

For Release: Immediate
Tuesday, January 17, 2012

Contact: *Alise Roderer*
(609) 847-3700

SMITH BILL TO ENSURE FAIRNESS FOR ON-SITE ENERGY PRODUCERS BECOMES LAW

Law Prohibits Price Gouging for Stand-By Power When On-Site Energy Equipment Fails

TRENTON – Legislation sponsored by Senator Bob Smith that requires the Board of Public Utilities (BPU) to study and establish rules and regulations relating to the fees charged by electric utility companies to offer back-up power to facilities that produce electricity on-site was signed into law today.

“On-site, distributed generation facilities that are producing and supplying power for their own use are being charged fees by energy utility companies for the ability to plug into the grid if necessary,” said Senator Smith (D-Middlesex). “While these facilities may never use power from the utility companies, they are in essence being punished for creating and using a more efficient, reliable, secure and environmentally-sound alternative. We must reevaluate the current system that energy utility companies are using to charge fees to these companies who are proactively decreasing their reliance on an already congested grid.”

The law (S-2971/A-2872) requires the BPU to conduct a study to determine the effect of distributed generation energy – energy generated and consumed on-site typically at factories, universities or hospitals – on the energy market, including whether these on-site energy producers provide cost savings for electric public utilities. The BPU will also be required to establish criteria to fix the rates that energy utilities may charge facilities for standby charges. These facilities generally use power and electricity they have produced on-site; however, when they are not able to produce the electricity needed, they must purchase power from the public utility. The public utility companies typically charge the on-site facility a standby charge to make energy available to these customers as a fall back.

The bill passed the Senate last week with a vote of 35-1 and the Assembly in June with a vote of 78-0.