

**CHAPTER 8**

**RENEWABLE ENERGY AND ENERGY EFFICIENCY**

**Authority**

N.J.S.A. 48:2-13, 48:3-49 et seq., and 48:3-87

**Source and Effective Date**

R.2012 d.107, effective May 1, 2012.  
See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

**Chapter Expiration Date**

Chapter 8, Renewable Energy and Energy Efficiency, expires on May 1, 2019.

**Chapter Historical Note**

Chapter 8, Railroads, was recodified as 16:23 by R.1995 d.278, effective June 5, 1995. See: 27 N.J.R. 1155(a), 27 N.J.R. 2247(a).

Chapter 8, Renewable Energy and Energy Efficiency, was adopted as new rules by R.2006 d.178, effective May 15, 2006. As a part of R.2006 d.178, Subchapter 2, Interim Renewable Energy Portfolio Standards, was recodified from N.J.A.C. 14:4-8 and renamed Subchapter 2, Renewable Portfolio Standards. See: 37 N.J.R. 3911(a), 38 N.J.R. 2176(a).

Subchapter 8, Standard Offer Contracts, was adopted as new rules by R.2007 d.215, effective July 16, 2007. See: 39 N.J.R. 158(a), 39 N.J.R. 2652(a).

Subchapter 5, Appliance Efficiency, Certification, and Testing Standards, was adopted as new rules by R.2008 d.4, effective January 7, 2008. See: 39 N.J.R. 349(a), 40 N.J.R. 187(a).

Subchapter 3, Environmental Information Disclosure, and Subchapter 4, Net Metering and Interconnection Standards For Class I Renewable Energy Systems, were adopted as new rules by R.2008 d.130, effective May 19, 2008. See: 39 N.J.R. 1405(a), 40 N.J.R. 2526(a).

Subchapter 4, Net Metering and Interconnection Standards for Class I Renewable Energy Systems, was renamed Net Metering for Class I Renewable Energy Systems; Subchapter 5, Appliance Efficiency, Certification, and Testing Standards was recodified to Subchapter 7 and renamed Appliance Efficiency, Certification and Testing Standards; and Subchapter 5, Interconnection of Class I Renewable Energy Systems, was adopted as new rules by R.2010 d.010, effective January 4, 2010. See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Appendix H of Subchapter 3, Label Update and Distribution Timing Requirements, was repealed by R.2010 d.011, effective January 4, 2010. See: 41 N.J.R. 2212(a), 42 N.J.R. 76(a).

Subchapter 6, Qualified Offshore Wind Projects, was adopted as special new rules by R.2011 d.087, effective February 10, 2011 (to expire August 20, 2012). See: 43 N.J.R. 658(a).

Subchapter 3, Environmental Information Disclosure, and Subchapter 7, Renewable Energy and Energy Efficiency, expired on April 18, 2011.

In accordance with N.J.S.A. 52:14B-5.1b, Subchapter 1, Renewable Energy General Provisions and Definitions, Subchapter 2, Renewable Portfolio Standards, Subchapter 4, Net Metering for Class I Renewable Energy Systems Subchapter 5, Interconnection of Class I Renewable Energy Systems, and Subchapter 8, Standard Offer Contracts, were scheduled to expire on October 15, 2013. See: 43 N.J.R. 1203(a).

Subchapter 1, Renewable Energy General Provisions and Definitions, Subchapter 2, Renewable Portfolio Standards, Subchapter 4, Net Metering for Class I Renewable Energy Systems, Subchapter 5, Interconnection of Class I Renewable Energy Systems, and Subchapter 8, Standard Offer Contracts, were readopted as R.2012 d.107, effective May 1, 2012. As a part of R.2012 d.107, Subchapter 3, Environmental

Information Disclosure, was adopted as new rules, effective June 4, 2012. See: Source and Effective Date. See, also, section annotations.

Subchapter 6, Qualified Offshore Wind Projects, was readopted as R.2013 d.039, effective January 23, 2013. See: 44 N.J.R. 2102(a), 45 N.J.R. 336(a).

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## SUBCHAPTER 1. RENEWABLE ENERGY GENERAL PROVISIONS AND DEFINITIONS

**14:8-1.1 Applicability**

(a) This chapter applies to the following, as these terms are defined at N.J.A.C. 14:4-1.2 and 14:8-1.2:

1. Electric public utilities, also known as electric distribution companies or EDCs;
2. Electric power suppliers;
3. Basic generation service, or BGS, providers;
4. Renewable energy customer-generators; and
5. Clean power marketers.

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

In (a)1, inserted "electric distribution companies or"; and in (a)3, inserted "Basic generation service, or" and a comma following "BGS".

**14:8-1.2 Definitions**

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise. Additional definitions that apply to this chapter can be found at N.J.A.C. 14:3-1.1 and 14:4-1.2.

"Class I renewable energy" means electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells powered by renewable fuels, geothermal technologies, wave or tidal action, and/or methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner. Types of class I renewable energy that qualify for use in meeting the requirements of this subchapter are set forth at N.J.A.C. 14:8-2.5.

"Class II renewable energy" means electric energy produced at a resource recovery facility or hydro power facility, provided that such facility is located where retail competition is permitted and provided further that the Commissioner of Environmental Protection has determined that such facility meets the highest environmental standards and minimizes any impacts to the environment and local communities. Types of class II renewable energy that qualify for use in meeting the requirements of this subchapter are set forth at N.J.A.C. 14:8-2.6.

"Fossil fuel" means natural gas, petroleum, coal, or any form, of solid, liquid, or gaseous fuel derived from such material.

"Net metering" means a system of metering and billing for electricity in which the supplier/provider and/or the EDC:

1. Credits a customer-generator at the full retail rate for each kilowatt-hour produced by a class I renewable energy system installed on the customer-generator's side of the electric revenue meter, up to the total amount of electricity used by that customer during an annualized period determined under N.J.A.C. 14:8-5.3; and

2. Compensates the customer-generator at the end of the annualized period determined under N.J.A.C. 14:8-5.3 for any remaining credits, at a rate equal to the supplier/provider's avoided cost of wholesale power.

"NJDEP" means the New Jersey Department of Environmental Protection.

"Renewable energy" means class I renewable energy or class II renewable energy, as those terms are defined in this section.

"Societal benefits charge" or "SBC" means a charge imposed by an electric public utility, at a level determined by the Board, in accordance with N.J.S.A. 48:3-60.

"Solar electric generation" means creation of electricity using a system that employs solar radiation to produce energy that powers an electric generator. Solar electric generation includes technologies that utilize the photovoltaic effect. Solar electric generation is a type of class I renewable energy.

"Supplier/provider" means an electric power supplier or a basic generation service provider, as these terms are defined at N.J.A.C. 14:4-1.2.

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

In definition "Net metering", in the introductory paragraph, inserted "and billing for" and "the supplier/provider and/or", and in paragraphs 1 and 2, inserted "determined under N.J.A.C. 14:8-5.3".

**14:8-1.3 Enforcement**

(a) Failure to comply with any provision of this chapter shall subject the violator to the following penalties in accordance with the Board's regulatory and statutory authority:

1. Suspension or revocation of an electric power supplier's license and/or any other previously issued Board approval;
2. Financial penalties;
3. Disallowance of recovery of costs in rates; and
4. Prohibition on accepting new customers.

Changed internal references to conform to the recodification of provisions in (a) and (b); and deleted (d).

Amended by R.2009 d.266, effective September 8, 2009.

See: 40 N.J.R. 6759(a), 40 N.J.R. 6955(b), 41 N.J.R. 3309(a).

Rewrote (b).

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

Section was "Requirements that apply to both class I and class II renewable energy". In (a) and (b), substituted "for a" for "as" and "REC" for "renewable energy for the purposes of this subchapter"; in (a), inserted "applicable"; and in (c), substituted "as the basis for a REC usable for compliance with" for "to meet the requirements of".

#### 14:8-2.8 Using RECs and SRECs for RPS compliance

(a) A REC or SREC shall be used to meet New Jersey RPS requirements for specific energy years, based on the type of renewable energy upon which the REC or SREC is based, and the energy year during which the renewable energy was generated, as follows:

1. A class I REC or SREC based on energy generated on or after July 1, 2010 shall be used to comply with RPS requirements for any one of the following three energy years:
  - i. The energy year in which the underlying energy was generated; or
  - ii. Either of the two energy years immediately following the energy year in which the underlying energy was generated;
2. A class II REC shall be used only to comply with the RPS requirements for the energy year during which the underlying energy was generated;
3. An SREC based on energy generated before July 1, 2010 shall be used only to comply with the requirements of this subchapter for the energy year during which the underlying energy was generated, and/or the subsequent energy year; and
4. A class I REC based on energy generated before July 1, 2010 shall be used only to comply with the requirements of this subchapter for the energy year during which the underlying energy was generated.

(b) Once a REC or SREC has been used for compliance with this subchapter, the REC or SREC shall be permanently retired and shall not be used again.

New Rule, R.2004 d.151, effective April 19, 2004.

See: 35 N.J.R. 4445(a), 36 N.J.R. 2053(b).

Former N.J.A.C. 14:4-8.8, Penalties, recodified to N.J.A.C. 14:4-8.12.

Amended by R.2005 d.87, effective March 7, 2005.

See: 36 N.J.R. 1892(a), 37 N.J.R. 787(a).

In (c), rewrote the second sentence.

Recodified from N.J.A.C. 14:4-8.8 and amended by R.2006 d.178, effective May 15, 2006.

See: 37 N.J.R. 3911(a), 38 N.J.R. 2176(a).

Changed internal references to conform to the recodification of provisions; rewrote (a), (b) and (c); inserted present (d); and recodified former (d) as (e).

Special amendment, R.2008 d.175, effective May 23, 2008 (to expire November 23, 2009).

See: 40 N.J.R. 3751(a).

In (c)1, deleted "solar REC or" preceding "class"; added new (c)2; and recodified former (c)2 and (c)3 as (c)3 and (c)4.

Amended by R.2009 d.91, effective March 16, 2009.

See: 40 N.J.R. 3586(a), 41 N.J.R. 1261(a).

Rewrote (b); in the introductory paragraph of (c), substituted "An" for "A"; and incorporated the special amendments previously adopted as R.2008 d.175.

Public Notice.

See: 41 N.J.R. 1532(b).

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

Section was "Renewable Energy Certificates (RECs)". Deleted former (a) through (d); added new (a); recodified former (e) as (b); and rewrote (b).

#### Case Notes

For existing long-term contracts involving purchase of electricity produced with renewable energy, the initial owner of the New Jersey Board of Public Utilities-created Renewable Energy Certificates is the purchasing utility rather than the selling renewable energy producer. In re Ownership of Renewable Energy Certificates, 389 N.J. Super. 481, 913 A.2d 825, 2007 N.J. Super. LEXIS 5 (App.Div. 2007).

#### 14:8-2.9 Issuance of RECs and SRECs

(a) The Board has designated PJM-EIS GATS as the entity that issues class I RECs, class II RECs and SRECs for use in complying with this subchapter.

(b) The Board may issue an order discontinuing the designation of PJM-EIS GATS under (a) above, and/or approving use of RECs or SRECs issued by another entity for compliance with this subchapter. The Board shall post a notice of its intent to issue such an order at least 30 days prior to issuing the order, and may, in its discretion, choose to accept public comment on the notice.

(c) Beginning December 4, 2012, in measuring generation to determine the number of RECs or SRECs to issue, the Board or its designee shall accept only readings of a meter that records kilowatt-hour production of electrical energy, and which meets all applicable requirements at (c)1 and 2 below. The readings may be taken or submitted by any person, but shall be verified by the Board or its designee:

1. The American National Standards Institute (ANSI) Standard C12.1-2008, Electric Meters Code for Electricity Metering, incorporated herein by reference, as amended or supplemented; and

2. Any additional requirements in the PJM-EIS Generation Attribute Tracking System Operating Rules, Revision 6, September 2010; and the PJM-EIS Generation Attribute Tracking System Terms of Use, last modified on January 3, 2011; which are incorporated herein by reference, as amended and supplemented, and can be found at [www.PJM-EIS.com](http://www.PJM-EIS.com).

(d) The Board or its designee shall issue RECs and SRECs in whole units, each representing the environmental attributes of one megawatt-hour of electric generation.

(e) Electric generation qualifies for issuance of RECs or SRECs only if:

1. It is solar electric generation produced by a generating facility that is interconnected with an electric distribution system, as defined at N.J.A.C. 14:4-1.2, that supplies electricity to one or more end users located in New Jersey; or
2. It is class I renewable energy, other than solar electric generation, and one or more of the following requirements is met:
- i. The generating facility reports its generation electronically to PJM-EIS no less frequently than monthly, and complies with any additional requirements established by PJM;
  - ii. All of the following requirements are met:
    - (1) The generating facility reports its generation electronically no less frequently than monthly to an electric distribution company, as defined at N.J.A.C. 14:4-1.2, that is a member of PJM;
    - (2) The electric distribution company then provides the generator's report electronically no less frequently than monthly to PJM-EIS; and
    - (3) The generating facility complies with any additional requirements established by PJM-EIS; or
  - iii. The generating facility has the sale of the class I renewable energy settled in the PJM wholesale market.
- (f) If a generator has accumulated a fraction of a megawatt hour by the end of an energy year, the fraction may be carried over and combined with energy generated in a subsequent energy year in order to make a full megawatt hour that is eligible for a REC or SREC. In such a case, the combined energy shall be eligible for issuance of a REC or SREC only during the energy year in which accumulated generation reaches one full megawatt hour. Only a fraction of a megawatt hour shall be carried over.
- (g) The Board shall require submittal of information and certifications needed to enable the Board or its designee to verify the generation that forms the basis of the requested RECs. The Board shall require inspections, as appropriate, of generation equipment, monitoring and metering equipment, and other facilities relevant to verifying electric generation. The Board shall impose application fees, inspection fees and/or other charges for any work required to verify electric generation and issue RECs or SRECs.
- (h) The Board or its designee shall not issue a REC or SREC based on electric generation that has previously been used for compliance with this subchapter, or that has been used to satisfy another state's renewable energy requirements or any voluntary clean electricity market or program.
- (i) A customer-generator that is eligible for net metering owns the renewable attributes of the energy it generates on or after October 4, 2004, unless there is a contract with an express provision that assigns ownership of the renewable attributes.

The owner of a solar electric generation facility that is not eligible for net metering owns the renewable attributes of the energy it generates on or after March 16, 2009, unless there is a contract with an express provision that assigns ownership of the renewable attributes.

New Rule, R.2004 d.151, effective April 19, 2004.

See: 35 N.J.R. 4445(a), 36 N.J.R. 2053(b).

Amended by R.2005 d.87, effective March 7, 2005.

See: 36 N.J.R. 1892(a), 37 N.J.R. 787(a).

Rewrote (a) and (e).

Recodified from N.J.A.C. 14:4-8.9 and amended by R.2006 d.178, effective May 15, 2006.

See: 37 N.J.R. 3911(a), 38 N.J.R. 2176(a).

Rewrote the section. Former N.J.A.C. 14:4-8.9 heading was "Board issuance of solar RECs".

Special amendment, R.2008 d.175, effective May 23, 2008 (to expire November 23, 2009).

See: 40 N.J.R. 3751(a).

Rewrote (a); deleted and reserved (e); in (i), deleted "based on electricity generated on a customer-generator's premises" following "class I RECs"; added new reserved (f); recodified former (f) as (m); and in (m), substituted "A" for "In accordance with N.J.A.C. 14:8-4.3, a" in the first sentence and inserted the second sentence.

Amended by R.2009 d.91, effective March 16, 2009.

See: 40 N.J.R. 3586(a), 41 N.J.R. 1261(a).

In (d), substituted "an" for "a" preceding the first occurrence of "REC", deleted "and" preceding the first occurrence of "determines" and inserted "and determines that such a waiver would significantly advance the purposes expressed in N.J.A.C. 14:8-2.1(a)"; rewrote (h); rewrote (j); added new (l); in (m), substituted "March 16, 2009" for "May 23, 2008"; and made permanent the special amendments previously adopted as R.2008 d.175.

Public Notice.

See: 41 N.J.R. 1532(b).

Amended by R.2009 d.266, effective September 8, 2009.

See: 40 N.J.R. 6759(a), 40 N.J.R. 6955(b), 41 N.J.R. 3309(a).

In (d), inserted "; or, for class I renewable energy other than solar electric generation, the electric generation need not be interconnected with an electric distribution system that supplies New Jersey if its sale is settled in the PJM wholesale market", deleted "adopts a joint or regional REC tracking system, and" preceding "determines", and inserted "regional REC tracking" and "adopted by the Board".

Amended by R.2010 d.012, effective January 4, 2010.

See: 41 N.J.R. 3206(a), 42 N.J.R. 75(a).

Rewrote (d) and (e).

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

Section was "Board issuance of RECs". Rewrote the section.

#### 14:8-2.10 Alternative compliance payments (ACPs and SACPs)

(a) A supplier/provider may choose to comply with RPS requirements by submitting one or more alternative compliance payments (ACPs) or solar alternative compliance payments (SACPs), as those terms are defined in N.J.A.C. 14:8-2.2. A supplier/provider that wishes to use ACPs or SACPs to comply with this subchapter shall meet the requirements of this section.

(b) The President of the Board shall appoint an ACP advisory committee to provide recommendations to the Board regarding the appropriate cost of ACPs and SACPs, as well as other characteristics of their use. The Board shall consider the advisory committee's recommendation and shall, through Board order, set prices for ACPs and SACPs. At a minimum,

the price of an ACP or an SACP shall be higher than the estimated competitive market cost of the following:

1. The cost of meeting the requirement through purchase of a REC or solar REC; or
2. The cost of meeting the requirement through generating the required renewable energy.

(c) The Board shall establish and maintain a 15-year SACP schedule. The Board may increase the SACP amount for one or more energy years, after appropriate notice and opportunity for public comment and public hearing. However, in accordance with N.J.S.A. 48:3-87(j), the Board shall neither reduce the previously established SACP amounts, nor provide any type of relief from the obligation to pay an SACP.

(d) The Board shall review the amount of ACPs, other than SACP, at least once per year, in consultation with the ACP advisory committee, and shall adjust these amounts as needed to comply with (b)1 and 2 above and to reflect changing conditions in the environment, the energy industry and markets.

(e) To comply with this subchapter using ACPs or SACP, a supplier/provider shall submit the following to the Board, as applicable:

1. One ACP for each megawatt-hour of class I or class II renewable energy required; or
2. One SACP for each megawatt-hour of solar electric generation required.

(f) The Board shall use the ACP monies submitted to meet the class I and class II requirements of this subchapter to fund renewable energy projects through the Clean Energy Program.

(g) For each energy year, all SACP monies submitted to comply with solar electric generation requirements for that energy year shall be refunded to ratepayers by the EDCs. The Board shall divide the total Statewide SACP monies to be refunded for a particular energy year among the EDCs as follows:

1. Determine the total MWhs of electricity subject to solar RPS requirements that was delivered by all EDCs combined during the subject energy year;
2. Determine the number of MWhs of electricity subject to solar RPS requirements that was delivered by the EDC during the energy year;
3. Divide (g)2 above by (g)1 above to obtain a fraction that represents the EDC's share of the total MWhs of electricity subject to solar RPS requirements that were delivered during the energy year; and
4. For each EDC, multiply the fraction determined in (g)3 above by the total Statewide SACP monies to be

refunded for the energy year, to obtain a dollar figure for the amount of SACP monies the EDC shall refund.

(h) Table C sets forth the SACP for each reporting year from reporting year 2009 through reporting year 2016:

Table C  
SACP Schedule

Reporting Year	SACP
June 1, 2008 - May 31, 2009	\$711.00
June 1, 2009 - May 31, 2010	\$693.00
June 1, 2010 - May 31, 2011	\$675.00
June 1, 2011 - May 31, 2012	\$658.00
June 1, 2012 - May 31, 2013	\$641.00
June 1, 2013 - May 31, 2014	\$625.00
June 1, 2014 - May 31, 2015	\$609.00
June 1, 2015 - May 31, 2016	\$594.00

New Rule, R.2004 d.151, effective April 19, 2004.

See: 35 N.J.R. 4445(a), 36 N.J.R. 2053(b).

Recodified from N.J.A.C. 14:4-8.10 and amended by R.2006 d.178, effective May 15, 2006.

See: 37 N.J.R. 3911(a), 38 N.J.R. 2176(a).

Changed internal references to conform to the recodification of provisions in the first sentence of (a).

Amended by R.2009 d.91, effective March 16, 2009.

See: 40 N.J.R. 3586(a), 41 N.J.R. 1261(a).

In (c), substituted "other than" for "and" preceding "SACPs" and inserted the last sentence; and added (f).

Public Notice.

See: 41 N.J.R. 1532(b).

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

Rewrote (a); in the introductory paragraph of (b), inserted "and SACPs"; added new (c); recodified former (c) through (e) as (d) through (f); rewrote (d); in (f), inserted "class I and class II", and deleted the last sentence; added (g); and recodified former (f) as (h).

#### 14:8-2.11 Demonstrating compliance, reporting and recordkeeping

(a) By October 1st of each year, each supplier/provider shall file an annual report with the Board, demonstrating that the supplier/provider has met the requirements of this subchapter for the preceding reporting year (that is, for the reporting year ending May 31st of the same calendar year).

(b) If the annual report required under (a) above does not demonstrate that the supplier/provider has supplied the RECs or solar RECs required under Table A of N.J.A.C. 14:8-2.3 for the previous reporting year, the annual report shall be accompanied by ACPs and/or SACP in sufficient quantities to make up the shortfall.

(c) The annual report shall contain the following basic information for the preceding reporting year:

1. The total number of megawatt-hours of electricity sold to retail customers in New Jersey;
2. The total number of class I RECs retired Statewide for the purpose of compliance with this chapter;

3. The percentage of the supplier/provider's total New Jersey retail sales that the amount set forth under (c)2 above represents;

4. The total number of class II RECs retired for the purpose of compliance with this chapter;

5. The percentage of the supplier/provider's total New Jersey retail sales that the amount set forth under (c)4 above represents;

6. The total number of SRECs retired for the purpose of compliance with this chapter;

7. The percentage of the supplier/provider's total retail sales that the amount in (b)6 above represents;

8. The total amount of solar electric generation, class I renewable energy, and class II renewable energy represented by RECs submitted with the annual report;

9. The total number of ACPs and/or SACPs submitted with the annual report;

10. A summary demonstrating how compliance with the requirements in Table A has been achieved;

11. An accounting issued by PJM-EIS that shows the number of RECs purchased and/or held by the supplier/provider; and

12. The price of each REC and/or SREC that was retired during the energy year.

(d) The documentation required under (c) above shall include the following:

1. Identification of each generating unit, including its location, fuel and technology type, and any unique State and/or Federal facility or plant identification number;

2. An affidavit from the operator of each generating unit that the specified amount of megawatt-hours from each renewable energy source was generated by and/or sold to the supplier/provider and that the supplier/provider has sole and exclusive title to the renewable energy and has not been used to meet the RPS energy requirements in any other state or jurisdiction;

3. An affidavit from the supplier/provider that the specified megawatt-hours were delivered into the PJM region and complied with PJM Interconnection energy delivery rules; and

4. For each solar REC submitted, certification of compliance with the requirement at N.J.A.C. 14:8-2.4(b) that the REC has not been used to satisfy another state's renewable energy requirements. The certification shall be in a form required by the Board, and available on the BPU website at [www.njcleanenergy.com](http://www.njcleanenergy.com).

(e) Failure of a supplier/provider to demonstrate compliance with this subchapter in accordance with this section,

within the deadlines set forth in this section, shall subject the supplier/provider to penalties under N.J.A.C. 14:8-1.3.

(f) Each supplier/provider shall keep all records pertaining to the requirements in this subchapter for a period of five years, including data on megawatt-hours resulting from owned generation, contracts, purchases from the wholesale market, and purchases of RECs. Each supplier/provider shall make all pertinent records available for review upon request by the Board or its designee.

New Rule, R.2004 d.151, effective April 19, 2004.

See: 35 N.J.R. 4445(a), 36 N.J.R. 2053(b).

Recodified from N.J.A.C. 14:4-8.11 and amended by R.2006 d.178, effective May 15, 2006.

See: 37 N.J.R. 3911(a), 38 N.J.R. 2176(a).

Changed internal references to conform to the recodification of provisions in (b), (c), (d) and (e); deleted the exception from the end of (a); in (b), substituted "RECs or solar RECs" for "energy" and deleted "RECs, solar RECs," preceding "ACPs"; in (c), substituted "; and" for a period at the end of 10. and inserted 11.; substituted "[www.njcleanenergy.com](http://www.njcleanenergy.com)" for "[www.bpu.state.nj.us](http://www.bpu.state.nj.us)" in (d)4.; deleted (e); recodified (f) and (g) as (e) and (f); and deleted (h) through (j).

Amended by R.2009 d.91, effective March 16, 2009.

See: 40 N.J.R. 3586(a), 41 N.J.R. 1261(a).

In (a), substituted "October" for "September".

Public Notice.

See: 41 N.J.R. 1532(b).

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

Rewrote (c)2, (c)4 and (c)6; in (c)10, deleted "and" from the end; in (c)11, substituted "; and" for a period at the end; added (c)12; and in (e), updated the N.J.A.C. reference.

#### 14:8-2.12 (Reserved)

Recodified from N.J.A.C. 14:4-8.8 and amended by R.2004 d.151, effective April 19, 2004.

See: 35 N.J.R. 4445(a), 36 N.J.R. 2053(b).

Added a new (a); deleted (b); recodified former (b)i through iv as (a)1 through 4; recodified former (c) as (b), and in (b)3, deleted "interim" preceding "standards".

Recodified from N.J.A.C. 14:4-8.12 and amended by R.2006 d.178, effective May 15, 2006.

See: 37 N.J.R. 3911(a), 38 N.J.R. 2176(a).

Former N.J.A.C. 14:4-8.12, heading was "Penalties".

Recodified as N.J.A.C. 14:8-1.3 by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

Section was "Enforcement".

### SUBCHAPTER 3. ENVIRONMENTAL INFORMATION DISCLOSURE

#### 14:8-3.1 Environmental information disclosure

(a) Each supplier/provider shall disclose on customer bills, on customer contracts or on its marketing materials, a uniform, common set of information about the environmental characteristics of the electricity purchased by the customer. The supplier/provider shall disclose this information periodically, as directed by the Board through the posting of a secretary's letter on the Board's website.

(b) The disclosure required under this section shall include:

1. The fuel mix used in generating the electricity supplied, including categories for oil, gas, nuclear, coal, solar, hydroelectric, wind and biomass. If the fuel mix for particular electricity cannot practicably be determined, the supplier/provider shall include a regional average determined by the Board;

2. The air pollutants that were emitted as a result of the generation of the energy, expressed in pounds per megawatt hour, and including categories for sulfur dioxide, carbon dioxide and oxides of nitrogen. If the emissions for particular electricity cannot practicably be determined, the supplier/provider shall include an emissions default determined by the Board; and

3. Any discrete emission reduction pursuant to rules adopted pursuant to P.L. 1995, c. 188.

(c) The disclosure required under this section shall be provided in a graphic format provided by the Board through a posting on its website.

#### SUBCHAPTER 4. NET METERING FOR CLASS I RENEWABLE ENERGY SYSTEMS

##### 14:8-4.1 Scope

This subchapter sets forth net metering requirements that apply to electric power suppliers, basic generation service providers and electric distribution companies, as defined at N.J.A.C. 14:4-1.2, which have customers who generate class I renewable energy, as defined at N.J.A.C. 14:8-1.2, on the customer's side of the meter.

Amended by R.2010 d.010, effective January 4, 2010.  
See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).  
Rewrote the section.

##### 14:8-4.2 Net metering definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise. Additional definitions that apply to this subchapter can be found at N.J.A.C. 14:3-1.1 and 14:8-1.2.

“Annualized period” means a period of 12 consecutive monthly billing periods. A customer-generator's first annualized period begins on the first day of any single monthly billing period, at the customer's choice. Each customer-generator selects an annualized period under N.J.A.C. 14:8-4.3.

“Avoided cost of wholesale power” means the average locational marginal price of energy in the applicable utility's transmission zone. This cost can be obtained through the

website maintained by PJM Interconnection at [www.pjm.com](http://www.pjm.com).

“Customer-generator” means an electricity customer, such as an industrial, large commercial, residential or small commercial customer that generates electricity on the customer's side of the meter, using a class I renewable energy source.

“Customer-generator facility” means the equipment used by a customer-generator to generate, manage and/or monitor electricity. A customer-generator facility typically includes an electric generator and/or interconnection equipment.

Petition for Rulemaking.

See: 40 N.J.R. 5878(a).

Amended by R.2009 d.68, effective March 2, 2009.

See: 40 N.J.R. 5531(a), 41 N.J.R. 1094(a).

In definition “Annualized period”, substituted “any single” for “the first full” and “, at the customer's choice” for “after which the customer-generator's facility is interconnected and is generating electricity”; and in definition “Customer-generator facility”, inserted “/or”.

Amended by R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Section was “Definitions”. Deleted definitions “Applicant”, “Area network”, “Equipment package”, “Fault current”, “Good utility practice”, “IEEE standards”, “Interconnection agreement”, “Point of common coupling”, “Small commercial customer” and “Spot network”; rewrote definition “Customer-generator”; and in definition “Customer-generator facility”, deleted a comma following “manage”, deleted “package” following the second occurrence of “equipment”, and substituted “interconnection” for the second occurrence of “an”.

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

In definition “Annualized period”, inserted the last sentence.

##### 14:8-4.3 Net metering general provisions, annualized period selection

(a) All electric distribution companies (EDCs) and supplier/providers, as defined at N.J.A.C. 14:4-1.2 and 14:8-1.2, respectively, shall offer net metering to their customers that generate electricity on the customer's side of the meter, using class I renewable energy sources, provided that the generating capacity of the customer-generator's facility does not exceed the amount of electricity supplied by the electric power supplier or basic generation service provider to the customer over an annualized period that the customer-generator selects in accordance with this section.

(b) The EDC shall develop a tariff providing for net metering. Each supplier/provider and EDC shall make net metering available to eligible customer-generators on a first-come, first-served basis.

(c) If, in a given monthly billing period, a customer-generator supplies more electricity to the electric distribution system than the EDC or supplier/provider delivers to the customer-generator, the EDC and supplier/provider shall credit the customer-generator for the excess. To do this, the EDC or supplier/provider shall reduce the customer-generator's bill for the next monthly billing period to compensate for the excess electricity from the customer-generator in the previous billing period.

(d) The EDC and supplier/provider shall carry over credit earned under (c) above from monthly billing period to monthly billing period, and the credit shall accumulate until the end of the customer-generator's annualized period.

(e) At the end of a customer-generator's annualized period, the supplier/provider shall compensate the customer-generator for any excess kilowatt hours generated, at the electric power supplier's or basic generation service provider's avoided cost of wholesale power, as defined at N.J.A.C. 14:8-4.2.

(f) The EDC or supplier/provider shall offer each customer-generator one opportunity to select a monthly billing period as the start of the customer-generator's annualized period.

(g) A customer-generator may submit its annualized period selection to the EDC or supplier/provider at any time. However, an EDC or supplier/provider is not required to accept a customer-generator selection of an annualized period that begins before the first full day of the first monthly billing period after the submittal of the selection.

(h) If a customer-generator begins net metering after March 2, 2009, and does not submit an annualized period selection, the EDC or supplier/provider shall assign the customer-generator a default annualized period until such time as the customer-generator may choose to submit an annualized period selection. The default annualized period shall begin on the first full day of the first monthly billing period after the customer-generator's facility is interconnected and generating electricity.

(i) If any customer-generator has been net metering for one monthly billing period or more before it submits its annualized period selection, the following shall apply:

1. If the customer-generator has been net metering for more than 12 monthly billing periods, the time between the selection submittal and the end of the customer-generator's most recently ended annualized period shall be treated as one annualized period; and

2. If the customer-generator has been net metering for fewer than 12 monthly billing periods, the time between the selection submittal and the first day of the first full monthly billing period after the customer-generator's facility is interconnected and generating electricity shall be treated as one annualized period.

(j) A customer-generator shall retain its chosen annualized period permanently unless either of the following occurs:

1. The customer-generator switches electric suppliers. In such a case, the electric power supplier or basic generation service provider with whom service is terminating shall treat the end of the service period as if it were the end of the annualized period; or

2. The EDC or supplier/provider, at its discretion, chooses to accept a customer-generator request for a new annualized period.

(k) A customer-generator that is eligible for net metering owns the renewable attributes of the electricity it generates unless there is a contract with an express provision that assigns ownership of the renewable attributes. The customer-generator may trade or sell the attributes to another person, or may use the attributes as the basis for an application for one or more RECs.

(l) A supplier/provider or EDC shall provide net metering at non-discriminatory rates that are identical, with respect to rate structure, retail rate components, and any monthly charges, to the rates that a customer-generator would be charged if not a customer-generator, except that a supplier/provider or EDC may use a special load profile for the customer-generator, which incorporates the customer-generator's real time generation, provided the special load profile is approved by the Board.

(m) A supplier/provider or EDC shall not charge a customer-generator any fee or charge, or require additional equipment, insurance or any other requirement, unless the fee, charge, or other requirement is specifically authorized under this subchapter, or the fee would apply to other customers that are not customer-generators.

(n) Nothing in this subchapter shall abrogate any person's obligation to comply with all applicable Federal or State laws, rules or regulations.

Amended by R.2009 d.68, effective March 2, 2009.

See: 40 N.J.R. 5531(a), 41 N.J.R. 1094(a).

Added (f) through the introductory paragraph of (j); recodified former (f) as (j)1; in (j)1, substituted "The" for "If a" at the beginning, inserted ". In such a case" and substituted "or" for "and" at the end; added (j)2; and recodified former (g) through (l) as (k) through (p).

Amended by R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Section was "Net metering general provisions". Rewrote the section.

Amended by R.2010 d.141, effective July 6, 2010.

See: 42 N.J.R. 52(a), 42 N.J.R. 1402(a).

Rewrote (a).

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

In (a), inserted "that the customer-generator selects in accordance with this section"; in (d), inserted "customer-generator's", and deleted "as defined at N.J.A.C. 14:8-4.2" following "annualized period"; in (e), substituted "a customer-generator's" for "each"; and in (f), deleted the last sentence.

#### 14:8-4.4 Meters and metering

(a) A customer-generator facility used for net metering shall be equipped with metering equipment that can measure the flow of electricity in both directions at the same rate. This is typically accomplished through use of a single bi-directional meter.

(b) A customer-generator may choose to use an existing electric revenue meter if the following criteria are met:

1. The meter is capable of measuring the flow of electricity both into and out of the customer-generator's facility at the same rate; and

2. The meter is accurate to within plus or minus five percent when measuring electricity flowing from the customer-generator facility to the electric distribution system.

(c) If the customer-generator's existing electric revenue meter does not meet the requirements in (b) above, the EDC shall install a new revenue meter for the customer-generator, at the company's expense within 10 business days after the interconnection is approved in accordance with N.J.A.C. 14:8-5.4, 5.5 or 5.6, as applicable. Any subsequent revenue meter change necessitated by the customer-generator, whether because of a decision to stop net metering or for any other reason, shall be paid for by the customer-generator.

(d) The electric distribution company shall not require more than one meter per customer-generator. However, an additional meter may be installed under either of the following circumstances:

1. The electric distribution company may install an additional meter at its own expense if the customer-generator consents; or

2. The customer-generator may request that the EDC install a meter, in addition to the revenue meter addressed in (c) above, at the customer-generator's expense. In such a case, the EDC shall charge the customer-generator no more than the actual cost of the meter and its installation.

Amended by R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

In (c), inserted "within 10 business days after the interconnection is approved in accordance with N.J.A.C. 14:8-5.4 or (n), 5.5 or 5.6, as applicable".

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

In (c), deleted "or (n)" preceding ", 5.5".

#### 14:8-4.5 Net metering reporting requirements for EDCs

(a) Each EDC with one or more customer-generators connected to its distribution system shall submit two net metering reports per year, one covering January 1 through June 30 and one covering July 1 through December 31. The EDC shall submit the reports by August 1 and February 1, respectively.

(b) The EDC shall submit the reports required by this section electronically, in PDF format, to [oce@bpu.state.nj.us](mailto:oce@bpu.state.nj.us). In addition, the EDC may, at its discretion, submit a paper copy of the reports by hand delivery or regular mail to the Secretary, Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, PO Box 350, Trenton, New Jersey 08625-0350. The EDC may, at its discretion, submit the net metering report together with the interconnection report required under N.J.A.C. 14:8-5.9.

(c) Each report required in (a) above shall include the following information regarding customer-generator energy input and output during the reporting period:

1. The estimated total kilowatt hours supplied to the distribution system by customer-generators and a description of the estimation methodology used; and

2. The estimated total kilowatt hours that were delivered to customer-generators through the distribution system.

(d) The report required in (a) above shall include the following information regarding credits and payments to customer-generators during the reporting period:

1. The total number of customer-generators that were paid for excess generation at the end of the customer-generators' annualized periods; and

2. The total dollar amount that the utility paid to customer-generators for excess generation at the end of the customer-generators annualized periods, separated by month.

(e) For purposes of the reporting required under this section, any estimates shall be made using Board-approved protocols unless no such protocol is available, in which case the estimates shall be accompanied by detailed calculations demonstrating how the estimates were made.

New Rule, R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Former N.J.A.C. 14:8-4.5, General interconnection provisions, was recodified to N.J.A.C. 14:8-5.2.

Administrative change.

See: 43 N.J.R. 1896(a).

#### 14:8-4.6 (Reserved)

Recodified to N.J.A.C. 14:8-5.3 by R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Section was "Certification of customer-generator facilities".

#### 14:8-4.7 (Reserved)

Recodified to N.J.A.C. 14:8-5.4 by R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Section was "Level 1 interconnection review".

#### 14:8-4.8 (Reserved)

Recodified to N.J.A.C. 14:8-5.5 by R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Section was "Level 2 interconnection review".

#### 14:8-4.9 (Reserved)

Recodified to N.J.A.C. 14:8-5.6 by R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Section was "Level 3 interconnection review".

#### 14:8-4.10 (Reserved)

Recodified to N.J.A.C. 14:8-5.7 by R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Section was "Interconnection fees".

**14:8-4.11 (Reserved)**

Recodified to N.J.A.C. 14:8-5.8 by R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Section was "Requirements after approval of an interconnection".

## SUBCHAPTER 5. INTERCONNECTION OF CLASS I RENEWABLE ENERGY SYSTEMS

**14:8-5.1 Interconnection definitions**

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise. Additional definitions that apply to this subchapter can be found at N.J.A.C. 14:3-1.1 and 14:8-1.2.

"Applicant" means a person who has filed an application to interconnect a customer-generator facility to an electric distribution system.

"Area network" means a type of electric distribution system served by multiple transformers interconnected in an electrical network circuit, which is generally used in large metropolitan areas that are densely populated, in order to provide high reliability of service. This term has the same meaning as the term "secondary grid network" as defined in IEEE standard 1547 Section 4.1.4, which is incorporated herein by reference as amended and supplemented. IEEE standard 1547 can be obtained through the IEEE website at [www.ieee.org](http://www.ieee.org).

"Electrical power system" or "EPS" has the same meaning as is assigned to this term in IEEE standard 1547. As of June 4, 2012, IEEE standard 1547 defined EPS as a facility that delivers electric power to a load.

"Fault current" means electrical current that flows through a circuit and is produced by an electrical fault, such as to ground, double-phase to ground, three-phase to ground, phase-to-phase and three-phase. A fault current is several times larger in magnitude than the current that normally flows through a circuit.

"Good utility practice" has the same meaning as assigned to this term in the Amended and Restated Operating Agreement of PJM Interconnection, which is incorporated herein by reference as amended and supplemented. The Operating Agreement can be obtained on the PJM Interconnection website at <http://www.pjm.com/documents/downloads/agreements/oa.pdf>. As of October 23, 2008, the Operating Agreement defines this term as "any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with

good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the region."

"IEEE Standard 1547" means IEEE Standard 1547-2003, which was approved in 2003 and reaffirmed in 2008.

"IEEE standards" means the standards published by the Institute of Electrical and Electronic Engineers, available at [www.ieee.org](http://www.ieee.org).

"Interconnection agreement" means an agreement between a customer-generator and an EDC, which governs the connection of the customer-generator facility to the electric distribution system, as well as the ongoing operation of the customer-generator facility after it is connected to the system. An interconnection agreement shall follow the standard form agreement developed by the Board and available from each EDC.

"Interconnection equipment" means a group of components connecting an electric generator with an electric distribution system and includes all interface equipment including switchgear, inverters or other interface devices. Interconnection equipment may include an integrated generator or electric source.

"Line section" means that portion of an EDC's electric distribution system, which is connected to an interconnection customer and is bounded by automatic sectionalizing devices or the end of the distribution line.

"Point of common coupling" has the same meaning as assigned to this term in IEEE Standard 1547 Section 3.0, which is incorporated herein by reference as amended and supplemented. IEEE standard 1547 can be obtained through the IEEE website at [www.ieee.org](http://www.ieee.org). As of June 4, 2012, IEEE standard 1547 Section 3.0 defined this term as "the point where a Local EPS is connected to an Area EPS."

"Spot network" has the same meaning as assigned to the term under IEEE Standard 1547 Section 4.1.4, (published July, 2003), which is incorporated herein by reference as amended and supplemented. IEEE standard 1547 can be obtained through the IEEE website at [www.ieee.org](http://www.ieee.org). As of June 4, 2012, IEEE Standard 1547 defined "spot network" as "a type of electric distribution system that uses two or more inter-tied transformers to supply an electrical network circuit." A spot network is generally used to supply power to a single customer or a small group of customers.

New Rule, R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Former N.J.A.C. 14:8-5.1, Definitions, recodified to N.J.A.C. 14:8-7.1.

Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

In definitions "Electrical power system" and "Point of common coupling", substituted "June 4, 2012" for "January 4, 2010"; added

definition "IEEE Standard 1547"; and in definition "Spot network", substituted "June 4, 2012" for "October 4, 2004".

#### 14:8-5.2 General interconnection provisions

(a) Each EDC shall provide the following three review procedures for applications for interconnection of customer-generator facilities:

1. Level 1: An EDC shall use this review procedure for all applications to connect inverter-based customer-generator facilities, which have a power rating of 10 kW or less, and which meet the certification requirements at N.J.A.C. 14:8-5.3. Level 1 interconnection review procedures are set forth at N.J.A.C. 14:8-5.4;

2. Level 2: An EDC shall use this review procedure for applications to connect customer-generator facilities with a power rating of two MW or less, which meet the certification requirements at N.J.A.C. 14:8-5.3. Level 2 interconnection review procedures are set forth at N.J.A.C. 14:8-5.5; and

3. Level 3: An EDC shall use this review procedure for applications to connect customer-generator facilities that do not qualify for either the level 1 or level 2 interconnection review procedures. Level 3 interconnection review procedures are set forth at N.J.A.C. 14:8-5.6.

(b) Each EDC shall designate an employee or office from which an applicant can obtain basic application forms and information through an informal process. On request, this employee or office shall provide all relevant forms, documents, and technical requirements for submittal of a complete application for interconnection review under this section, as well as specific information necessary to contact the EDC representatives assigned to review the application.

(c) Upon request, the EDC shall meet with an applicant who qualifies for level 2 or level 3 interconnection review, to assist them in preparing the application.

(d) An application for interconnection review shall be submitted on a standard form, available from the EDC. The application form will require the following types of information:

1. Basic information regarding the customer-generator and the electricity supplier(s) involved;

2. Information regarding the type and specifications of the customer-generator facility;

3. Information regarding the contractor who will install the customer-generator facility;

4. Certifications and agreements regarding utility access to the customer-generator's property, emergency procedures, liability, compliance with electrical codes, proper operation and maintenance, receipt of basic information; and

5. Other similar information as needed to determine the compliance of a particular applicant with this chapter.

(e) An EDC shall not be responsible for the cost of determining the rating of equipment owned by a customer-generator, or of equipment owned by other local customers.

(f) An EDC shall not require a customer-generator whose facility meets the criteria for interconnection approval under the level 1 or level 2 interconnection review procedure at N.J.A.C. 14:8-5.4 and 5.5 to install additional controls or external disconnect switches not included in the interconnection equipment, to perform or pay for additional tests or to purchase additional liability insurance, except if agreed to by the applicant.

(g) If the interconnection of a customer-generator facility is subject to interconnection requirements of FERC or PJM, the provisions of this subchapter that apply to interconnection apply to that facility only to the extent that they do not conflict with the interconnection requirements of FERC or PJM.

(h) If an applicant for interconnection disagrees with an EDC's determination of fact or need regarding matters covered in this subchapter, or if any person has a complaint regarding matters covered in this subchapter, the applicant or other person may file an informal complaint with the Board under N.J.A.C. 14:1-5.13, or may file a petition with the Board under N.J.A.C. 14:1-5.

(i) Once a customer-generator has met the level 1 interconnection requirements at N.J.A.C. 14:8-5.4, or has met the level 2 interconnection requirements at N.J.A.C. 14:8-5.5, the EDC shall notify the customer-generator in writing that the customer-generator is authorized to energize the customer-generator facility, as follows:

1. The EDC shall send the authorization to the e-mail address, and to the U.S. Postal Service mailing address that is listed on the customer-generator's submitted interconnection application form; and

2. The EDC shall not condition the authorization to energize on the EDC's replacement of the customer-generator's meter.

Recodified from N.J.A.C. 14:8-4.5 and amended by R.2010 d.010, effective January 4, 2010.

See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

In (a), updated the N.J.A.C. references throughout; in (a)3, substituted "that" for "with a power rating of two MW or less, which"; in the introductory paragraph of (d), deleted "and posted on the Board's website at [www.bpu.state.nj.us](http://www.bpu.state.nj.us)" following "EDC"; and reserved (f). Former N.J.A.C. 14:8-5.2, Purpose and scope, recodified to N.J.A.C. 14:8-7.2. Amended by R.2012 d.107, effective June 4, 2012.

See: 43 N.J.R. 1162(a), 44 N.J.R. 1703(a).

In (d)1, substituted "customer-generator" for "applicant"; and added (f) and (i).

### 14:8-5.3 Certification of customer-generator interconnection equipment

(a) In order to qualify for the level 1 and the level 2 interconnection review procedures described at N.J.A.C. 14:8-5.4 and 5.5, a customer-generator's interconnection equipment shall have been tested and listed by an OSHA-approved nationally recognized testing laboratory for continuous interactive operation with an electric distribution system in accordance with the following standards, as applicable:

1. IEEE 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems (published July 2003), which is incorporated herein by reference, as amended or supplemented. IEEE Standard 1547 can be obtained through the IEEE website at [www.ieee.org](http://www.ieee.org); and

2. UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems (November 2005), which is incorporated herein by reference as amended or supplemented. UL 1741 can be obtained through the Underwriters Laboratories website at [www.ul.com](http://www.ul.com).

(b) Interconnection equipment shall be considered certified for interconnected operation if it has been submitted by a manufacturer to an OSHA-approved nationally recognized testing laboratory, and has been tested and listed by the laboratory for continuous interactive operation with an electric distribution system in compliance with the applicable codes and standards listed in (a) above.

(c) If the interconnection equipment has been tested and listed in accordance with this section as an integrated package, which includes a generator or other electric source, the interconnection equipment shall be deemed certified and the EDC shall not require further design review, testing or additional equipment.

(d) If the interconnection equipment includes only the interface components (switchgear, inverters or other interface devices), an interconnection applicant shall show that the generator or other electric source being utilized with the interconnection equipment is compatible with the interconnection equipment and consistent with the testing and listing specified for the equipment. If the generator or electric source being utilized with the interconnection equipment is consistent with the testing and listing performed by the OSHA-approved nationally recognized testing laboratory, the interconnection equipment shall be deemed certified and the EDC shall not require further design review, testing or additional equipment.

Recodified from N.J.A.C. 14:8-4.6 and amended by R.2010 d.010, effective January 4, 2010.  
See: 41 N.J.R. 2215(a), 42 N.J.R. 78(a).

Section was "Certification of customer-generator facilities". Rewrote the section. Former N.J.A.C. 14:8-5.3, Standards and testing for commercial clothes washers, recodified to N.J.A.C. 14:8-7.3.

### 14:8-5.4 Level 1 interconnection review

(a) Each EDC shall adopt a level 1 interconnection review procedure. The EDC shall use the level 1 review procedure

only for an application to interconnect a customer-generator facility that meets all of the following criteria:

1. The facility is inverter-based;
2. The facility has a capacity of 10 kW or less; and
3. The facility has been certified in accordance with N.J.A.C. 14:8-5.3.

(b) For a customer-generator facility described at (a) above, the EDC shall approve interconnection under the level 1 interconnection review procedure if all of the applicable requirements at (c) through (g) below are met. An EDC shall not impose additional requirements not specifically authorized under this section.

(c) The aggregate generation capacity on the line section to which the customer-generator facility will interconnect, including the capacity of the customer-generator facility, shall not contribute more than 10 percent to the distribution circuit's maximum fault current at the point on the high voltage (primary) level that is nearest the proposed point of common coupling.

(d) A customer-generator facility's point of common coupling shall not be on a transmission line, a spot network, or an area network.

(e) If a customer-generator facility is to be connected to a radial line section, the aggregate generation capacity connected to the circuit, including that of the customer-generator facility, shall not exceed 10 percent (15 percent for solar electric generation) of the circuit's total annual peak load, as most recently measured at the substation.

(f) If a customer-generator facility is to be connected to a single-phase shared secondary, the aggregate generation capacity connected to the shared secondary, including the customer-generator facility, shall not exceed 20 kilovolt-amperes (kVA).

(g) If a single-phase customer-generator facility is to be connected to a transformer center tap neutral of a 240 volt service, the addition of the customer-generator facility shall not create an imbalance between the two sides of the 240 volt service of more than 20 percent of nameplate rating of the service transformer.

(h) An applicant shall submit an Interconnection Application/Agreement Form for level 1 interconnection review. The standard form is available from the EDC, and includes a Part 1 (Terms and Conditions) and a Part 2 (Certificate of Completion).

(i) Within three business days after receiving an application for level 1 interconnection review, the EDC shall provide written or e-mail notice to the applicant that it received the application and whether the application is complete. If the application is incomplete, the written notice shall include a

requirements of the project over a 20-year period including the cost of equipment, financing, taxes, construction, operation, and maintenance, offset by any state or Federal tax or production credits and other subsidies or grants. The value of the electricity and related capacity payments associated with the ORECs shall not be deducted when calculating the OREC price.

viii. OREC pricing proposals shall specify:

- (1) Total equipment, construction, operation, and maintenance costs of the project;
- (2) Tax credits, subsidies, or grants the project will qualify for;
- (3) Debt service costs and return on equity assumptions;
- (4) Taxes and depreciation assumptions;
- (5) The nameplate capacity of the project;
- (6) The expected energy output of the project;
- (7) The assumed capacity factor and the number of ORECs to be produced by the project; and
- (8) The price per OREC (megawatt hours (MWh)) necessary to make the project commercially viable.

ix. The value of electric energy, capacity payments, and any other environmental attributes or other benefits shall be returned to ratepayers for the term of the OREC pricing method. Such other benefits include, but are not limited to, tax credits, subsidies, grants, or other funding not previously identified in the application and not included in the calculation of the OREC price submitted to the Board. To the extent that the project produces energy revenues exceeding those associated with the sale of ORECs, the applicant may propose that it retain up to 25 percent of the incremental energy revenues, but not any other environmental attributes or other benefits, with the remainder to be returned to ratepayers. The annual amount of revenues from whatever source expected to be generated by the project shall be reflected in the revenue plan;

13. A timeline for the permitting, licensing and construction of the proposed offshore wind project. The proposal must specify the expected project time requirements in the aggregate from start to finish as well as the time required to accomplish each specific activity related to project design, resource monitoring, impact studies, permitting, construction, and decommissioning activities with associated milestones delineated for each category of activity;

14. A plan for interconnection, including engineering specifications and costs.

i. Applicants shall document tasks required and discuss issues associated with electrical interconnection, including the distance between the project and a suitable

point to interconnect with the electrical grid. Each proposed point of interconnection shall be discussed.

ii. Land acquisition requirements, new equipment to be installed, upgrades to existing equipment required, and any feasibility studies required and the time frame for review must be identified.

iii. A detailed description of how the proposed project will address and mitigate load constraints in the electric distribution and PJM transmission system must be included for each site.

iv. The proposal must demonstrate to the greatest extent possible how the project will address current or potential future load pocket or constraint problems with the electric distribution system and the PJM transmission system.

v. The applicant shall indicate the location of transmission lines and all points of interconnection to the PJM system serving New Jersey.

vi. Applicants shall provide information to the Board for costs associated with network upgrades that flow from the project even if not directly caused by the interconnection;

15. All applicants must place a minimum of \$100,000 on deposit with the State to reimburse the Board for the costs of consultants and other costs associated with the review of the application.

i. Board staff will direct the applicant, if appropriate, to place an additional amount on deposit with the State, based upon the current and expected costs associated with the application review and related administrative proceedings.

ii. Failure to replenish the account to the level required by Board staff within 21 days of notification will serve to render the application incomplete and toll the time for review.

iii. Subsequent to approval of a qualified offshore wind facility, the successful applicant may, at the direction of Board staff, be required to place additional amounts on deposit with the State for the purpose of reimbursing the Board for costs related to regulatory review of the project, including, but not limited to, consulting services, oversight, inspections, and audits; and

16. Any other information deemed necessary by the Board in order to conduct a thorough evaluation of the proposal. The Board may hire consultants or other experts if the Board determines that obtaining such outside expertise would be beneficial to the review of the proposal.

(b) In considering an application for a qualified offshore wind project, submitted pursuant to (a) above, the Board shall determine that the application satisfies, at a minimum, the following conditions:

1. The filing must be consistent with the New Jersey Energy Master Plan, adopted pursuant to section 12 of P.L. 1977, c. 146 (N.J.S.A. 52:27F-14), in effect at the time the Board deems the application complete;

2. The cost-benefit analysis must demonstrate positive economic and environmental net benefits to the State because it is a key component of the legislation;

3. The comparison of purchases of Class I RECs to out-of-State wind projects;

4. An applicant's cost-benefit analysis must provide three basic types of information:

i. Impacts on New Jersey ratepayers: an analysis of the potential impacts on residential and industrial ratepayers of electricity rates over the life of the project that may be caused by incorporating any State subsidy into rates;

ii. Net benefits to the New Jersey economy through impacts on income, employment, wages, indirect business taxes, and output, with particular emphasis on in-State manufacturing employment; and

iii. Net environmental effects of the project;

5. Applicants shall show that the financing mechanism is based upon the actual electrical output of the project, and fairly balances the risks and rewards of the project between ratepayers and shareholders. Applicants shall ensure that any costs of non-performance, in either the construction or operational phase of the project, shall be borne by shareholders; and

6. Applicants shall demonstrate financial integrity and sufficient access to capital to allow for a reasonable expectation of completion of construction of the project.

i. Applicants shall prove that they have the financial resources to perform the proposed work, appropriate technical expertise, access to adequate facilities or the ability to get them, a good performance record and be qualified under all applicable laws and regulations.

ii. Applicants shall submit audited financial statements or other evidence of adequate financial capacity to the Board in order to ensure that the project can be successfully completed as proposed.

Amended by R.2013 d.039, effective February 19, 2013.

See: 44 N.J.R. 2102(a), 45 N.J.R. 336(a).

Rewrote (a).

## 14:8-6.6 Funding mechanism (Reserved)

## SUBCHAPTER 7. AGGREGATED NET METERING

### 14:8-7.1 Scope

This subchapter sets forth aggregated net metering requirements that apply to eligible customers, as defined in this

subchapter, that own and operate, on their own or pursuant to a contract with a third party, a solar electric generation system, as defined at N.J.A.C. 14:8-1.2, sized not to exceed the usage of the eligible customer's qualified facilities, as defined in this subchapter.

### 14:8-7.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise. Additional definitions that apply to this subchapter can be found at N.J.A.C. 14:4-1.2 and 14:8-1.2 and 4.2.

"Customer qualified facility" means a property owned or operated by a single customer eligible for net metering aggregation. Customer qualified facilities must be located within the customer's territorial jurisdiction or, for a State entity, must be located within five miles of one another, and are all served by the same EDC or electric power supplier.

"Eligible customer" means a State entity, school district, county, county agency, county authority, municipality, municipal agency, or municipal authority, which is eligible for net metering.

"Host site" means the facility or property on which a solar electric generation system is located.

"Host site meter" means the meter on the eligible customer's property where the solar electric generation system is located and interconnection is made, and which utilizes the net metering billing account.

"Incremental costs" means costs incurred by the EDC to provide aggregated net metering services, which would not otherwise have been incurred by the EDC and may include, but are not limited to, billing costs.

"Net metering aggregation" means a procedure for calculating the combination of the annual energy usage for all facilities owned by a single customer where each customer is a State entity, school district, county, county agency, county authority, municipality, municipal agency, or municipal authority, when one of those facilities is served by a solar electric power generating facility.

"School district" means a local or regional school district established pursuant to Chapter 8 or Chapter 13 of Title 18A of the New Jersey Statutes, a county special services school district established pursuant to article 8 of Chapter 46 of Title 18A of the New Jersey Statutes, a county vocational school district established pursuant to article 3 of Chapter 54 of Title 18A of the New Jersey Statutes, or a district under full State intervention pursuant to P.L. 1987, c. 399 (N.J.S.A. 18A:7A-34 et seq.).

"Third-party contract" means a contract between an eligible customer and a third party, which provides for ownership and/or operation of the eligible customer's solar