



Agenda Date: 1/08/2020
Agenda Item: 8F

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF A NEW JERSEY SOLAR) ORDER
TRANSITION PURSUANT TO P.L. 2018, C.17)
) DOCKET NO. QO19010068

Party of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On May 23, 2018, the Clean Energy Act was signed into law and became effective immediately. Among many other mandates, the Clean Energy Act directed the Board to adopt rules and regulations to close the Legacy Solar Renewable Energy Certificate program ("Legacy SREC Program" or "SRP") once the Board determines that 5.1 percent of the kilowatt-hours sold in the State has been generated by solar electric power generators connected to the distribution system ("5.1% Milestone"). The Clean Energy Act also directed the Board to complete a study that evaluates how to modify or replace the Legacy SREC program to encourage the continued efficient and orderly development of solar renewable energy generating sources throughout the State.

On December 6, 2019, the Board issued the Transition Incentive Order ("TI Order") that approved a new program designed to provide certainty to how New Jersey's solar programs were going to evolve, in light of the Clean Energy Act's requirement to transition away from the Legacy SREC program.¹

Specifically, the Board created Transition Renewable Energy Certificates ("TRECs") to ensure that New Jersey continues to be a leader in the deployment of solar by providing an incentive program, known as the Transition Incentive program or TI program, that will be open to projects that submitted complete SRP registrations after October 29, 2018, but have yet to commence commercial operations upon the closure of the existing Legacy SREC program when the Board determines that the 5.1% Milestone has been attained. The TI program established a fixed price

¹ I/M/O A New Jersey Solar Transition Pursuant to P.L. 2018, C.17, BPU Docket No. QO19010068, Order dated December 6, 2019 ("Transition Incentive Order" or "TI Order").

for each TREC, and assigned different "factors" that govern the level of incentive different categories of projects are eligible to receive.

STAFF RECOMMENDATIONS

At this time, Staff believes that the Board should clarify four aspects of the Transition Incentive Order:

1. That there should be no "gap" in incentive availability for solar projects developed prior to the implementation of the Successor Solar program, but after the closure of the Legacy SREC market, and that the TI program is intended to be open to such projects;
2. How new solar technologies that are not assigned a factor in the Transition Incentive Order can apply to the Board for a factorization determination;
3. Addressing a discrepancy between the Staff recommendation section and the ordering paragraphs of the Transition Incentive Order relating to factorization levels; and
4. Which factorization levels a project receives if it is comprised of distinct segments that cover more than one category type.

In regards to Item #1, the Board established the TI program to provide a bridge between the Legacy SREC program and a to-be-determined Successor Incentive program. Ideally, the Successor Program would be in place by the time the Board determines that the 5.1% Milestone has been attained. However, in the event that a Successor Program is not in place upon attainment of the 5.1% Milestone, Staff believes that the TI program is intended to remain open to solar development that takes place prior to the enactment of a Successor Incentive registration system.

Staff recommends that the Board clarify its intent as follows (additional or modified language as compared to the December 6 TI Order is underlined; deletions shown by strikethrough):

The Board **HEREBY ORDERS** that projects that submitted complete SRP registrations after October 29, 2018, have yet to commence commercial operations but otherwise and remain in compliance with the legacy SRP requirements at the time that the Board determines that the 5.1% Milestone has been attained, will be eligible for the TI; the Board FURTHER ORDERS that projects may apply for participation in the Transition Incentive program after the 5.1% Milestone is attained until such time as the Board has established a registration program for the Successor Program. The Board **HEREBY DETERMINES** that these projects eligible for the TI will not be eligible for the to-be-determined Successor Program. The Board **FURTHER DETERMINES** that projects having not entered the SRP queue, having been found to be incomplete, or whose SRP registration has expired at the time the Board opens a Successor Program registration program ~~5.1% Milestone is attained~~ will not be eligible for the Transition Incentive. The Board **ORDERS** that projects eligible for the TI must comply with all rules and regulations of the SRP and that that projects may enter the SRP registration program until such time as a Successor Program registration program is implemented.

The changes above would memorialize Staff's recommendation that there be no gap in the availability of solar incentives and clarifies that the SREC registration system will remain open to new applicants, even after the 5.1% Milestone is reached, and until the Board implements a registration program for the Successor Program.

With respect to Item #2, Staff recommends that the Board Clarify that new or innovative solar technologies can file a petition with the Board requesting that they be assigned a TREC factorization level.

With respect to Item #3, Staff notes that the recommendation section of the Transition Incentive Order includes the statement that "[i]n the case that a project may be eligible for multiple factors, the lower factor project classification would apply."² However, that statement is not reproduced in the Findings and Discussion portion of the order, which could lead to confusion about whether the Board adopted that portion of the Staff recommendation. Staff recommends that the Board clarify that it intended to adopt this portion of Staff's recommendation.

With respect to Item #4, Staff recommended in the Transition Incentive Order, and discussed in Item #3 above, that if "a project may be eligible for multiple factors, the lower factor project classification would apply."³ Staff recommends that the Board clarify that this language is intended to apply to projects that, in their entirety, could fall into multiple categories. Staff notes that this scenario is unlikely to occur: the factors were designed to provide clear-cut delineations between net metered, subsection (t), subsection (r), and community solar projects, with a further break-down of the net metered and subsection (r) categories of projects by customer type or site. However, there is another scenario where a single project is comprised of two or more distinct segments, where each segment would be eligible for a different factorization level. For example, a single project could comprise both a ground mounted segment and a roof mounted segment. In these cases, a project developer may wish to split up (and separately meter) the two project segments, such that they could receive differentiated factors. Staff recommends that the Board direct Staff to develop an administrative process by which projects in this situation may split their project so as to receive separate TREC factors for the different project segments.

FINDINGS AND DISCUSSION

The Board **HEREBY ORDERS** that the Transition Incentive program will remain open to new registrations until the establishment of a registration program for the to-be-determined Successor Program. The Board **THEREFORE ORDERS** the SRP Administrator to maintain the registration process of the Legacy SRP open until the establishment of a Successor Program registration program. If the Successor Program is not in place at the time the Board determines that the 5.1% Milestone has been attained, any projects that enter the registration pipeline after the date of attainment of the 5.1% Milestone and before the date at which the Board initiates a registration program for the Successor Program, and that remain in compliance with the requirements of the SRP, will be eligible for the Transition Incentive.

Further, the Board **ADOPTS** the remaining clarifications recommended by Staff.

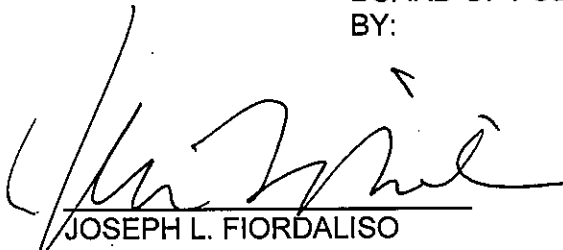
² *Id.*

³ Transition Incentive Order, at p. 30.

This Order shall be effective on January 18, 2020.

DATED: 1/8/20

BOARD OF PUBLIC UTILITIES
BY:



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PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



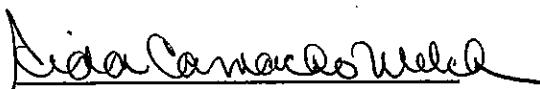
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I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

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