

STATE OF NEW JERSEY

Board of Public Utilities
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	•	<u>CLEAN ENERGY</u>
IN THE MATTER OF A NEW JERSEY SOLAR TRANSITION PURSUANT TO P.L. 2018, C.17)	ORDER DOCKET NO. QO19010068

Parties of Record:

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

BY THE BOARD:

This Order implements provisions of the Clean Energy Act of 2018 ("Clean Energy Act"), P.L. 2018, c. 17. The Clean Energy Act directs the New Jersey Board of Public Utilities ("Board" or "BPU") to adopt rules and regulations to close the Solar Renewable Energy Certificate ("SREC") program to new applications once that Board determines that 5.1 percent of the kilowatt-hours sold in the State by each electric power supplier and each basic generation provider has been generated by solar electric power generators connected to the distribution system ("5.1 % Milestone"). The Clean Energy Act further directs the Board to complete a study that evaluates how to modify or replace the SREC program so as to encourage the continued efficient and orderly development of solar renewable energy generating sources throughout the State. The Clean Energy Act also stated that the SREC term shall be 10 years. In this Order, the Board clarifies the eligibility of solar electric generation projects that have registered in the SREC Registration Program but have not commenced commercial operations at the time the Board determines that the 5.1% milestone has been attained.

BACKGROUND

On May 23, 2018, the Clean Energy Act was signed into law and became effective on May 23, 2018. On June 22, 2018, the Board proposed rule amendments to N.J.A.C. 14:8-2.4 to close the SREC Registration Program ("SRP") to new applications following a determination by the Board that the 5.1 % Milestone has been reached. These amendments rules became effective upon publication in the New Jersey Register on January 22, 2019.

On October 29, 2018, the Board issued an Order reducing the SREC term or Qualification Life ("QL") for solar facilities to 10 years for all applications submitted after the effective date of the

Order. Electricity must be generated during a facility's QL to be eligible for an SREC. In a separate agenda item, the Board approved a rule proposal amending the definition of QL for a solar electric generation facility from 15 years to 10 years.

On November 5, 2018, the Board approved the engagement of a consultant to complete a study evaluating how to modify or replace the SREC program in a way that encourages the continued efficient and orderly development of solar renewable energy generating sources as required by the Act. Staff anticipates that the study will provide valuable insights into the incentive requirements for current and future solar electric generation facilities, including those in the SRP pipeline.

On December 26, 2018, Board Staff issued a Staff Straw Proposal and Request for Comments ("Staff Straw") which laid out seven "Transition Principles" and a proposed schedule for implementing the SREC Transition. The Staff Straw defined the Solar Transition as those steps necessary for 1) the definition of the 5.1% Milestone and 2) the determination of incentive(s) developed to modify or replace the existing SREC program and the conditions for eligibility to said incentive(s). The Staff Straw proposed to organize the Solar Transition as follows: 1) Legacy SRECs, available to projects eligible for the current SREC program; 2) the Transition Incentive, open to projects that filed a complete SRP registration after October 29, 2018 and have not yet reached commercial operation at the time the Board determines that the 5.1% Milestone has been attained; and 3) the Successor Program, open to projects that have not filed a complete SRP registration prior to the Board's determination that the 5.1% Milestone has been attained. The Staff Straw encouraged stakeholder feedback on the implementation of various elements of the Solar Transition, via a Request for Comments and two stakeholder meetings held on January 18, 2019 and February 22, 2019. Any written comments were due by March 1, 2019.

On February 27, 2019, the Board issued an Order clarifying its October 29, 2018 Order pertaining to the SREC QL.³ The Board clarified that projects previously determined to be eligible for SRECs, including a 15-year SREC QL, by meeting the October 29, 2018 deadline, and satisfying all other applicable requirements, shall continue to be eligible to create SRECs after the State's attainment of the 5.1% Milestone. The Board further clarified that SREC eligibility for all applications submitted after October 29, 2018 is contingent upon commencing commercial operations prior to attainment of the 5.1% Milestone.

On April 8, 2019, in response to stakeholder input, the Board issued a Staff Stakeholder Notice which reiterated the seven "Transition Principles" and accelerated the timeframe for the Solar Transition. As accelerated, the timeline has the objective of presenting recommendations pertaining to the Transition Incentive to the Board in August or September 2019 and presenting recommendations pertaining to the Successor Program in January or February 2020. The April 8, 2019 Staff Stakeholder Notice invited stakeholders to participate in two consultant-led Stakeholder Workshops, held on May 2, 2019 and June 14, 2019.

¹ I/M/O the Modification of the Solar Renewable Portfolio Standard and Solar Alternative Compliance Payment Schedules and the Reduction of the Qualification Life for Solar Renewable Energy Certificates For Solar Facilities, BPU Docket No. QO18070698 (October 29, 2018).

² The language in the December 26, 2018 Staff Straw has since been revised and clarified. The summary presented here reflects later clarifications.

³ I/M/O the Modification of the Solar Renewable Portfolio Standard and Solar Alternative Compliance Payment Schedules and the Reduction of the Qualification Life for Solar Renewable Energy Certificates for Solar Facilities, BPU Docket No. QO18070698 (February 27, 2019).

STAFF RECOMMENDATIONS

Staff recognizes that there will be projects that have filed complete SRP applications after October 29, 2018 and have not yet reached commercial operation at the time the Board determines that the 5.1% Milestone has been attained. Staff recommends that these projects be considered for a Transition Incentive, subject to maintaining eligibility in the SRP in all respects and to the terms and conditions of the Transition Incentive. A recommendation on the incentive structure, payment mechanics, and terms and conditions for the Transition Incentive program will be presented by Staff to the Board following development through the Solar Transition public stakeholder process.

FINDINGS AND CONCLUSIONS

The Board has reviewed Staff's recommendations. The Board <u>HEREBY FINDS</u> that there will be projects that filed a complete SRP registration or application for designation or conditional certification after October 29, 2018 and that have not reached commercial operation at the time the Board determines that the 5.1% Milestone has been attained. In order to provide maximum certainty to the industry and the pubic, the Board <u>CONCLUDES</u> that all qualified projects will be eligible to be considered for any transition program that the Board may adopt, subject to their maintaining eligibility to the SRP in all respects, and subject to the terms and conditions of the Transition Incentive approved by the Board.

The effective date of this order is July 20, 2019.

DATED: 7/10/19

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<u> AIDA CAMACHO-WELCH</u>

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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