



# New Jersey Board of Public Utilities

## PRESS RELEASE

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### **NJ Board of Public Utilities Issues Solar Financing Order To Promote Solar Growth in New Jersey**

(Newark, NJ) – The Commissioners of the New Jersey Board of Public Utilities (NJBPU) today took action to encourage the continued development of solar projects in New Jersey. Under the Board’s decision, some of the electric utilities would be required to develop a process whereby they will enter into long term contracts for the purchase of solar renewable energy certificates (SRECs) that will then be sold to the electric suppliers and providers who have to comply with the state's renewable energy portfolio standard (RPS).

Today’s action by the Board is designed to support the vibrant solar industry that has developed in New Jersey due to the State’s solar renewable energy portfolio standard (RPS). The RPS requires that 20 percent of New Jersey's electricity come from Class One renewable sources by 2020, and includes a 2.12 percent solar set aside – the nation's largest solar commitment relative to population and electricity consumption.

“Our goal was to identify a path forward for solar in New Jersey that would promote the greatest amount of renewable energy at the least financial impact on ratepayers, while ensuring all market segments can participate in the growing solar market,” said President Jeanne M. Fox. “We believe this model will help to achieve the state’s solar RPS goals, and will continue our state’s leadership position in developing innovative renewable energy initiatives and policies.”

The utility-supported contracts approach to solar-financing approved today will function as a pilot for three years at which time it will be evaluated to determine if it is still required to spur the development of a market based on the sale of SRECs. The pilot will begin by covering 60 percent of the new capacity requirement. The contractual arrangements will be capable of fully financing the installation of solar energy systems through the value of avoided electricity expenditures and the SREC revenues over time, replacing the previous use in New Jersey of upfront rebates to help pay for solar investments. To maintain a targeted payback of approximately 10 years, the Board has increased the Solar Alternative Compliance Payment levels that electric suppliers and providers must pay if they do not meet their SREC purchase obligation, thereby potentially increasing the market value of SRECs. The qualification life for a SREC will be 15 years and solar systems are projected to have a useful life of at least 25 years.

With more than 3,100 solar installations statewide representing almost 57 megawatts of solar capacity, New Jersey is one of the fastest growing solar energy markets in the United States. The Garden State also is the second largest in terms of installed capacity and in number of installations, and is the first in the world to adopt the use of SRECS to help finance solar projects on a broad scale.

“We cannot afford to subsidize the amount of solar installations that we would want today,” said NJBPU Commissioner Frederick Butler. “The State simply cannot support that cost. However, in 10 years – just like the transformation of the markets for computers and cell phones – if we help to grow this industry in a cost competitive manner, we will see a similar success story.”

"Our ultimate goal is to realize a market-based system, and we are confident that after this interim stage, it will indeed occur," said NJBPU Commissioner Joseph Fiordaliso. "This plan will ensure that competition prevails."

Under the SREC program, anyone who installs a solar system connected to the distribution system serving New Jersey earns a certain number of SRECs based on how much electricity their system produces over the year. They may sell or trade these certificates to electricity suppliers, who are required to buy and retire a certain amount of SRECs each year in order to comply with the state’s RPS goals. Other buyers may also purchase SREC’s in a voluntary market.

“We recognize that small solar systems and the solar installers supplying this market would need additional support as the state transitions to a more market based approach and determined that the NJBPU would continue to provide rebates for smaller solar systems for a minimum of the next four years,” said NJBPU Commissioner Nicholas Asselta.

“The upfront rebate system the Board previously implemented to build solar systems could have quickly have approached \$1 billion annually in order to meet the solar RPS,” noted NJBPU Commissioner Elizabeth Randall. “For this reason, the NJBPU modified the system to deliver the incentives in a more cost effective manner and at a lower annual cost to the ratepayer while still meeting the increasing solar RPS.”

The revised 2008 solar budget is \$191 million. For more information about incentives and programs offered through *New Jersey’s Clean Energy Program*, visit [www.njcleanenergy.com](http://www.njcleanenergy.com) or call 1-866-NJSMART (1-866-657-6278).

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*About the New Jersey Board of Public Utilities (NJBPU)*

*The New Jersey Board of Public Utilities is a state agency and regulatory authority mandated to ensure safe, adequate, and proper utility services at reasonable rates for New Jersey customers. Critical services regulated by the NJBPU include natural gas, electricity, water, wastewater, telecommunications and cable television. The Board has general oversight responsibility for monitoring utility service, responding to consumer complaints, and investigating utility accidents. To find out more about the NJBPU, visit our web site at [www.nj.gov/bpu](http://www.nj.gov/bpu).*

*About the New Jersey Clean Energy Program*

*New Jersey's Clean Energy Program, established on January 22, 2003, in accordance with the Electric Discount and Energy Competition Act (EDECA), provides financial and other incentives to the State's residential customers, businesses and schools that install high-efficiency or renewable energy technologies, thereby reducing energy usage, lowering customers' energy bills and reducing environmental impacts. The program is authorized and overseen by the New Jersey Board of Public Utilities (NJBPU), and its website is [www.njcleanenergy.com](http://www.njcleanenergy.com).*