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NEW JERSEY BOARD OF PUBLIC UTILITIES

Proposed Amendments to the Net Metering and Interconnection Rules “Two MW Amendments”

N.J.A.C. 14:8-4.3(a)
Docket No. EX09110910

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PUBLIC UTILITIES

BOARD OF PUBLIC UTILITIES

Renewable Energy And Energy Efficiency

Proposed Amendment: N.J.A.C. 14:8-4.3(a)

Authorized By: Board of Public Utilities, Jeanne M. Fox, President; Frederick F. Butler, Joseph L. Fiordaliso, Nicholas Asselta, and Elizabeth Randall, Commissioners.

Authority: N.J.S.A. 48:2-13, 48:3-87

Calendar Reference: See Summary below for an explanation of exception to calendar requirement.

BPU Docket Number: EX09110910

Proposal Number: PRN 2009-

Comments may be submitted through March 5, 2010, through either of the following methods:

- Electronically, in Microsoft WORD format, or in a format that can be **easily converted to WORD**, by e-mailing them to the following e-mail address: rule.comments@bpu.state.nj.us; or
- On paper to:
Kristi Izzo, Secretary
New Jersey Board of Public Utilities
ATTN: BPU Docket Number: EX09110910
Two Gateway Center
Newark, New Jersey 07102

The agency proposal follows:

Summary

The New Jersey Board of Public Utilities is herein proposing a change to its rules regarding Net Metering for Class 1 Renewable Energy Systems, found at N.J.A.C. 14:8-4. The net metering rules require each electric power supplier, basic generation service provider, and electric distribution company to offer net metering to customers who install certain class 1 renewable energy generating systems on the customer's side of the electric meter. The purpose of this proposal is to remove a two megawatt limit on the size of a renewable energy generating unit that is eligible for net metering. This proposal is related to the adoption of previously proposed amendments to the net metering rules, published elsewhere in this issue of the New Jersey Register.

The purpose of this proposal is to allow the further development of renewable energy in a manner that achieves the goals of the New Jersey Energy Master Plan at the lowest cost for ratepayers. Larger renewable energy generating units (above 2 MW) will generate renewable energy at a lower cost per kwh, thus driving down the cost of renewable energy and also the cost of compliance with the New Jersey renewable portfolio standards (RPS) rules. The Board recognizes that net metering does shift the cost of maintaining the electric distribution system to those customers that do not have renewable energy generating systems and do not net meter. The Board will address this issue in a separate proceeding, or as part of rate cases filed by the individual electric distribution companies (EDCs).

As the Board has provided a 60-day comment period on the proposed amendment, it is exempt from the rulemaking calendar requirements set forth at N.J.A.C. 1:30-3.1 and 3.2, pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed amendment will have a positive social impact by broadening the availability of net metering to more customer-generators and thereby increasing the generation of clean, distributed renewable energy.

Economic Impact

The proposed amendment will have a positive economic impact. By expanding the class of customer-generators that are eligible to net meter, the amendment will enable more electric customers to offset their electric bills through use of renewable energy systems. Furthermore, the amendment will help drive down the cost of renewable energy and thus will enable entities to comply with the Board's RPS rules at lower cost.

Federal Standards Statement

Executive Order No. 27 (1994) and N.J.S.A. 52:14B-1 et seq. require State agencies that adopt, readopt or amend State rules that exceed any Federal standard or requirement to include in the rulemaking document a Federal Standards Analysis. N.J.A.C. 14:8-4.3 is not promulgated under the authority of, or in order to implement, comply with or participate in any program established under Federal law or under a State statute that incorporate or refers to Federal law, Federal standards, or Federal requirements. Accordingly, Executive Order No. 27 (1994) and N.J.S.A. 52:14B-1 et seq. does not require a Federal Standards Analysis for this proposed amendment.

Jobs Impact

The proposed amendment to the net metering rules is likely to have a minimal impact on jobs in New Jersey. The proposed change will likely increase the number of jobs in industries that support net metering, such as renewable energy system installers and engineers. However, the Board does not expect the potential impact to be significant.

Agriculture Industry Impact

The proposed amendment is unlikely to have an impact on the agriculture industry in New Jersey. The rule change expands the class of persons eligible for net metering, but there is no indication that farmers are any more or less likely to net meter than other utility customers.

Regulatory Flexibility Analysis

In accordance with the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. (the Act), the Board has determined that the proposed amendment will not impose reporting, recordkeeping or other compliance requirements on small businesses. A small business, as defined in the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., is a business that has fewer than 100 employees. The amendment would apply to EDCs, BGS providers, electric power suppliers and customer-generators. None of the EDCs or BGS providers affected by these requirements are small businesses. Some electric power suppliers may be small businesses, but the amendments do not impose reporting, recordkeeping or other compliance requirements on electric power suppliers. Most customer-generators are small businesses, and the amendment will reduce the compliance burden on customer-generators.

Smart Growth Impact

The Board anticipates that the proposed amendment will have no impact on either the achievement of smart growth or the implementation of the State Development and Redevelopment Plan. The State Plan is intended to "provide a coordinated, integrated and comprehensive plan for the growth, development, renewal and conservation of the State and its regions" and to "identify areas for growth, agriculture, open space conservation and other appropriate designations." N.J.S.A. 52:18A-199a. "Smart growth is based on the concepts of focusing new growth into redevelopment of older urban and suburban areas, protecting existing open space, conserving natural resources, increasing transportation options and transit availability, reducing automobile traffic and dependency, stabilizing property taxes, and providing affordable housing." These rules apply uniformly Statewide and the Board does not expect that the proposed amendment will affect the location of future development, smart growth or the State Plan.

Housing Affordability Impact

The proposed amendment will have no impact on affordable housing in New Jersey because the scope of the proposal is limited to expanding the class of customers eligible for net metering to include large generators. No individual home would be affected by the amendments because the large generating units affected would not be installed on a home. While this change may slightly increase participation in the net metering program, net metering is voluntary and none of the proposed changes will affect the price of housing in New Jersey. In addition, there is an extreme unlikelihood that the proposed amendment would evoke a change in the average costs associated with housing, because the net metering program is relatively small and does not affect housing prices or the housing market.

Smart Growth Development Impact

The proposed amendment will have no impact on smart growth in New Jersey because the scope of the proposal is limited to expanding the class of customers eligible for net metering. No individual home would be affected by the amendments because the large generating units affected would not be installed on a home. While this change may increase participation in the net metering program, net metering is voluntary and has not shown any signs of affecting the location of development in New Jersey. In addition, there is an extreme unlikelihood that the proposed amendment would evoke a change in housing production within Planning areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan, because the net metering program is relatively small and does not affect housing construction or the housing market.

Full text of the rule proposal follows (additions are indicated in boldface **thus**; deletions are indicated in brackets [thus]):

SUBCHAPTER 4. NET METERING FOR CLASS I RENEWABLE ENERGY SYSTEMS

14:8-4.3 Net metering general provisions, annualized period selection

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(a) All Electric Distribution Companies (EDCs) and supplier/providers, as defined at N.J.A.C. 14:4-1.2 and 14:8-1.2 respectively, shall offer net metering to their customers that generate electricity on the customer's side of the meter, using class I renewable energy sources, provided that the generating capacity of the customer-generator's facility does not exceed the [lower of the following:

1. ~~Two megawatts alternating current; or~~
2. ~~The~~] amount of electricity supplied by the electric power supplier or basic generation service provider to the customer over an annualized period.

(b) - (n) (No change.)