

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE, No. 329

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 21, 2021

The Senate Environment and Energy Committee favorably reports Senate Bill No. 329 with committee amendments.

This bill establishes the "Solar Roof Installation Warranty Program" within the New Jersey Economic Development Authority (EDA). The purpose of the program is to provide a source of indemnification to commercial, industrial, and institutional building owners who install solar photovoltaic equipment on their building roofs, but are unable to obtain sufficient warranty coverage against damage to those roofs resulting from the installations.

To implement the program, the bill requires the EDA to establish a "Solar Roof Installation Warranty Fund" in a trust account in consultation with the Department of Banking and Insurance and the Board of Public Utilities (BPU). The purposes of the warranty fund are to: (1) provide sufficient money to pay claims by commercial, industrial, and institutional building owners, who are participating in the warranty fund, for damages to building roofs due to the installation or design of solar photovoltaic equipment that are not covered by a warranty or insurance policy; and (2) pay the costs of administering the solar roof installation warranty program, including the costs of obtaining sufficient reinsurance to prudently protect the warranty fund against unanticipated risks and costs incurred by the EDA in the discharge of its duties.

The bill requires applications for participation in the program to be submitted by building owners at the time of installation of solar photovoltaic equipment on the roof of a building located in the State, in a form and manner determined by the EDA. The applicant must demonstrate that the solar photovoltaic equipment installer does not offer a comprehensive 20-year warranty on the roofs upon which the equipment is installed and that the installation of the equipment is not covered by any other warranty or insurance policy. The application fee is to be \$1,000. The maximum amount to be paid from the warranty fund for a loss to a participant for any one building is to be \$50,000. The application fee paid by building owners is to be forwarded to the EDA to be accounted for and credited to the warranty fund.

The bill provides that, prior to making a claim against the warranty fund for damages covered by the warranty, a building owner must notify the installer of the damage and allow a reasonable time period for repair. If repairs are not made within a reasonable time or are not satisfactory to the building owner, the building owner may file a claim against the warranty fund in the form and manner prescribed by the EDA. The bill requires the EDA to investigate each claim to determine its validity, and upon a finding that the building owner is without fault with respect to the damage for which the claim is made, determine the amount of the award. If a claim is denied or the amount of the award is contested, the building owner may request a hearing. If an award is made from the warranty fund, the total amount of an award is not to exceed the maximum amount authorized in the bill or the cost of repairs, whichever is less. The EDA may provide for surcharges against building owners who are responsible for a significant number of awards against the warranty fund and may discontinue the participation in the warranty fund of any building owner who is responsible for an excessive number of awards against the warranty fund, after a hearing.

The bill directs the BPU to transfer, in the fiscal year commencing July 1 next following the date of enactment, \$2,000,000 from available balances accumulated in accounts of the BPU from funds collected through the societal benefits charge, for deposit into the warranty fund. The bill requires the BPU to make additional deposits of \$500,000 each fiscal year thereafter until the warranty fund has been credited with a cumulative total of \$5,000,000. The bill provides that, if in any fiscal year thereafter the balance in the warranty fund falls below \$2,000,000, the BPU is to make a one-time deposit of \$3,000,000 into the warranty fund.

The committee amendments update the text of section 5 of P.L.1974, c.80 (C.34:1B-5) (being amended by this bill) to reflect changes made to that law in section 1 of P.L.2020, c.8, signed by the Governor on March 20, 2020.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.