



Agenda Date: 11/22/13
Agenda Item: 8A

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

CLEAN ENERGY

IN THE MATTER OF NEW JERSEY ELECTRIC)
DISTRIBUTION COMPANIES' PROPOSED) ORDER
PROCEDURES FOR ELIMINATING OUTDATED NET)
ENERGY METERING/INTERCONNECTION)
APPLICATIONS FROM THE PROPOSED)
PROJECT QUEUES) DOCKET NO. QO13090865

Parties of Record:

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Tamara L. Linde, Esq., Public Service Electric and Gas Company

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board") at its November 22, 2013 public meeting, where the Board considered procedures proposed by the New Jersey Electric Distribution Companies ("EDCs") for eliminating outdated net energy metering ("NEM") / interconnection applications from their respective project queues established to implement N.J.A.C. 14:8-4.3b.

BACKGROUND

The Electric Discount and Energy Competition Act of 1999 provided the Board with tools to develop renewable energy markets including a legal framework for the development of streamlined interconnection procedures for customer-sited renewable energy facilities and net metering provisions for valuing the electricity generated by the facilities. N.J.S.A. 48:3-87e directs the Board to develop:

(1) net metering standards for electric power suppliers and basic generation service providers. The standards shall require electric power suppliers and basic generation service providers to offer net metering at non-discriminatory rates to industrial, large commercial, residential and small commercial customers, as those customers are classified or defined by the board, that generate electricity, on the customer's side of the meter, using a Class I renewable energy source, for the net amount of electricity supplied by the electric power supplier or basic generation service provider over an annualized period.

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

The Board adopted rules implementing the net metering and interconnection standards in 2003 and subsequently amended those standards in 2004, 2009, 2010, 2012 and 2013. N.J.A.C. 14:8-r 4.1 provides the scope of the net metering rules setting forth "requirements that apply to electric power suppliers, basic generation service providers, and EDCs... which have customers who generate class I renewable energy, as defined at N.J.A.C. 14:8-1.2, on the customer's side of the meter."

N.J.A.C. 14:8-1.2 defines "Class I renewable energy" as electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells powered by renewable fuels, geothermal technologies, wave or tidal action, and/or methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner. The types of class I renewable energy that qualify for use in meeting the requirements of N.J.A.C. 14:8 are set forth at N.J.A.C. 14:8-2.5.

N.J.A.C. 14:8-4.3 provides general net metering provisions including EDC and supplier/provider (EDC/supplier/provider) responsibilities, participant eligibility criteria, and the electricity valuation process over an annualized period. This section obligates EDC/supplier/providers to offer net metering to customers that generate New Jersey Class I renewable energy ("NJ Class I RE") (known as "customer-generators") on the customer's side of the meter with an interconnected facility provided that the generating capacity does not exceed the amount of electricity supplied by the supplier/provider. If the customer-generator supplies more electricity to the distribution system than the EDC/supplier/provider delivers to the customer-generator in a monthly billing period, then the EDC/supplier/provider credits the customer-generator for the excess (excess generation credits are measured in kWh). If the credit persists, it shall accumulate until the end of the annualized period (defined in N.J.A.C. 14:8-4.2).

N.J.A.C. 14:8-5 provides definitions, processes, rights and responsibilities for interconnection of customer-generator owned NJ Class I RE with the EDCs' distribution systems. General interconnection provisions as well as three distinct review procedures for application to interconnect different size and types of customer-generator facilities are described.

To implement the net metering and interconnection standards, Board Staff formed a Net Metering and Interconnection Stakeholder Working Group ("Working Group"). The Working Group, which includes representatives of the State's four EDCs, the Division of Rate Counsel, and the renewable energy industry, offers insight to issues surrounding net metering and interconnection of NJ Class I renewable energy facilities, and provides feedback on the Board's rules.

At the September 21, 2012 Working Group meeting, Board Staff ("Staff") requested that the EDCs submit a proposed procedure for removing outdated applications to interconnect and net meter pending projects from their respective proposed project queues. Stakeholders have expressed a concern that outdated applications to interconnect on certain EDC distribution circuits may result in a mistaken impression of over penetration of renewable energy capacity on those circuits. Removing abandoned, stalled and/or incomplete interconnection applications from the EDCs' proposed project queues is expected to provide increased transparency to anticipated renewable energy penetration on EDC distribution circuits, and perhaps free up capacity to interconnect on the distribution circuits experiencing high penetration levels.

On February 21, 2013, the EDCs drafted proposed NEM/Interconnection application elimination procedures. The proposed procedures reflect the stakeholders' concern with removing stalled interconnection requests from the project queue without imposing automatic sunset provisions that could force customers, contractors, and developers to complete projects within an unrealistic timeframe. The EDCs acknowledge that renewable energy installations can take differing amounts of time to finish for a variety of reasons.

Proposed EDC Procedures for Cancelling Outdated NEM/Interconnection Applications

On May 29, 2013, the EDCs drafted a proposed process for removing outdated NEM/interconnection applications that they maintain is intended to benefit all stakeholders by being simple to implement while maintaining some flexibility. The proposed process was presented by Atlantic City Electric on behalf of the EDCs for discussion by stakeholders at the June 7, 2013 Working Group meeting. No changes were recommended by stakeholders and the proposal, as drafted, was recommended to be finalized by the EDCs on September 11, 2013. The following elements summarize the EDCs' proposal:

1. The EDCs strongly recommend that the procedures be implemented as an amendment to the NEM and Interconnection rules.
2. The EDCs propose to apply the procedures to NEM/Interconnection applications that have received EDC approval to install and are pending construction of the interconnection facility.
3. The proposed procedures will be applied by the EDCs once a year, with the time of year for the annual removal event to be determined at the discretion of the individual EDC.
4. The EDCs will review all projects granted approval to install two or more years prior to the date of review and for which construction has yet to be completed. The review would include projects that received notices of approval to install two years prior where the EDC has not yet received Part 2 of the NEM/interconnection application and the electrical inspection. On the day the EDC applies the removal review criteria, an application that received approval to install one year and 364 days prior would not be reviewed for removal until the following year. Any projects within the EDC NEM/Interconnection queue that are one year and 365 days old or older at the time of removal review will be cancelled.

5. The NEM/Interconnection application removal process would consist of the EDC sending out a notice by certified mail, return receipt requested, and an e-mail to customers and contractors associated with each project that meets the two-year criteria. The communication would ascertain if the project is moving forward or not. The EDCs recommend that each customer be given 30 business days to respond. The EDCs propose that a request to maintain an active application by the customer, as opposed to the contractor, will be required. Upon passage of the 30 business days or upon receipt of written notice that the project is not moving forward, the EDC would be permitted to withdraw the application and remove the project from the EDC's NEM/Interconnection application project queue.
6. The EDCs propose that each EDC have the ability, at its discretion, to reach out to customers and contractors of projects with active NEM/Interconnection applications (by the same means described in this proposal) after one (1) year of application submission (sooner than these procedures allow for), and at any time of the year, for proposed projects that are intended to be sited on heavily subscribed/restricted electric distribution circuits.

STAFF RECOMMENDATION

Staff has reviewed the procedures proposed by the EDCs for reviewing and cancelling outdated NEM/Interconnection applications, and believes such procedures are necessary to maintain the integrity of the net metering and interconnection processes. The stakeholder community generally supported the proposed procedures based upon comments received at the June 7, 2013 and September 11, 2013 Net Metering and Interconnection Stakeholder meetings in Trenton, New Jersey. The proposed procedures will require the formulation and implementation of additional rulemaking, and modification of the Level 1, 2 and 3 Interconnection application processes and EDC forms. Staff recommends that the Board approve the proposed EDC review procedures, and authorize the EDCs to implement the procedures on an interim basis pending a full rulemaking process, to be effective upon 30 days' notice to the stakeholder community.

DISCUSSION AND FINDINGS

The Board has reviewed the proposed EDC procedures for eliminating outdated net energy metering/interconnection applications from the project queue set out above. The Board believes that the processes require an established, routine method for review and elimination of outdated applications such that the participating project developers and prospective customer-generators have the confidence that the EDCs will monitor the electric feeder distribution network for opportunities to interconnect those customer-generators who were denied access to the grid because of closed feeders.

Further, the Board **FINDS** that the NEM/Interconnection application process requires procedures for EDCs to address issues related to customer-generator, contractor, and or installer non-performance. Such procedures do not currently exist. The proposed procedures set out above describe the EDCs' methodology for reviewing and eliminating inactive net energy metering / interconnection applications from the proposed project queue. The Board agrees that these new procedures should be adopted through a rulemaking procedure. However, based on the above and as an interim step, the Board **HEREBY APPROVES** the EDCs'

proposed procedures for reviewing and eliminating inactive applications, and authorizes the EDCs to implement the procedures effective upon 30 days' notice to the stakeholder community on an interim basis pending the adoption of rules. Accordingly, the Board **HEREBY DIRECTS** Staff to commence public rulemaking to appropriately amend the net metering and interconnection rules to provide for a review process as well as any needed changes to the interconnection procedures.

DATED: 11/22/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
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JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

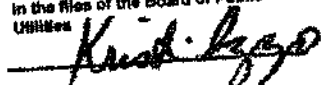

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

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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PROJECT QUEUES - DOCKET NUMBER QO13090851

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