



Governor Christie Signs Solar Bill Designed to Assist SREC Market

Client Advisories

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Earlier this week, New Jersey Governor Christie signed into law S1925, designed to revise solar renewable energy programs and requirements in the State of New Jersey and to provide for energy aggregation under net metering for properties owned by many governmental entities in New Jersey. The changes provide needed relief to the limping Solar Renewable Energy Certificates (SREC) market in New Jersey, by requiring utilities in the State to obtain 2.05% of their electricity from solar by 2014, up from less than 0.5% now, and increasing the requirement to 4.1% by 2028. The new law also provides for a reduction in the Solar Alternative Compliance Payment (SACP) to \$339 for energy year 2014, and dropping to \$239 by 2028. The SACP is payable by utilities in the event that they fail to meet the purchasing requirements from solar, and it serves to create an effective ceiling on the price of SRECs. The law further provides for utilities to accelerate solar energy purchases by about four years, thus increasing SREC purchases from developers, and at the same time permits solar developers to hold onto their SRECS for five years instead of the prior three years.

The new law introduces the concept of "net metering aggregation," which will permit State entities, school districts, counties, county agencies and authorities, municipalities, and municipal agencies and authorities to combine the annual energy usage by any one entity and have such energy usage served by a single solar electric power generating facility. Regulations controlling "net metering aggregation" are to be promulgated by BPU by April 2013.

In energy years 2014, 2015 and 2016, solar energy facilities that are not either (1) net metered; (2) an on-site generation facility; (3) qualified for net metering aggregation; or (4) certified as being located on a Brownfield or a properly closed sanitary landfill facility, will be required to file an application with the BPU for approval to be considered to be connected to the distribution system. Each such developer will need to post an escrow of \$40,000 per proposed MW of capacity. Approvals will be granted by the BPU provided that after the notice and posting of escrow has been made, the capacity of the proposed facility, when added to the capacity of other previously approved facilities does not exceed 80 MW in the aggregate for the given year, with a limitation that no one project may exceed 10 MW. Once approved, the project will need to be completed within two years, or the approvals to be considered connected to the distribution system granted by the BPU will be null and void.

If you have any questions or concerns regarding this legislation, or any other areas of alternative or renewable energy, please contact any member of Archer's Alternative and Renewable Energy Group at (856) 795-2121 in Haddonfield, N.J., in Philadelphia, Pa., at (215) 963-3300, or in Hackensack, N.J., at (201) 342-6000.

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