

# New Jersey



Clean Energy States Alliance  
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## Experience and Issues with NJ's Solar “Carve-out” in the RPS

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## *Legislative & Regulatory Evolution of NJ Solar Carve-out*

- **Electric Discount and Energy Competition Act of 1999 (EDECA)**
  - Definition of Class I Renewable Energy
  - Societal Benefits Charge / CRA process
  - Renewable Portfolio Standards
  - Net Metering and Interconnection
- Governor's Renewable Energy Task Force (2003)
- The "Solar Transition" (Docket No.EO06100744, 2006 thru 2012)
- Global Warming Response Act (L. 2007, c. 340, 1/13/08)
- New Jersey's Energy Master Plan (2008, 2011)
- Solar Advancement Act of 2009 (Amended s.3 P.L.1999 c.23)
- **The Solar Act of 2012** (P.L. 2012, c. 24, 07/23/12)



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## Basics of the NJ RPS / Solar Carve-out / SREC Market

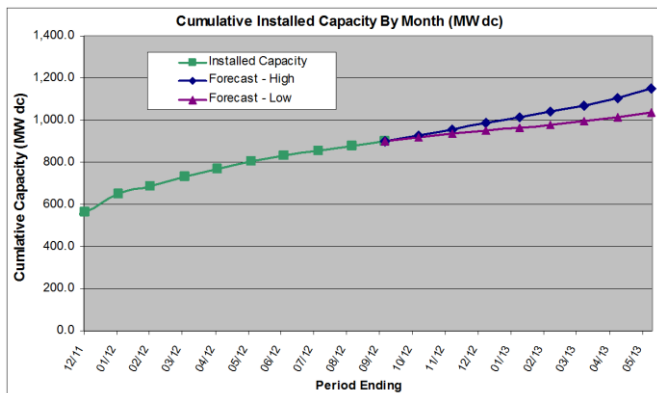
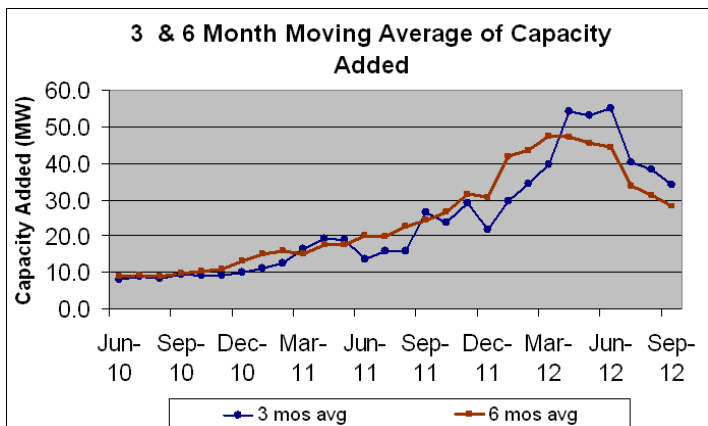
- 1 SREC = 1 MWh of eligible solar electricity
- SREC supply from eligible systems “connected to distribution” with a qualification life of 15 yrs. produce SRECs useful for 5 yrs.
- SRECs can trade without limit; by brokers, aggregators, LSEs
- SREC demand established by regulation then legislation....
- Obligation placed on retail electric suppliers (LSEs not EDCs)
- Demand was a percent of retail sales, then absolute GWh requirement allocated by market share soon back to %....
- LSE Obligation fulfilled by retirement of SRECs
- Ratepayer cost and SREC spot price capped by SACP



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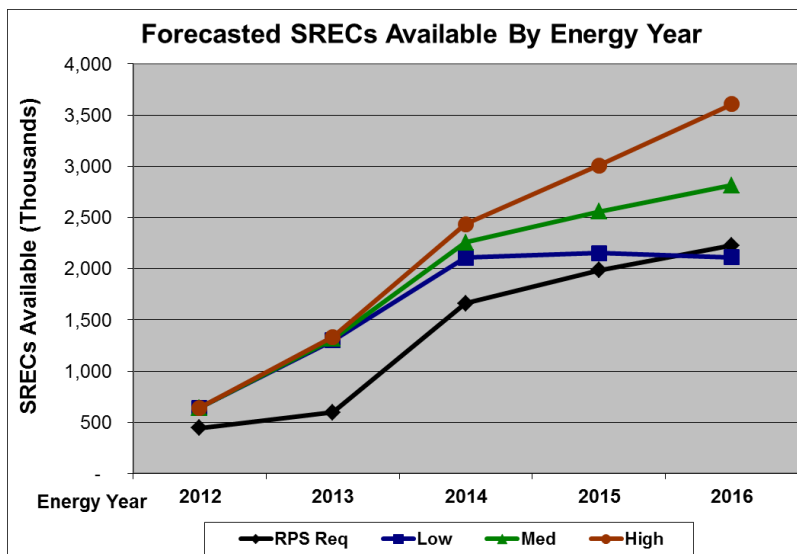


## SREC Supply



## SREC Demand

Energy Yr	Retail Sales Est (MWh)	RPS %	Est RPS Req (MWh)
2014	81,000,000	2.05%	1,660,500
2015	81,000,000	2.45%	1,984,500
2016	81,000,000	2.75%	2,227,500



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## NJRPS Solar Carve-out / SREC Market Issues and Challenges

- > Sustained Orderly Market Development at the Least Cost to Ratepayers
- > Securitization; structured market (EDC contracts) vs. unstructured (spot)
- > Changes and Efficiency, Equity, Windfalls, Takings, Sustainability...
- > Implementation of The Solar Act of 2012
  - Amend RPS and Net Metering Definitions
  - Accelerate RPS compliance schedule for Solar, doubles in 2014
  - Converts Solar RPS from absolute (gWhr) to percentage of retail sales requirement
  - Investigate approaches to mitigate solar development volatility
  - Adopt net metering aggregation standards within 270 days
  - Revise the SACP schedule; EY14 thru '16, extends to EY28
  - Extend OREC vintage to 3 yrs. / SREC extended to 5 yrs.
  - Approval by the Board for certain project types – subsection q. r. and s. – 60 day notice by certain farm projects, escrow, 10 MW limit, 80 MW per year, application criteria
  - Certify facilities on brownfield, fill and landfills and craft an additional financial incentive.



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More information on  
New Jersey's RPS, Solar Carve-out,...

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