

**plus one degree program established pursuant to P.L. 2018, c. 144, in which case the student shall be eligible for a scholarship under the NJ STARS II Program for up to three terms.** Payments are only made for fall and spring terms. The student’s eligibility will be determined during the first eligible term of enrollment at a participating institution. In order to qualify for this scholarship, a student must:

1. (No change.)
2. Have graduated from a New Jersey county college with an associate degree as a funded or non-funded NJ STARS scholar with at least a 3.25 cumulative grade point average or was eligible for but did not receive an NJ STARS scholarship because the student was enrolled in college courses while in high school and received an associates degree with at least a 3.25 cumulative grade point average in accordance with a joint program offered by the student’s school district and a county college.
  - i. Students who were **not enrolled in a three plus one degree program established pursuant to P.L. 2018, c. 144, and were NJ STARS scholars for their fifth semester of county college enrollment and enrolled in a sixth semester at the county college in a nursing or engineering program are eligible for NJ STARS II, provided they meet the requirements for receipt of an NJ STARS II scholarship and graduate after the sixth semester[.];**
  - ii. **Students who were enrolled in a three plus one degree program established pursuant to P.L. 2018, c. 144 must have been a funded or non-funded NJ STARS scholar in the sixth semester of county college enrollment to be eligible for NJ STARS II;**

3. Be enrolled full-time, or part-time if the student received an exemption from the full-time course requirement pursuant to (a)5iii below, in a baccalaureate degree program at a participating institution no later than the second eligible term immediately following the student’s attainment of an associate degree, unless enrollment is delayed due to the illness of the student or a member of the student’s immediate family or because of a family emergency, which medical or emergency exception shall have been approved by the Authority, or unless called to partial or full mobilization for State or Federal active duty as a member of the National Guard or a Reserve component of the Armed Forces of the United States;

4. (No change.)
5. Maintain continuous enrollment in a full-time course of study at a participating institution unless:
  - i. **The student is** on medical leave due to the illness of the student or a member of the student’s immediate family or on emergency leave because of a family emergency, which medical or emergency leave shall have been approved by the participating institution prior to completion of the term for which leave is being granted; [or unless]
  - ii. **The student is** called to partial or full mobilization for State or Federal active duty as a member of the National Guard or a Reserve component of the Armed Forces of the United States[.];
  - iii. **The student receives an exemption from the full-time course of study requirement by enrolling part-time and:**
    - (1) **Provides the participating institution with a written note from a physician or other licensed health care professional indicating the student’s need to take a reduced number of credits due to a physical or mental health condition; or**
    - (2) **Provides the participating institution with documentation to verify the death of the student’s parent or spouse in the current or previous semester. Acceptable documentation includes, but is not limited to, a copy of the obituary listing the student as the child or spouse, or a copy of the death certificate along with a copy of the birth certificate or marriage certificate.**

(b) **A student enrolled part-time pursuant to (a)5iii above shall receive an additional semester of NJ STARS II eligibility for each semester the student receives an exemption from the full-time course of student requirement, not to exceed four additional semesters.**

- (b)(c) (No change in text.)
- 9A:9-11.7 Amount of the scholarship
- (a) A scholarship under the NJ STARS II Program shall be applied toward the cost of tuition, or in the case of a student who receives a Tuition Aid Grant, toward the cost of tuition and approved fees, subject to the prior application of other State and Federal grants and scholarships against

such costs for an eligible student enrolled in a full-time course of study at a participating institution. A scholarship shall be paid to the participating institution an amount up to \$1,250 per term. The cost of the scholarship shall be paid 100 percent by the State.

**1. A scholarship under the NJ STARS II Program for students enrolled part-time shall be prorated against the full time NJ STARS II awards as follows:**

- i. **An eligible student enrolled for six to eight credits shall receive one-half of the value of the full-time award;**
- ii. **An eligible student enrolled for nine to 11 credits shall receive three-quarters of the value of the full-time award; and**
- iii. **Total NJ STARS II payments shall not exceed \$5,000 for a student.**

(b)-(c) (No change.)

## PUBLIC UTILITIES

### (a)

#### BOARD OF PUBLIC UTILITIES Renewable Energy and Energy Efficiency Proposed Amendment: N.J.A.C. 14:8-2.4

Authorized By: New Jersey Board of Public Utilities, Joseph L. Fiordaliso, President, Mary-Anna Holden, Dianne Solomon, Upendra J. Chivukula, and Robert M. Gordon, Commissioners.  
Authority: N.J.S.A. 48:2-1 et seq., in particular 48:2-13, 48:3-51, and 48:3-87.

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

BPU Docket Number: QX19060720.  
Proposal Number: PRN 2019-134.

Comments may be submitted through November 15, 2019, by email in Microsoft Word format, or in a format that can be easily converted to Word, to [rule.comments@bpu.nj.gov](mailto:rule.comments@bpu.nj.gov), or on paper to:

Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
ATTN: BPU Docket Number: QX19060720  
44 S. Clinton Ave., 3rd Floor, Suite 314  
PO Box 350  
Trenton, NJ 08625-0350

**Please take notice** that the Board of Public utilities (“BPU” or “Board”) recognizes that there may be market implications incident to the proposed 5.1 percent calculation methodology contained herein. The Board is committed to providing an open and transparent public dialogue, prior to the termination of the Solar Renewable Energy Certificate (SREC) registration program, on whether Board action is necessary to ensure that the solar market in New Jersey continues to remain healthy.

The agency proposal follows:

#### Summary

The Board is proposing amendments at N.J.A.C. 14:8-2.4 to conform the existing rules to certain provision of P.L. 2018, c. 17 (“Clean Energy Act” or “Act”). The Act made several changes to the Renewable Portfolio Standard (RPS) to provide for an orderly and transparent mechanism that will result in the closing of the existing solar renewable energy certificate (SREC) Registration Program (“SREC Program” or “SRP”) on a date certain but no later than June 1, 2021. Once it has determined that 5.1 percent of the kilowatt-hours sold in the State by each electric power supplier and each basic generation provider are generated by solar electric generation facilities connected to the distribution system (5.1% Milestone), the Board shall close the SREC Program. No later than 24 months after the date of enactment of the Clean Energy Act, the Board must complete a study that evaluates how to modify or replace the SREC Program to encourage the continued efficient and orderly development of solar renewable energy generating sources throughout the State.

On October 29, 2018, the Board issued an order addressing the provisions reducing the SREC term or Qualification Life (QL) for solar facilities to reduce the QL to 10 years for all applications submitted after October 29, 2018, the effective date of the order, and directed staff to initiate a rulemaking on this matter.

On February 27, 2019, the Board issued another order finding that the Legislature intended to limit access to the SREC market upon the attainment of the 5.1% Milestone. The Board also clarified in the February 27, 2019 Order that certain solar projects in the SRP pipeline that have not commenced commercial operations at the time the State reaches the 5.1% Milestone may not be eligible to participate in the SREC market.

Based on the monthly reports generated by the SRP, current estimates of installed capacity and consumption over a rolling 12-month period ending in the previous month, and solar facilities that have achieved commercial operation and that are in the pipeline, staff anticipates that the 5.1% Milestone will be reached on or about June 2020. Staff will provide quarterly forecasts on the status of the 5.1% Milestone until it appears that this milestone will be reached within six months, and will provide monthly forecasts thereafter. The Board will terminate the SREC Program to new registrations immediately following staff's determination that the 5.1% Milestone has been reached. No new projects will be certified after the Board determines that the 5.1% Milestone has been reached. To this end, the Board proposes the following amendments.

At N.J.A.C. 14:8-2.4(b)6, the Board proposes how it will announce the State's attainment of the 5.1% Milestone for closure of the SRP and the elements included in the Board's determination that 5.1 percent of retail electricity sales have been attained from solar electric generation facilities.

At N.J.A.C. 14:8-2.4(b)6i, ii, and iii, the Board proposes the variables and methodology to be used to calculate the 5.1 percent attainment milestone.

At N.J.A.C. 14:8-2.4(b)7 and (b)7i, the Board addresses the SREC eligibility criteria for each class of SRP registrant following the Board's determination that the 5.1% Milestone has been met.

At N.J.A.C. 14:8-2.4(b)7ii, the Board proposes to clarify that solar facilities that have submitted a complete registration or application for designation or conditional certification on or before October 29, 2018, but have not commenced commercial operations prior to the 5.1% Milestone may be eligible for a 15-year SREC qualification life subject to its maintaining all other eligibility requirements. A solar facility that submitted a complete registration or application for designation or conditional certification after October 29, 2018, shall not be eligible for SRECs.

At N.J.A.C. 14:8-2.4(b)7iii, the Board proposes to provide that the commencement of commercial operations shall be determined by the date on which the electric distribution company grants the facility permission to operate or the date of the PJM Interconnection LLC interconnection approval process.

At N.J.A.C. 14:8-2.4(b)7iv, the Board proposes to codify the statutory requirement that termination of the SRP shall occur no later than June 1, 2021.

At N.J.A.C. 14:8-2.4(h)4i, the Board proposes to reiterate that SREC eligibility conditions are established at N.J.A.C. 14:8-2.4(b)7.

At N.J.A.C. 14:8-2.4(h)4ii, the Board proposes to clarify that projects that are net metered, provide on-site generation, or provide power for a qualified customer engaged in aggregated net metering and that are conditionally registered after August 7, 2019, will be subject to the conditions set out in N.J.A.C. 14:8-2.4(b)6, as proposed for amendment, and will not be granted a full 12-month SRP and may not be offered an extension.

At N.J.A.C. 14:8-2.4(h)4iii, the Board proposes that projects that applied to the Board for approval, conditional approval, or conditional certification after October 29, 2018, may not be granted a full 24-month SRP and may not be offered an extension.

At N.J.A.C. 14:8-2.4(i), the Board proposes that projects conditionally registered after December 31, 2018, such that an expiration date falls after December 31, 2019, may not be granted a full six-month extension and that the conditional approval may terminate after the attainment of the 5.1% Milestone.

At N.J.A.C. 14:8-2.4(r), the Board proposes to clarify that the Clean Energy Act grid supply escrow requirements, ordered by the Board at its October 29, 2018 and February 27, 2019 agenda meetings, apply only to the class of grid supply projects required to file an application for designation.

At N.J.A.C. 14:8-2.4(s), the Board proposes to clarify the eligibility criteria for a 10-year SREC life after the attainment of the 5.1% Milestone, first ordered by the Board during its October 29, 2018 and February 27, 2019 agenda meetings.

The Board has provided a 60-day comment period on this notice of proposal. Accordingly, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

#### **Social Impact**

The proposed amendments to the RPS rules governing the qualification life of solar generation facilities at N.J.A.C. 14:8-2.4 will have a positive social impact on the State's solar industry by enabling continued growth in a sustainable manner. These proposed amendments will also have a positive social impact on New Jersey ratepayers by providing greater clarity and certainty to the solar industry, which is necessary to maintain a robust and growing solar energy portfolio in the State while ultimately reducing the overall financial burden on ratepayers.

#### **Economic Impact**

The proposed amendments will close the SREC Registration Program upon the share of solar electricity generation's attainment of 5.1 percent of the State's total retail sales. The current SREC Program is also believed to be excessively costly to ratepayers by providing SREC values that oversubsidize large scale projects leading to boom and bust cycles of development. The evaluation of alternatives within 24 months of the date of enactment is envisioned to result in a successor initiative leading to more efficient, less costly, and orderly solar development.

#### **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 exceeding any Federal standards or requirements to include in the rulemaking document a Federal standards analysis. The solar, class I, and class II rules have no Federal analogue and are 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 incorporates or refers to Federal law, standards, or requirements. Accordingly, a Federal standards analysis is not required for the proposed amendments.

#### **Jobs Impact**

The proposed amendments to close the SREC Registration Program is anticipated to provide a net positive impact to jobs in the State's solar industry as a successor initiative is intended to continue new solar development at lower costs to ratepayers.

#### **Agriculture Industry Impact**

The proposed amendments, which will update the rules to bring them into compliance with P.L. 2018, c. 17, are not anticipated to have a significant impact upon the agricultural industry. The changes to the SREC Registration length and to the availability of extensions will affect the industry's electricity costs, if at all, only slightly and indirectly; solar energy is not a significant percentage of the energy generation relied upon in the State and energy costs in their entirety are only one of many factors that affect agricultural costs.

#### **Regulatory Flexibility Statement**

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 full-time employees. The proposed amendments do not impose additional reporting, recordkeeping, or other compliance requirements on small businesses operating renewable electric generation facilities in New Jersey or in the rest of the PJM region. Accordingly, no regulatory flexibility analysis is required.

#### **Housing Affordability Impact Analysis**

The proposed amendments will have an insignificant impact on the affordability of housing in New Jersey and will not evoke a change in the average costs associated with housing, because the proposed amendments

address only incentives for renewable energy generation and do not affect housing prices or the housing market.

#### Smart Growth Development Impact Analysis

Since the scope of the proposed amendments is limited to the SREC market, the proposed amendments will have no impact on smart growth in New Jersey. It is unlikely that the proposed amendments would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey.

#### Racial and Ethnic Community Criminal Justice and Public Safety Impact

The Board has evaluated this rulemaking and determined that changes in solar incentives will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

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

### SUBCHAPTER 2. RENEWABLE PORTFOLIO STANDARDS

14:8-2.4 Energy that qualifies for an SREC; registration requirement; additional approval, designation, and certification processes for grid supply projects; termination of registration program

(a) (No change.)

(b) To be eligible for issuance of an SREC usable for compliance with this subchapter, electricity shall:

1.-5. (No change.)

6. No new SREC registration program submittal shall be accepted following a determination by the Board that 5.1 percent of the kilowatt-hours sold in the State by each electric power supplier and each basic generation provider comes from solar electric power generators connected to the State's electric distribution system has been attained. **The Board shall announce the State's attainment of the 5.1 percent milestone when the installed solar capacity reported through New Jersey's Clean Energy Program (NJCEP) is estimated to have produced 5.1 percent of the retail electricity sales estimated to have been sold over the previous 12 months. Starting in March 2020, the Board shall report no later than the last business day of each month the estimated solar electricity generated over the previous 12 months. The trailing 12 months of solar electricity generated shall be estimated by multiplying the latest NJCEP-supplied figure on cumulative installed solar capacity for the previous 12 months by a corresponding solar output factor for each month. The solar output factor is an estimate of solar MWh output from one MWdc of capacity. Board staff shall produce, based upon stakeholder input, an estimate of solar electricity in MWh expected energy output from one MWdc of installed solar capacity representative of the fleet of New Jersey solar installations. An estimate of retail electricity sold in the previous 12 months shall be calculated from data supplied by PJM-EIS GATS for load served adjusted for distribution line losses through a factor based upon stakeholder input. The Board's monthly report on estimated solar electricity generated as a percent of estimated retail sales shall include the variables and methodology used for calculation, which will include:**

[i. Termination of SREC registration program shall occur no later than June 1, 2021.]

i. An estimate of the trailing 12 months of solar electricity generated, based upon:

(1) The monthly cumulative installed solar capacity reported to the SREC Registration program; and

(2) The solar output factors for each of the previous 12 months and how they were derived;

ii. An estimate of retail electricity sold and how it was calculated from PJM-EIS GATS load served, including the distribution line loss factor and its derivation; and

iii. The resulting equation and the figure it produces.

7. Following a report that 5.1 percent of retail sales were attained from solar electric generation or that attainment of 5.1 percent of

retail sales from solar electric generation is imminent within the next month, the Board shall authorize:

i. Solar facilities registered in the SRP pipeline described in (p) below to be eligible for SRECs if:

(1) A solar facility commenced commercial operations prior to the 5.1 percent milestone attainment and had submitted a complete registration or application for designation or conditional certification on or before October 29, 2018. Such a facility shall be eligible for the 15-year SREC qualification life; or

(2) A solar facility commenced commercial operations prior to the 5.1 percent milestone attainment and had submitted a complete registration or application for designation or conditional certification after October 29, 2018. Such a facility shall be eligible for the 10-year SREC qualification life;

ii. Solar facilities registered in the SRP pipeline described in (p) below that have not commenced commercial operations prior to the 5.1 percent milestone attainment to have their eligibility determined as follows:

(1) Such a solar facility, if it submitted a complete registration or application for designation or conditional certification on or before October 29, 2018, may be eligible for a 15-year SREC qualification life subject to its maintaining all other eligibility requirements; or

(2) Such a solar facility, if it submitted a complete registration or application for designation or conditional certification after October 29, 2018, shall not be eligible for SRECs;

iii. The commencement of commercial operations shall be determined by the date on which the electric distribution company grants the facility permission to operate as referenced in N.J.A.C. 14:8-5 or the date the facility is granted permission to operate through PJM Interconnection LLC; and

iv. Termination of the SREC registration program shall occur no later than June 1, 2021.

(c)-(g) (No change.)

(h) Registration of a solar electric generating facility requires completion of the following process:

1.-3. (No change.)

4. If the solar facility as described in the initial registration package meets SREC eligibility requirements, Board staff shall issue notice to the registrant of a conditional registration for the facility. The notice of the conditional registration shall:

i. State that, if the solar facility is constructed as described in the initial registration package, Board staff will issue a New Jersey State Certification Number for the solar facility upon construction completion and inspection **subject to conditions referenced in (b)7 above**; and

ii. Include an expiration date 12 months after the date of the notice for facilities that are net metered, provide on-site generation, or provide power for a qualified customer engaged in aggregated net metering [or an expiration date 24 months after the effective date of Board approval, designation, or conditional Board certification where Board approval, designation, or conditional certification is required]. **Subject to the date of the Board's determination on the State's attainment of the 5.1 percent milestone, facilities that are registered after August 7, 2019, may not be granted a full 12-month registration length and may not be eligible for an extension; and**

iii. Include an expiration date 24 months after the effective date of Board approval, designation, or conditional certification for solar electric generation facilities where Board approval, designation, or conditional certification is required. **Subject to the Board's determination on the State's attainment of the 5.1 percent milestone, projects that applied to the Board for approval, conditional approval, or conditional certification after October 29, 2018, may not be granted a full 24-month registration length and may not be offered an extension; and**

5. (No change.)

(i) Construction of the solar electric generating facility shall be **subject to the qualifications at (b)7 above and shall be completed prior to expiration of the conditional registration. The registrant for facilities that are net metered, provide on-site generation, or provide power for a qualified customer engaged in aggregated net metering, and which received conditional registration before December 31, 2018, may**

request one extension prior to the expiration of the conditional registration, and shall include an updated schedule for completion. Except for registrations submitted for projects approved or conditionally approved for designation as “connected to the distribution system” under (g) above, Board staff may authorize one extension of the project’s registration on a case-by-case basis, based on the likelihood of timely and successful completion of the solar facility. An extension shall provide a new expiration date, six months from the expiration of the original conditional registration. **A project that is provided conditional registration after December 31, 2018, such that it has an expiration date falling after December 31, 2019, may not be granted the full six-month extension. The conditional registration of such a project may end when the Board has determined that the 5.1 percent milestone has been attained.** If the conditional registration, or extension, expires before construction is complete, the registrant shall begin the entire registration process again by submitting an initial registration package. Board staff shall treat the new registration package as if it were a first-time submittal, with no reference to the previous registration process. Facilities that require approval or certification by the Board, other than those requiring approval of designation under (g) above, must seek extensions of the conditional registration expiration date directly by application to the Board, unless otherwise directed by the Board. Registrants who file after failure to complete during the initial 18 or 24 month registration period shall not be subject to the penalty set out at (e) above if the Board finds that the failure to complete within time was reasonable. **If these projects were provided conditional certification after October 29, 2018, they may not be granted a full 24 month registration length to complete the project and may not be offered an extension.**

(j)-(q) (No change.)

(r) The Board shall approve, conditionally approve, or disapprove any application for designation as connected to the distribution system of a solar electric power generation facility filed with the Board after May 23, 2018, the date of enactment of P.L. 2018, c. 17 (N.J.S.A. 48:3-87.8 et seq.), no more than 90 days after receipt by the Board of a completed application. For any such application for a project greater than 25 kilowatts, the Board shall require the applicant to post a notice escrow with the Board in an amount of \$40.00 per kilowatt of DC nameplate capacity of the facility, not to exceed \$40,000. The notice escrow amount shall be reimbursed to the applicant in full upon either denial of the application by the Board or upon commencement of commercial operation of the solar electric power generation facility. The escrow amount shall be forfeited to the State if the facility is designated as connected to the distribution system pursuant to this subsection but does not commence commercial operation within two years following the date of the designation by the Board. **This escrow requirement only applies to the class of grid supply projects required to file an application for designation.**

[(s) The SREC term shall be 10 years for all applications for designation as connected to the distribution system of a solar electric power generation facility filed with the Board after May 23, 2018, the date of enactment of P.L. 2018, c. 17 (N.J.S.A. 48:3-87.8 et seq.).]

**(s) The qualification life shall be 10 years for all solar generation projects for which the Board receives a complete registration or application for designation as connected to the distribution system or conditional certification after October 29, 2018, which achieves commercial operation prior to attainment of the 5.1 percent milestone, and which is otherwise eligible for conditional registration.**