

**SPECIAL ADOPTION**

**PUBLIC UTILITIES**

**BOARD OF PUBLIC UTILITIES**

**Aggregated Net Metering**

**Special Adopted New Rules: N.J.A.C. 14:8-7**

Adopted: March 20, 2013 by the New Jersey Board of Public Utilities, Robert Hanna, President; Jeanne M. Fox, Joseph L. Fiordaliso and Mary-Anna Holden, Commissioners.

Filed: March 21, 2013 as R.2013 d.065.

Authority: N.J.S.A. 48:2-13 and 48:3-49 et seq.

BPU Docket Numbers: EO12090832V and EO12090861V.

Effective Date: March 21, 2013.

Expiration Date: September 20, 2014.

**Take notice** that the Board of Public Utilities has adopted new rules at N.J.A.C. 14:8-7 to codify new statutory requirements enacted through the Solar Act of 2012, P.L. 2012, c. 24, which amended N.J.S.A. 48:3-49 et seq. The rules are designed to permit public entity electric utility customers to install a solar generation system, sized not to exceed the aggregate of the metered annual use of the customer's qualified facilities that are all in the same rate class under the applicable tariff. The meter directly connected to the solar generation system must use a net metering billing account that will be the only meter to benefit from the full retail value of the electricity produced by the solar generation system. Major components of the rules include the requirement that only the meter on which the solar generation system is installed may receive a retail credit for the solar system's generation and that all other qualified facilities shall be billed

at the full retail rate, with the customer receiving compensation at the wholesale rate for all generation in excess of the usage at the host location.

These special adopted new rules will remain in effect until September 20, 2014 or until the rules are proposed for public comment and readopted through standard rulemaking procedures.

**Full text** of the special adopted new rules follows:

## SUBCHAPTER 7. AGGREGATED NET METERING

### 14:8-7.1 Scope

This subchapter sets forth aggregated net metering requirements that apply to eligible customers, as defined in this subchapter, that own and operate, on their own or pursuant to a contract with a third party, a solar electric generation system, as defined at N.J.A.C. 14:8-1.2, sized not to exceed the usage of the eligible customer's qualified facilities, as defined in this subchapter.

### 14:8-7.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise. Additional definitions that apply to this subchapter can be found at N.J.A.C. 14:4-1.2 and 14:8-1.2 and 4.2.

“Customer qualified facility” means a property owned or operated by a single customer eligible for net metering aggregation. Customer qualified facilities must be located within the customer's territorial jurisdiction or, for a State entity, must be located within five miles of one another, and are all served by the same EDC or electric power supplier.

“Eligible customer” means a State entity, school district, county, county agency, county authority, municipality, municipal agency, or municipal authority, which is eligible for net metering.

“Host site” means the facility or property on which a solar electric generation system is located.

“Host site meter” means the meter on the eligible customer’s property where the solar electric generation system is located and interconnection is made, and which utilizes the net metering billing account.

“Incremental costs” means costs incurred by the EDC to provide aggregated net metering services, which would not otherwise have been incurred by the EDC and may include, but are not limited to, billing costs.

“Net metering aggregation” means a procedure for calculating the combination of the annual energy usage for all facilities owned by a single customer where each customer is a State entity, school district, county, county agency, county authority, municipality, municipal agency, or municipal authority, when one of those facilities is served by a solar electric power generating facility.

“School district” means a local or regional school district established pursuant to Chapter 8 or Chapter 13 of Title 18A of the New Jersey Statutes, a county special services school district established pursuant to article 8 of Chapter 46 of Title 18A of the New Jersey Statutes, a county vocational school district established pursuant to article 3 of Chapter 54 of Title 18A of the New Jersey Statutes, or a district under full State intervention pursuant to P.L. 1987, c. 399 (N.J.S.A. 18A:7A-34 et seq.).

“Third-party contract” means a contract between an eligible customer and a third party, which provides for ownership and/or operation of the eligible customer’s solar electric generation system by the third party for the purpose of net metering aggregation.

#### 14:8-7.3 Aggregated net metering general provisions

(a) All electric distribution companies (EDCs) shall, and suppliers may, offer aggregated net metering to eligible customers that operate a solar electric power generation system, provided that the following criteria are met:

1. The eligible customer operates the system using a net metered billing account;
2. The generating capacity of the eligible customer's system does not exceed the combined metered annual energy usage of the customer's qualified facilities;
3. The system is located on property owned by the eligible customer, provided that the property is not land that has been actively devoted to agricultural or horticultural use and that is valued, assessed, and taxed pursuant to the Farmland Assessment Act of 1964 at any time within the 10 years prior to July 23, 2012. The municipal planning board of a municipality in which a solar electric power generation system is located may waive the requirement that the land not have been actively devoted to agricultural or horticultural use and that is valued, assessed, and taxed pursuant to the Farmland Assessment Act of 1964 at any time within the 10 years prior to July 23, 2012.
4. The system is not an on-site generation system.

(b) All of the customer qualified facilities combined for the purpose of net metering aggregation must be:

1. Located within the service territory of a single electric public utility;
  2. Served by the same basic generation provider or by the same electric power supplier;
- and
3. Belong to the same customer rate class under the applicable electric public utility tariff or are served by the same supplier.

- (c) The EDC shall develop a tariff providing for aggregated net metering.
- (d) If, in a given monthly period, an eligible customer supplies more electricity to the electric distribution system than the EDC or supplier delivers to the host site, the EDC or supplier shall credit the eligible customer for the excess up to the amount of energy consumed at the host site meter, if any. To do this, the EDC or supplier shall reduce the eligible customer's bill for the next monthly billing period to compensate for the excess electricity from the eligible customer in the previous billing period. Such credit shall not exceed the amount of energy consumed at the host site meter, if any, during the previous billing period.
- (e) The EDC or supplier shall carry over credit earned under (d) above from monthly billing period to monthly billing period, and the credit shall accumulate until the end of the eligible customer's annualized period.
- (f) At the end of the eligible customer's annualized period, the EDC or supplier shall compensate the eligible customer for any excess kilowatt hours generated, at the electric power supplier's or basic generation service provider's avoided cost of wholesale power, as defined at N.J.A.C. 14:8-4.2, or the PJM electric power pool real-time locational marginal pricing rate. Excess kilowatt hours, if any, shall be calculated by comparing the generation of the solar electric generation system with the combined energy usage at the qualified facilities over the annualized period.
- (g) The EDC or supplier shall offer each eligible customer one opportunity to select an annualized period in accordance with the provisions of N.J.A.C. 14:8-4.3.
- (h) An eligible customer that installs a solar electric generation system owns the renewable attributes of the electricity it generates unless there is a contract with an express provision that assigns ownership of the renewable attributes. The eligible customer may trade or sell the

attributes to another person, or may use the attributes as the basis for an application for one or more SRECs.

#### 14:8-7.4 Third-party contracts

(a) An eligible customer may contract with a third party to own and/or operate a solar electric power generation system for the purpose of net metering aggregation.

(b) Any third-party contract shall include contractual protections that provide for adequate performance and provision for construction and operation for the term of the contract, including any appropriate bonding or escrow requirements.

#### 14:8-7.5 Cost recovery

An EDC may recover any incremental costs due to aggregated net metering from the eligible customer to which the incremental cost may be attributed. Incremental costs due to aggregated net metering shall not be recovered through rates other than under the EDC's aggregated net metering tariff.