



## **SOLAR RENEWABLE ENERGY CERTIFICATES (SREC)**

### **PROGRAM UPDATES**

#### **MARCH 2019**

On July 23, 2012, the Solar Act (L. 2012, c. 24) was signed into law by Governor Chris Christie. The Solar Act, among other things, initiated proceedings to revise renewable portfolio standards, net metering standards, and interconnection. In addition, it included several provisions to help stabilize the SREC market and to implement policies from the State Energy Master Plan. Since then, many changes have come to the SREC Program, which have direct impacts on solar development in the State of New Jersey.

#### **THE CLEAN ENERGY ACT**

On May 23, 2018, the Clean Energy Act (L. 2018, c. 17) was signed into law by Governor Phil Murphy. The Clean Energy Act initiated proceedings to further modify the Renewable Energy Portfolio Standards (RPS) and SREC program in NJ. The act reduced the eligible SREC term from fifteen (15) years to ten (10) years, for SREC Registration Program (SRP) registrations submitted after October 29, 2018. In addition, it proposed to modify the level of the Solar Alternative Compliance Payment (SACP) from Energy Year (EY) 2014 until EY 2033 to:

- EY 2014 - \$339
- EY 2015 - \$331
- EY 2016 - \$323
- EY 2017 - \$315
- EY 2018 - \$308
- EY 2019 - \$268
- EY 2020 - \$258
- EY 2021 - \$248
- EY 2022 - \$238
- EY 2023 - \$228
- EY 2024 - \$218
- EY 2025 - \$208
- EY 2026 - \$198
- EY 2027 - \$188
- EY 2028 - \$178
- EY 2029 - \$168
- EY 2030 - \$158
- EY 2031 - \$148
- EY 2032 - \$138
- EY 2033 - \$128

The Clean Energy Act also modified the multi-year schedule, applicable to each electric power supplier or basic generation service provider in New Jersey, that requires the percentage of kilowatt-hours (kWh) sold in New Jersey by each electric power supplier or each basic generation service provider to be from solar electric power generators connected to the distribution system in this State (compliance percentage). From EY 2014 until EY 2021, the compliance percentage increases from 2.050% to 5.100%. The Clean Energy Act also provided that the Board shall adopt rules and regulations to close the SREC program to new applications upon the attainment of a compliance percentage of 5.100% (transition point), or June 1, 2021, whichever comes first. Within twenty-four (24) months of the enactment of the Clean Energy Act, the Board shall complete a study that evaluates how to modify or replace the SREC program to encourage the continued efficient development of solar renewable energy generating resources throughout the State.

On December 26, 2018, the Board Staff released the New Jersey Solar Transition Staff Straw Proposal (Straw Proposal), which defines SREC Transition (or Solar Transition) as those steps necessary for the definition of the 5.100% transition point, the treatment of Legacy SRECs, the treatment of Pipeline SRECs,



and the treatment of Successor SRECs. The Straw Proposal states that the Board will be guided by the following “SREC Transition Principles”:

1. Provide maximum benefit to ratepayers at the lowest cost;
2. Support the continued growth of the solar industry;
3. Ensure that prior investments retain value;
4. Meet the Governor’s commitment of 50% Class I Renewable Energy Certificates by 2030 and 100% clean energy by 2050;
5. Provide insight and information to stakeholders through a transparent process for developing the Solar Transition and Successor Program;
6. Comply fully with the statute, including the implications of the cost cap; and
7. Provide disclosure and notification to developers that certain projects may not be guaranteed participation in the current SREC program, and continue updates on market conditions via the NJCEP SRP Solar Activity Reports.

In addition, the Straw Proposal proposed the below dates for determining the Solar Transition. The first two stakeholder meetings were held on January 18, 2019 and February 22, 2019.

Jan. – Feb. 2019:	Stakeholder meetings on the Straw Proposal.
April – July 2019:	Working groups and workshops conducted on specific elements of the Solar Transition.
Aug.t – Sept. 2019:	Rule proposal presented to the Board.
Sept. – Nov. 2019:	Public comment period on rule proposal.
Dec. 2019:	Amendments to rule proposed.
Jan. - Feb. 2020:	Public comment period on rule proposal.
March 2020:	Rule adopted by the Board.

Included within this Straw Proposal is a list of thirteen (13) questions that the Board is looking for input on, concerning the definition of the attainment of the 5.1% transition point, the treatment of Pipeline SRECs, and the SREC Successor Program.