

For Release: Immediate
Tuesday, June 26, 2012

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SMITH & SWEENEY BILL TO STABILIZE NEW JERSEY SOLAR MARKET RECEIVES FINAL LEGISLATIVE APPROVAL

TRENTON – Legislation sponsored by Senator Bob Smith and Senate President Steve Sweeney that would stabilize New Jersey’s solar market, encourage development of solar installations in the state, and provide a boost in solar-related jobs was approved yesterday by the General Assembly, receiving final legislative approval.

“New Jersey has become an international leader in solar energy production – making it a great growth field at a time when many industries are struggling,” said Senator Smith, D-Middlesex and Somerset. “This energy source has not only brought great jobs into the state, but has also provided New Jerseyans with a clean, domestically-produced energy source. This legislation will bring stability to the solar market – which has seen extreme swings in the price of solar credits – to avoid slowing of future development, while keeping costs down for electric ratepayers.”

“The boom in the solar industry brought good-paying construction and installation jobs into the state,” said Senate President Steve Sweeney, D-Gloucester, Cumberland and Salem. “These cutting-edge green jobs have become one of our saving graces during these tough fiscal times, and the industry has thrived when many other businesses were struggling. With the free-fall of solar credit prices, there is a real fear that consumers will stop buying and installing solar systems and these jobs will disappear. This legislation will continue to incentivize these consumers, reenergize the green sector jobs market and provide New Jerseyans with a clean source of energy.”

The bill, S-1925, would alter the multi-year schedule which dictates the amount of solar energy that electric energy suppliers must purchase each year.

New Jersey, which is second in the nation in solar energy production, has seen a boom-and-bust in solar energy development in the past few years. According to Flett Exchange, an energy brokerage firm, the price of solar renewable energy certificates (SRECs) – or certificates representing one mega-watt-hour of electricity generated from a solar energy installation, whether it is a household rooftop panel or a solar farm – reached an all time high of nearly \$700, only to plummet to its lowest rate of under \$90 earlier this year, as new solar installations have flooded the market.

The Senators note that by increasing the demand for solar energy by increasing the amount that the energy companies must purchase, the state can continue to encourage development of solar installations and provide new life to the solar job market that includes both manufacturing and installation in New Jersey. According to the Mid-Atlantic Solar Energy Industries Association, there are more than 10,000 New Jerseyans working in the solar industry.

“Solar and renewable energy production is key to powering the future economy here in the Garden State,” said Senate President Sweeney. “With thousands of New Jerseyans already working in the green economy jobs sector, and many more entering the field to construct and install solar installations, it is imperative that we stabilize the market to protect and secure these jobs.”

The bill would also create a de facto cost ceiling schedule on the price of SRECs starting with \$339 per certificate in energy year 2014 in order to keep the purchasing price of the SRECs reasonable so that energy suppliers will not have to pass on booming SREC costs to the ratepayers.

The bill would allow for state entities, school districts, counties and municipalities to aggregate net-meter. Currently, a solar installation can only produce power for the building it is attached to and then receive SRECs for additional energy produced that has been pushed back into the energy grid. By aggregate net-metering, school districts, counties, municipalities, and state entities can receive credits for this overage of energy produced by its solar panels to pay for energy used by non-connected buildings under their jurisdiction. Senator Smith and Senate President Sweeney note that

this will help municipalities keep their energy costs low, which in turn will affect their overall budgets and avert future property tax increases.

“Through the creation of an aggregate net-metering process, this legislation will provide additional ways for counties and municipalities to reduce their electric and energy costs and to save money,” said Senator Smith. “This innovative plan – which will allow public entities to use credits from solar installations attached to one building in their community to pay for energy bills in other buildings and facilities in their community – will save money that will be directly reflected in municipal and county budgets.”

Finally, the bill would provide an oversight provision to review solar installations that are not net-metered, but still wish to receive SRECs. An example of a net-metered site is a house, office or other facility that generates electricity via solar equipment for its own use, with the surplus electricity fed back into the electric grid to earn credit. Non-net-metered sites produce electricity directly into the grid, and do not use electricity produced by solar equipment for the facility’s use. An example of a non-net-metered site would be a power station or large-scale solar farm.

The bill would provide that the first 80 megawatts of grid supply solar projects to be installed during each of the energy years of 2014 to 2016 (June 2013 to May 2016) would not require New Jersey Board of Public Utility (BPU) oversight. Any project over that first 80 megawatts, no matter the size of the individual project, would require BPU approval which would be determined based on the project’s effect on the statewide SREC market, the environmental impact of building the installation and the benefit to electric rates and economic development. After energy year 2016, all non-metered solar installations would require BPU approval. Solar installations built on brownfield remediation sites and landfills would not be required to receive BPU approval.

The bill now heads to the Governor’s desk.