, but not of, the Department of the Treasury,
25 affected members of the solar energy industry, and relevant
26 stakeholders, shall periodically consider increasing the renewable
27 energy portfolio standards beyond the minimum amounts set forth
28 in subsection d. of this section, taking into account the cost impacts
29 and public benefits of such increases including, but not limited to:

30 (1) reductions in air pollution, water pollution, land disturbance,
31 and greenhouse gas emissions;

32 (2) reductions in peak demand for electricity and natural gas,
33 and the overall impact on the costs to customers of electricity and
34 natural gas;

35 (3) increases in renewable energy development, manufacturing,
36 investment, and job creation opportunities in this State; and

37 (4) reductions in State and national dependence on the use of
38 fossil fuels.

39 p. Class I RECs and ORECS shall be eligible for use in
40 renewable energy portfolio standards compliance in the energy year
41 in which they are generated, and for the following two energy years.
42 SRECs **[and ORECs]** shall be eligible for use in renewable energy
43 portfolio standards compliance in the energy year in which they are
44 generated, and for the following **[two]** four energy years.

45 q. (1) During the energy years of 2014, 2015, and 2016, a solar
46 electric power generation facility project that is not: (a) net
47 metered; (b) an on-site generation facility; (c) qualified for virtual
48 net metering aggregation; or (d) certified as being located on a

1 brownfield or a properly closed sanitary landfill facility, as
2 provided pursuant to subsection t. of this section, may file an
3 application with the board for approval of a designation pursuant to
4 this subsection that the facility is connected to the distribution
5 system. An application filed pursuant to this subsection shall
6 include a notice escrow of \$40,000 per megawatt of the proposed
7 capacity of the facility. The board shall approve the designation if:
8 the facility has filed a notice in writing with the board applying for
9 designation pursuant to this subsection, together with the notice
10 escrow; and the capacity of the facility, when added to the capacity
11 of other facilities that have been previously approved for
12 designation prior to the facility's filing under this subsection, does
13 not exceed 80 megawatts in the aggregate for each year. The
14 capacity of any one solar electric power supply project approved
15 pursuant to this subsection shall not exceed 10 megawatts. No more
16 than 90 days after its receipt of a completed application for
17 designation pursuant to this subsection, the board shall approve,
18 conditionally approve, or disapprove the application. The notice
19 escrow shall be reimbursed to the facility in full upon the facility
20 entering commercial operation, or shall be forfeited to the State if
21 the facility is designated pursuant to this subsection, but does not
22 enter commercial operation pursuant to paragraph (2) of this
23 subsection.

24 (2) If the proposed solar electric power generation facility does
25 not commence commercial operations within two years following
26 the date of the designation by the board pursuant to this subsection,
27 the designation of the facility shall be deemed to be null and void,
28 and the facility shall not be considered connected to the distribution
29 system thereafter.

30 r. (1) For solar electric power generation facility projects
31 proposed in addition to those approved pursuant to subsection q. of
32 this section and for all projects proposed in each energy year
33 following energy year 2016, a proposed solar electric power
34 generation facility that is neither net metered nor an on-site
35 generation facility, may be considered "connected to the
36 distribution system" only upon designation as such by the board,
37 after notice to the public and opportunity for public comment or
38 hearing. A proposed solar power electric generation facility
39 seeking board designation as "connected to the distribution system"
40 shall submit an application to the board that includes for the
41 proposed facility: the nameplate capacity; the estimated energy and
42 number of SRECs to be produced and sold per year; the estimated
43 annual rate impact on ratepayers; the estimated capacity of the
44 generator as defined by PJM for sale in the PJM capacity market;
45 the point of interconnection; the total project acreage and location;
46 the current land use designation of the property; the type of solar
47 technology to be used; and such other information as the board shall
48 require.

1 (2) The board shall approve the designation of the proposed solar
2 power electric generation facility as “connected to the distribution
3 system” if the board determines that:

4 (a) the SRECs forecasted to be produced by the facility do not
5 have a detrimental impact on the SREC market or on the
6 appropriate development of solar power in the State;

7 (b) the approval of the designation of the proposed facility would
8 not significantly impact the preservation of open space in this State;

9 (c) the impact of the designation on electric rates and economic
10 development is beneficial; and

11 (d) there will be no impact on the ability of an electric public
12 utility to maintain its property and equipment in such a condition as
13 to enable it to provide safe, adequate, and proper service to each of
14 its customers.

15 (3) The board shall act within 90 days of its receipt of a
16 completed application for designation of a solar power electric
17 generation facility as "connected to the distribution system," to
18 either approve, conditionally approve, or disapprove the
19 application. If the proposed solar electric power generation facility
20 does not commence commercial operations within two years
21 following the date of the designation by the board pursuant to this
22 subsection, the designation of the facility as “connected to the
23 distribution system” shall be deemed to be null and void, and the
24 facility shall thereafter be considered not "connected to the
25 distribution system."

26 s. Notwithstanding any other provisions of this section, a solar
27 electric power generation facility located on farmland, or land that
28 has been actively devoted to agricultural or horticultural use that is
29 valued, assessed, and taxed pursuant to the "Farmland Assessment
30 Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.) at any time
31 within the 10 year period prior to the effective date of P.L. _____,
32 c. (C. _____) (pending before the Legislature as this bill), shall only be
33 considered "connected to the distribution system" if (1) the board
34 approves a facility's designation pursuant to subsection q. of this
35 section, or (2) (a) a PJM issued System Impact Study for the
36 facility prior to March 31, 2011; and (b) the facility files a notice
37 with the board within 60 days of the effective date of P.L. _____,
38 c. (C. _____) (pending before the Legislature as this bill),
39 indicating its intent to qualify under this paragraph.

40 t. No more than 180 days after the date of enactment of
41 P.L. _____, c. (C. _____) (pending before the Legislature as this bill),
42 the board shall, in consultation with the Department of
43 Environmental Protection and the New Jersey Economic
44 Development Authority, and, after notice and opportunity for public
45 comment and public hearing, complete a proceeding to establish a
46 program to provide SRECs to owners of solar electric power
47 generation facility projects certified by the board as being located
48 on a brownfield or a properly closed sanitary landfill facility, which

1 shall include, but not be limited to projects located on a brownfield
2 or a properly closed sanitary landfill facility and owned or operated
3 by an electric public utility and approved pursuant to section 13 of
4 P.L.2007, c.340 (C.48:3-98.1). Projects certified under this
5 subsection shall (1) be considered “connected to the distribution
6 system” and shall not require such designation by the board and (2)
7 shall not be subject to board review required pursuant to
8 subsections q. and r. of this section. Notwithstanding the provisions
9 of section 3 of P.L.1999, c.23 (C.48:3-51) or any other law, rule,
10 regulation, or order to the contrary, for projects certified under this
11 subsection, the board shall establish a financial incentive that is
12 designed to supplement the SRECs generated by the facility in order
13 to cover the additional cost of constructing and operating a solar
14 electric power generation facility on a brownfield or properly closed
15 sanitary landfill. The issuance of SRECs for all solar electric power
16 generation facility projects pursuant to this subsection shall be
17 deemed “Board of Public Utilities financial assistance” as provided
18 under section 1 of P.L.2009, c.89 (C.48:2-29.47).

19 u. No more than 180 days after the date of enactment of
20 P.L. , c. (C.) (pending before the Legislature as this bill),
21 the board shall complete a proceeding to establish a registration
22 program. The registration program shall require the owners of solar
23 power electric generation facility projects connected to the
24 distribution system to make periodic milestone filings with the
25 board in a manner and at such times as determined by the board to
26 provide full disclosure and transparency regarding the overall level
27 of development and construction activity of those projects
28 Statewide.

29 v. The issuance of SRECs for all solar power electric
30 generation facility projects pursuant to this section, for projects
31 connected to the distribution system with a capacity of one
32 megawatt or greater, shall be deemed “Board of Public Utilities
33 financial assistance” as provided pursuant to section 1 of P.L.2009,
34 c.89 (C.48:2-29.47).

35 (cf: P.L.2010, c.57, s.2)

36
37 3. This act shall take effect immediately.

40 STATEMENT

41
42 The bill amends sections 3 and 38 of P.L.1999, c.23 (C.48:3-49
43 et al.) ("Electric Discount and Energy Competition Act," or
44 "EDECA") to make changes to solar renewable energy programs
45 and purchase requirements, and directs the Board of Public Utilities
46 ("BPU" or "board") to adopt standards for virtual net metering
47 aggregation. The bill would define "connected to the distribution
48 system” to mean, for a solar electric power facility, one that is: (1)

1 connected to a net metering customer's side of a meter, regardless
2 of the voltage at which that customer connects to the electric grid;
3 (2) an on-site generation facility; (3) qualified for virtual net
4 metering aggregation as provided pursuant to paragraph (4) of
5 subsection e. of section 38 of P.L.1999, c.23 (C.48:3-87); or (5)
6 directly connected to the electric grid at 69 kilovolts or less,
7 regardless of how an electric public utility classifies that portion of
8 its electric grid, and is designated as connected to the distribution
9 system by the board pursuant to the bill's provisions or is certified
10 by the board as being located on a brownfield or a properly closed
11 sanitary landfill facility. The definition would further provide that
12 any solar electric power generation facility, other than that of a net
13 metering customer on the customer's side of the meter, connected
14 above 69 kilovolts, would not be considered connected to the
15 distribution system.

16 The bill would change the solar alternative compliance payment
17 ("SACP") schedule from a 15-year schedule with obligations set by
18 the board to a statutorily established schedule with specifically
19 prescribed SACP values for each energy year.

20 The bill revises the multi-year schedule of Statewide solar
21 gigawatt hour requirements applicable to electric power suppliers
22 and basic generation providers for Energy Years 2014 to 2028. The
23 requirements are stated in percentages of kilowatt-hours sold in the
24 State by each electric power supplier and each basic generation
25 service provider, instead of being enumerated in gigawatt hours,
26 from 2.184% in 2014 to 4.227% in 2028 and every energy year
27 thereafter. The bill also provides for the BPU to determine whether
28 a provider or supplier is in compliance with annual renewable
29 portfolio standards within a period of no less than 120 days
30 following the end of an energy year, and to provide for a future
31 adjustment in annual Statewide gigawatt hour requirements based
32 upon any shortfall that is determined by the BPU.

33 The bill would provide that for energy years of 2014 through
34 2016, a solar electric power generation facility project which is not
35 (1) net metered, (2) an on-site generation facility, (3) qualified for
36 virtual net metering aggregation; or (4) certified as being located on
37 a brownfield or properly closed sanitary landfill facility, may apply
38 to the board for a designation that the facility is connected to the
39 distribution system. The application would be required to include a
40 notice escrow of \$40,000 per megawatt of the proposed capacity of
41 the facility. The board would approve the designation if the
42 capacity of the facility, when added to the capacity of other
43 facilities that have previously been approved for connection prior to
44 the facility's filing, does not exceed 80 megawatts in the aggregate
45 for each energy year. Failure to commence commercial operations
46 within two years following the date of the designation would void
47 the designation and require forfeiture of the notice escrow.

1 For projects in excess of 80 megawatts for energy years 2014
2 through 2016, and for all projects approved thereafter, the BPU
3 must approve the designation of the proposed facility as connected
4 to the distribution system if it determines that: (1) the solar
5 renewable energy certificates ("SRECs") forecasted to be produced
6 by the facility do not have a detrimental impact on the SREC
7 market or on the appropriate development of solar power in the
8 State; (2) approval of the facility would not have a significant
9 impact on the preservation of open space; (3) the impact of the
10 designation on electric rates and economic development is
11 beneficial; and (4) electric public utilities are not affected in their
12 ability to provide safe, adequate and proper service to all customers.
13 The bill would also provide that a solar electric power generation
14 facility located on farmland, or on land that was actively devoted to
15 agricultural or horticultural use within the 10 years prior to the
16 effective date of the bill, would only be considered connected to the
17 distribution system if (1) the board approves a facility's designation
18 pursuant to the procedure established for energy years 2014 through
19 energy year 2016 as provided in subsection q. of P.L.1999, c.23
20 (C.48:3-87), or (2) the facility files a PJM issued System Impact
21 Study for the facility prior to March 31, 2011 and a notice of intent
22 with the board within 60 days of the effective date of the bill.

23 The bill directs the BPU, in consultation with the Department of
24 Environmental Protection and the New Jersey Economic
25 Development Authority, to establish a program to provide SRECs to
26 owners of solar electric power generation facility projects it
27 certifies as being located on a brownfield or a properly closed
28 sanitary landfill facility and provide that such projects will (1) be
29 considered "connected to the distribution system," and (2) not be
30 subject to additional board review. For those projects, the bill
31 directs the board to establish a financial incentive designed to
32 supplement the SRECs generated by the facility in order to cover
33 the additional cost of constructing and operating a solar electric
34 power generating facility on a brownfield or closed sanitary landfill
35 facility. The bill provides that the issuance of SRECs for projects
36 located on brownfields and closed landfills, and for projects greater
37 than one megawatt, are to be deemed "Board of Public Utilities
38 financial assistance" as provided under section 1 of P.L.2009, c.89
39 (C.48:2-29.47).

40 The bill requires the BPU to establish a solar registration
41 program, which would require that all owners of solar electric
42 power generation facilities that are filing with the BPU for approval
43 to generate SRECs, to file documents detailing the size, location,
44 interconnection plan, land use, and other project information as
45 required by the BPU.

46 The bill would extend the scope of Class I renewable energy
47 producers to include small scale hydropower facilities with a
48 capacity of three megawatts or less that are put into service after the

1 effective date of the bill. Small scale hydropower facility is defined
2 to mean a facility located within New Jersey that is connected to the
3 distribution system, and that meets the requirements of, and has
4 been certified by, a nationally recognized low-impact hydropower
5 organization. Electricity from any hydropower facility with a
6 capacity greater than three megawatts would be included in the
7 category of Class II renewable energy.

8 The bill would provide that for a resource recovery facility to be
9 considered as generating Class II renewable energy, the facility
10 must be in compliance with current environmental standards,
11 including, but not limited to, all applicable requirements of the
12 federal "Clean Air Act." The bill clarifies that a "combined heat
13 and power facility" or "co-generation facility" means a generation
14 facility which produces electric energy and steam. The bill also
15 provides that an on-site generation facility must include an on-site
16 facility that produces Class I or Class II renewable energy, and
17 provides that the total output of the on-site generation facility must
18 be used to serve the load of the on-site end use customer unless the
19 customer is qualified for and engaged in virtual net metering
20 aggregation.

21 The bill requires the BPU to, within 24 months following
22 enactment into law, complete a proceeding to investigate
23 approaches to mitigate solar development volatility and prepare and
24 submit a report to the Legislature, detailing its findings and
25 recommendations. As part of the proceeding, the BPU must
26 evaluate other techniques used nationally and internationally.

27 The bill removes from section 38 of EDECA the additional 20%
28 solar purchase requirements for suppliers and providers, which
29 additional requirements would have been triggered by the following
30 conditions: (1) the number of SRECs generated meets or exceeds
31 the requirement for three consecutive reporting years, starting with
32 energy year 2013; and (2) the average SREC price for all SRECs
33 purchased by entities with renewable energy portfolio standards
34 obligations has decreased in the same three consecutive reporting
35 years.

36 The bill provides that long-term SREC purchase contracts
37 offered by the BPU be offered through a competitive process,
38 including direct investment by electric utilities.

39 Finally, the bill permits a customer that is a school district,
40 county or municipality, including any agency or authority thereof,
41 to purchase electricity through virtual net metering aggregation.
42 The board is directed to establish standards that would provide that
43 to qualify for virtual net metering aggregation the customer must
44 operate a solar electric power generation facility that is directly
45 connected to the electric grid and is not an on-site generation
46 facility. All of the facilities of the single customer that are
47 combined for the purpose of virtual net metering aggregation must
48 be facilities owned or operated by the single customer, located

1 within the customer's territorial jurisdiction, and located within the
2 service territory of a single electric public utility. The customer's
3 solar electric power generation facility must be sized so that its
4 annual generation does not exceed the combined annual energy
5 usage of the qualified customer facilities. All electricity used by a
6 customer engaged in virtual net metering aggregation must be
7 delivered pursuant to the electric public utility transmission and
8 distribution tariffs applicable to the customer class of the customer
9 using the electricity. A customer that is a school district, county,
10 county agency, county authority, municipality, municipal agency, or
11 municipal authority may purchase such electricity through virtual
12 net metering aggregation to meet its electricity requirements. The
13 bill provides that any incremental cost to an electric public utility
14 for virtual net metering aggregation must be fully and timely
15 recovered in a manner to be determined by the board.