

November 27, 2023

**SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 2848
(Third Reprint)**

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Committee Substitute for Senate Bill No. 2848 (Third Reprint) with my recommendations for reconsideration.

Senate Committee Substitute for Senate Bill No. 2848 (Third Reprint) would make changes to the requirements of the Remote Net Metering ("RNM") solar program, which was established by the Board of Public Utilities ("BPU") pursuant to the Solar Act of 2012, P.L.2012, c.24, and the Clean Energy Act of 2018, P.L.2018, c.17. The existing RNM program allows a "host" public entity to aggregate its electricity use across all its accounts for the purpose of determining the allowable size of a net metered solar energy system located on a property owned by the public entity with a pre-existing electric meter. Other public entities in the same electric public utility service area may serve as receiving customers for the electricity generated by the solar facility.

The bill sent to my desk would amend the remote net metering statute to: (1) allow solar facilities up to 10 Megawatts ("MW") in size; (2) allow multiple public entities to serve as host customers for a single facility; (3) allow the system size to be based on the total aggregate electricity use of all the receiving accounts (as opposed to just the host customer's accounts); and (4) allow the solar system to be placed on any land owned, leased, or licensed by a public entity or on any suitable private property within the electric distribution company's service territory. The bill would require BPU to develop an application and approval process within 120 days of the effective date of the bill.

I commend the legislative sponsors for their efforts to make solar energy more accessible to municipalities, schools, and other public entities throughout New Jersey. Expanding in-state solar energy production is a crucial part of our effort to combat climate change and create good-paying green economy jobs by reducing greenhouse gas emissions 80 percent by 2050 and ensuring that all electricity consumed in the State comes from clean energy sources by 2035. Local governments, schools, and other public entities, along with our state government, can lead by example by embracing clean energy to meet their own power needs. In addition, solar energy systems can bring significant energy cost savings to public entities, reducing the tax burden on residents of those communities.

I agree with the sponsors of the bill that certain requirements in the existing RNM program have limited the ability of municipalities and other public entities that do not own properties suitable for large-scale solar development to participate in this program, and that these limitations are contrary to our goal of equitable access to clean energy. However, I am concerned that the bill as currently drafted does not adequately consider how the RNM program will fit within the existing suite of solar programs created pursuant to the Solar Act of 2021, P.L.2021, c.169, and does not align with the land preservation values expressed in that Act. Moreover, the bill as currently drafted could prove extremely costly for New Jersey ratepayers. Accordingly, I am recommending changes to the bill to address these concerns while maintaining and clarifying elements of the bill that ensure that more public entities will be able to take advantage of the RNM program.

Specifically, I am recommending a change that clarifies that the RNM program will be part of the small solar facility incentive program created by the Solar Act of 2021 (which the BPU refers to as an Administratively Determined Incentive or "ADI" program) with an annual capacity target of 50 MW. I am also recommending that RNM projects be limited to 5 MW and under, consistent with the rest of the ADI program, including the Community Solar program that also uses a subscriber model. In addition, because this bill removes the requirement that these projects be located on a site with existing electrical load, I am recommending including restrictions on siting on farmland, forests, and other sensitive environmental resources consistent with the restrictions established in the Solar Act of 2021 for projects over 5 MW. Finally, to ensure the program operates as intended and to avoid confusion, I am recommending changes to make clearer that a project can serve multiple public entities as subscribers without the need for a single host entity, and that electric public utilities may recover costs related to the RNM program in a manner consistent with their cost recovery under the Community Solar program.

Therefore, I herewith return Senate Committee Substitute for Senate Bill No. 2848 (Third Reprint) and recommend that it be amended as follows:

<u>Page 2, Section 1, Line 12:</u>	Delete "to certify" and insert "for remote net metered solar energy projects serving"
<u>Page 2, Section 1, Line 12:</u>	Delete "to act"
<u>Page 2, Section 1, Line 12:</u>	Delete "a"
<u>Page 2, Section 1, Line 13:</u>	Delete in its entirety
<u>Page 2, Section 1, Line 14:</u>	Delete "generating capacity" and insert "receiving customers"
<u>Page 2, Section 1, Line 36:</u>	Delete "public entity certified to act as a host customer may"

Page 2, Section 1, Line 37: Delete in its entirety

Page 2, Section 1, Line 38: Delete "host a" and insert "remote net metered"

Page 2, Section 1, Line 38: Delete "with" and insert "shall:
(1) have"

Page 2, Section 1, Line 38: Delete "10" and insert "5"

Page 2, Section 1, Line 39: Delete ", to accommodate the total usage of the" and insert ";

(2) exclusively serve public entities certified by the board to act as receiving customers and located within the same electric distribution company service territory as the project;"

Page 2, Section 1, Lines 40-41: Delete in their entirety

Page 2, Section 1, Line 42: Delete "(1)" and insert "(3)"

Page 2, Section 1, Line 42: Delete "land" and insert "any property"

Page 2, Section 1, Line 43: Delete "within the electric"

Page 3, Section 1, Line 1: Delete in its entirety

Page 3, Section 1, Line 2: Delete "company's service territory"

Page 3, Section 1, Line 5: Delete "and" and insert "(4) not be sited on:

(a) land preserved under the Green Acres Program;

(b) land designated as freshwater wetlands as defined pursuant to P.L.1987, c.156 (C.13:9B-1 et seq.), or coastal wetlands as defined pursuant to P.L.1970, c.272 (C.13:9A-1 et seq.);

(c) forested lands, as defined by the board in consultation with the Department of Environmental Protection; or

(d) prime agricultural soils and soils of Statewide importance, as identified by the United States Department of Agriculture's Natural Resources Conservation Service, which are located in Agricultural Development Areas certified by the State

Agriculture Development
Committee;"

Page 3, Section 1, Line 6:

Delete "(2)" and insert "(5)"

Page 3, Section 1, Line 9:

After "months" insert "; and

(6) be metered separately"

Page 3, Section 1, Line 13:

After "to" insert "approve remote net metered solar energy projects and"

Page 3, Section 1, Line 17:

Delete "a host customer" and insert "receiving customers"

Page 3, Section 1, Line 22:

After "credit." insert "An electric public utility shall be entitled to full and timely cost recovery, including the full value of Public Remote Net Metering credits provided to customers and billing system investments, associated with Public Remote Net Metering consistent with the Community Solar provisions pursuant to P.L.2018, C.17 (C.48:3-87.11(e))."

Page 4, Section 1, Line 10:

After "(cf. P.L.2018, c.17, s.6)" insert:

"2. Section 3 of P.L.2021, c.169 (C.48:3-116) is amended to read as follows:

3. a. The board shall develop, as part of the SREC-II program, a small solar facilities incentive program to award SREC-IIs to the owners of community solar facilities, solar facilities up to 5 megawatts in size that participate in the remote net metering program established pursuant to section 6 of P.L.2018, c.17 (C.48:3-87.12), and net metered solar facilities less than five megawatts in size, as measured in direct current, or another size specified by the board. The small solar facilities incentive program shall aim to provide SREC-IIs for the generation of at least 300 megawatts of net-metered solar facilities per year [and], 150 megawatts of community solar facilities per year, and 50 megawatts of solar facilities in the remote net metering program, for each of the five years after the establishment of the SREC-II program.

b. The board shall establish eligibility criteria and an application process by which an owner of a solar electric power generation facility may apply to receive SREC-IIs pursuant to this section, until the program reaches the energy generation target established by subsection a. of this section, as determined by the board. Only solar electric power generation facilities that receive permission to operate from the appropriate regional grid operator after the effective date of P.L.2021, c.169 (C.48:3-114 et al.), shall be eligible to receive SREC-IIs pursuant to this section, unless otherwise specified by the board. A facility shall be eligible to receive SREC-IIs pursuant to this section for a duration established by the board if it is connected to the distribution or transmission system owned or operated by a New Jersey public utility or local government unit.

c. The small solar facilities incentive program shall include criteria by which to assign an SREC-II value per megawatt-hour to a solar electric power generation facility. The criteria shall be designed by the board to incentivize the development of new solar power projects sufficiently so that the goals for solar power development in the State's Energy Master Plan are met, to further other State goals, and to incentivize projects that are especially in the public interest. The SREC-II value per megawatt-hour may include the value of the environmental and other benefits to the State provided by the facility, as determined by the board. The criteria may include, but is not limited to, consideration of the following factors:

- (1) the size of the facility;
- (2) the costs and revenues associated with representative facilities;

(3) for community solar facilities, the economic and demographic characteristics of the area served by the facility, including whether it is located in an overburdened community, as that term is defined in section 2 of P.L.2020, c.92 (C.13:1D-158);

(4) whether the facility is located on already developed land or the built environment;

(5) the facility's eligibility for net metering pursuant to subsection e. of section 38 of P.L.1999, c.23 (C.48:3-87) or participation in the community solar program established pursuant to subsection f. of section 5 of P.L.2018, c.17 (C.48:3-87.11); and

(6) the rate class of the facility, as determined by the appropriate New Jersey electric public utility or local government unit.

(cf: P.L.2021, c.169, s.3)"

Page 5, Section 2, Line 19:

Delete "2." and insert "3."

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor