

New Jersey Solar Transition

Introduction to Staff's Straw Proposal:
2019/2020 Transition Incentive



Background on New Jersey's Solar Transition

The Straw Proposal is designed to implement the Clean Energy Act:

- SREC Registration closure at 5.1%;
- Replace/modify SREC Registration no later than June 2021;
- Costs stay below the cost cap at 9% through EY21 and 7% thereafter; and
- Complies with the efficient and orderly transition outlined in Staff's solar transition principles in December 2018 and April 2019 Straw Proposals

Input on New Jersey's Solar Transition

Staff seeks public comment on:

- A Transition Incentive to bridge between the Legacy SREC program and a Successor Incentive Program
- Options or alternative pathways to serve a limited universe of projects with a Transition Incentive

Staff's Proposal

- **Summary:** A Transition Incentive (TI) RPS with Transition RECs (TRECs), Factorization, and Options for Consideration
- Proposal is based on:
 - Solar consultant's analysis;
 - June 14 Stakeholder feedback on alternative models;
 - Data from SRP installed and pipeline capacity and costs;
 - Survey of New Jersey installers, and;
 - Other state experience.

Transition Incentive Renewable Portfolio Standard (TI-RPS)

Compliance Entities:

- **Option 1:** Obligation placed on TPS/BGS Providers
 - Demand Obligation = % of retail sales
 - Demand set at anticipated supply
- **Option 2:** Obligation placed on the EDCs
 - EDCs jointly procure all offered TRECs

A Transition Renewable Energy Certificate (TREC)

Valuation Option 1:

- A market-based TREC priced upon supply, demand, a TI-ACP, and perhaps an EDC Buyer of Last Resort

Valuation Option 2:

- A fixed-price TREC, with the price established by the Board and based upon the financial prospective of various type of installations; costs - revenues = gap analysis.

Factorization – Four TREC Categories/Values

- Preferred siting: Subsection t., rooftop and carport
- Community solar
- Ground-mounted, grid supply
- Net metering less than 25 kW
- Each given distinct fixed prices or values in satisfying TI-RPS compliance based upon Compliance Entity Option chosen

Eligibility Options

Option 1:

- All projects in SRP pipeline at 5.1% attainment

Option 2:

- Close the SRP to new registrations now
 - Establish new TI pipeline, and
 - Join the new TI pipeline with the remaining SRP pipeline at 5.1% attainment

TREC Terms

Terms will depend upon compliance option chosen:

If market-based:

- TREC useful life of 3 years
- Facility qualification life of 15 years,

If fixed-price:

- TREC useful life of 2 years
- Facility qualification life of 10 years

Overall Process Timing

- **First Stakeholder Meeting:** August 28
- **Second Stakeholder Meeting:** September 4
- **Comments due:** September 6
- Board Order to be considered at an upcoming Agenda meeting
- Staff will reconvene stakeholders on the Successor Program in fall 2019

Stakeholder Meetings Details

Meeting #1

Date: August 28

Location: New Jersey War Memorial,
Trenton, NJ

Time: 10 a.m. – 2 p.m.

Meeting #2

Date: September 4

Location: Cook College Student Center,
Rutgers, New Brunswick, NJ

Time: 10 a.m. – 2 p.m.

Written comments are due by **September 6** to:

Aida Camacho-Welch, Secretary, NJBPU

or

electronically to solar.transitions@bpu.nj.gov in PDF or Microsoft Word format.

Questions?



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Thank you!



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