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SMITH AND SWEENEY BILL TO STABILIZE NEW JERSEY SOLAR MARKET BECOMES LAW

TRENTON – Legislation sponsored by Senator Bob Smith and Senate President Steve Sweeney to stabilize New Jersey's solar market, encourage development of solar installations in the state, and provide a boost in solar-related jobs was signed into law today.

"While New Jersey has made many great achievements in solar production and installation over the years, recently there has been a free-fall in solar energy certificate prices that could have had the real potential to cause devastating effects to the industry," said Senator Smith, D-Middlesex and Somerset. "With the signing of this law, we will bring stability to the market, increase our use of a clean, domestically-produced energy source and ensure the continuation of manufacturing and installation jobs for many New Jersey residents, while keeping the costs down for electric ratepayers."

"This law is vital to the continued success of the state's solar market and in ensuring that the good-paying construction and installation jobs created by the solar industry stay in New Jersey," said Senate President Sweeney, D-Gloucester, Cumberland and Salem. "There is great economic potential in growing this industry here in the Garden State and this law will help to attract more investment in the industry and ultimately provide more jobs for New Jersey's workers. That is what this measure is really about – supporting quality, good-paying jobs for New Jersey's workers."

The law, S-1925, alters 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 cycle 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.

The law also creates a declining 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 law allows for state entities, school districts, counties and municipalities to aggregate net-meter solar power. Previously, a solar installation could 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 their solar panels to pay for energy used by non-connected buildings under their jurisdiction. Senator Smith and Senate President Sweeney note that this innovative approach will help municipalities keep their energy costs low, which in turn will affect their overall budgets and avert future property tax increases.

Finally, the law provides New Jersey Board of Public Utility (BPU) oversight on solar installations that are not net-metered – otherwise known as grid supply – but still wish to receive SRECs. The

law provides 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 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 grid supply solar installations will require BPU approval. Solar installations built on brownfield remediation sites and landfills will not be required to receive BPU approval.

The legislation was approved in the Senate in May and in the General Assembly in June.