



STATE OF NEW JERSEY
Board of Public Utilities
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CLEAN ENERGY

IN THE MATTER OF THE BOARD'S ESTABLISHING A )
GENERIC PROCEEDING TO REVIEW THE STATE OF )
THE SOLAR MARKET )
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IN THE MATTER OF THE IMPLEMENTATION OF L. )
2012, C. 24, THE SOLAR ACT OF 2012; )
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DOCKET NO. QX17090949
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IN THE MATTER OF THE IMPLEMENTATION OF L. )
2012, C. 24, THE SOLAR ACT OF 2012, N.J.S.A. 48:3- )
87(Q)(R) AND (S) - PROCEEDINGS TO ESTABLISH )
THE PROCESSES FOR DESIGNATING CERTAIN )
GRID-SUPPLY PROJECTS AS CONNECTED TO THE )
DISTRIBUTION SYSTEM; AND )
)
DOCKET NO. EO12090832V
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IN THE MATTER OF THE IMPLEMENTATION OF )
N.J.S.A. 48:3-87(R), DESIGNATING GRID-SUPPLY )
PROJECTS AS CONNECTED TO THE DISTRIBUTION )
SYSTEM - ORDER IMPLEMENTING CERTAIN )
PROVISIONS OF N.J.A.C. 14:8-2.4(G) FOR ENERGY )
YEAR 2018 )
DOCKET NO. QO16020130

Parties of Record:

- Matthew Weissman, Esq., Public Service Electric and Gas Company
Gregory Eisenstark, Esq., on behalf of Jersey Central Power & Light Company
Philip Passanante, Esq., Atlantic City Electric Company
Margaret Comes, Esq., Rockland Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

The New Jersey Board of Public Utilities ("Board") has determined to review its policies with respect to the development of the New Jersey solar1 market. Board regulation of this market

1 The use of the term "solar" throughout this Order refers to electricity-producing solar photovoltaic systems. The subject of this generic proceeding is focused on state policies designed to promote the market for solar electric power generation facilities connected to the distribution system serving New

has its genesis in the Electricity Discount and Energy Competition Act of 1999, N.J.S.A. 48:3-49 et seq. ("EDECA"). Pursuant to its authority under EDECA, as amended over the years,<sup>2</sup> the Board has determined the need for and the type of incentives for the State's solar market.

In the eighteen years since EDECA was enacted, the solar photovoltaic industry in the State has grown from a small market focused on research, development, and demonstration to a multi-million dollar industry with thriving, diverse businesses supplying services in a variety of different competitive market segments. The deployment of solar in New Jersey in 2016 far exceeds what any of the market participants in 2001 had predicted. Prior to the development of incentive programs, there were very few solar electric power generation facilities connected to the distribution system serving New Jersey. In 2000, the first solar projects totaling 8 kilowatts were provided incentive through the Societal Benefits Charge in New Jersey. By the close of 2016, there were nearly 69,000 solar projects installed throughout the State with total capacity exceeding 2,000 megawatts ("MW") (or 2 million kilowatts). Nearly 25%, over 500 MWdc, of the state's total installed capacity is comprised of "grid supply" or "utility scale" solar. Since the Solar Act of 2012 took effect, the majority of grid supply solar has been developed pursuant to the relevant subsections of that Act. N.J.S.A. 48:3-87(q), (s), (t). Net metered projects, meanwhile, account for 78,533 of solar installations, representing 1,688 MWdc.

Since December 2015, new installations have been coming online at a rate averaging more than 30 MWdc per month. A record number of residential installations, over 21,400 for 176 MWdc, were reported in 2016. The most recent Solar Installation Report, published on August 16, 2017, showed that nearly 79,000 solar photovoltaic installations, totaling more than 2,230 MWdc (2.23 gigawatts ["GW"] dc), had been installed and reported operational as of July 31, 2017.

The Solar Pipeline Report, also issued on August 16, 2017, showed that over 13,500 projects, totaling over 392 MWdc, are currently under development. Among these projects are 14 grid supply projects totaling 108 MWdc of capacity.

Concurrent with the establishment and then buildout of New Jersey's solar industry has been a series of State supported incentives to aid in developing the market. In the initial stages of market development, beginning in 2001, the Board provided generous rebates that gradually declined in value and importance over time. In 2003, the Board supplemented the rebate with a more performance and market-based incentive, Solar Renewable Energy Certificates ("SRECs"), within the Renewable Portfolio Standard ("RPS"). In 2007, to meet the increasing annual SREC requirements, the Board accelerated the SREC market. SRECs can only be created on the basis of energy from qualifying solar electricity facilities. Thus, by spurring demand for SRECs to comply with the RPS, the Board spurred demand for more solar generation.

The Board has consistently deployed or withdrawn the incentives described above to support New Jersey's solar industry while remaining consistent with the legislative intent to move toward a competitive market and also working to mitigate any apparent volatility. See N.J.S.A. 48:3-50

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Jersey. There are no known applications of solar thermal electricity-producing systems in New Jersey. Solar domestic hot water and space heating technologies do not produce electricity nor are connected to the distribution system serving New Jersey.

<sup>2</sup> For example, the Solar Act of 2012, P.L. 2012, c. 24 ("Solar Act of 2012"), amended N.J.S.A. 48:3-51 and 3-87, and established processes for Board review of certain proposed solar generating facilities to help mitigate volatility in the solar market. N.J.S.A. 48:3-87(q) – (t) apply to proposed solar projects on different classifications of land uses and to different energy years.

and N.J.S.A. 48:3-87(k)(1); N.J.S.A. 48:3-87(d)(3). The high historic value of SRECs appears to be settling as the market matures. Since SRECs are still a primary support for the market, the Board remains committed to ensuring that their value remains stable as the solar market continues to grow.

In this connection, the Board notes that as the solar market has matured, the volume of solar modules manufactured and sold has increased, the efficiency and efficacy of systems have improved, and the installation and sales practices of solar installers have become more refined. The total installed cost of all types of installations has fallen and the levelized cost of solar electricity generation has plummeted. However, the pace of change has not been consistent across market segments and significant economies of scale still favor large solar installations over smaller installations.

### **ESTABLISHMENT OF A GENERIC PROCEEDING TO EVALUATE ALL SEGMENTS OF THE SOLAR MARKET**

In light of the significant changes in the technology and the installation practices, the economics and the financial models of the solar industry have changed significantly during the years that the Board has overseen the development of New Jersey's solar market. As a result, the Board **FINDS** it prudent at this time to solicit input from the many stakeholders in all segments of the New Jersey solar market. To structure this input and ensure a multi-faceted review, the Board **HEREBY DIRECTS** Staff to convene all interested parties to participate in a generic proceeding to review the state of the solar market. The Board **FURTHER DIRECTS** Staff to develop a list of topic areas and questions upon which the stakeholders may provide written or oral comment. In addition, the Board directs Staff to conduct public hearings in different regions of the State to take public comment on the topic areas and questions developed by Staff. During the pendency of this proceeding, the Board **DIRECTS** Staff that all existing programs will continue to operate in accordance with their implementing statute, regulations, and/or Board Orders.

The Board makes one exception to this directive. Pursuant to N.J.S.A. 48:3-87(r), the Board has adopted rules, codified at N.J.A.C. 14:8-2.4(g), which: (1) provide a public process for determination of the maximum number of megawatts to be designated as "connected to the distribution system" during the following energy year; and (2) establish quarterly "application windows" for grid supply projects seeking such designation. At its July 26, 2017 Agenda Meeting, the Board directed Staff to conduct an analysis concerning the market impacts of designating new solar grid supply capacity as "connected to the distribution system serving New Jersey." The Board also directed Staff to announce a specific number of megawatts as the upper limit which the Board may approve for designation in EY18 "no less than 30 days prior to opening the first application window for EY18 on December 1, 2017."<sup>3</sup> The Board **NOW FINDS** that to avoid confusion and to further administrative efficiency, Staff's analysis should now be encompassed in the generic proceeding.

In addition, the Board **FINDS** that attempting to implement a process for designating grid supply projects as "connected to the distribution system," while simultaneously conducting a comprehensive review of all existing solar policies, would be counterproductive and could result in confusion in the market. Therefore, the Board **NOW SUSPENDS** implementation of N.J.A.C.

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<sup>3</sup> I/M/O Implementation of Designating Grid-Supply Projects as Connected to the Distribution System - Order Implementing Certain Provisions of N.J.A.C. 14:8-2.4(g) For Energy Year 2018, Dkt. No. QO16020130 (July 26, 2017) ("July 26 Order").

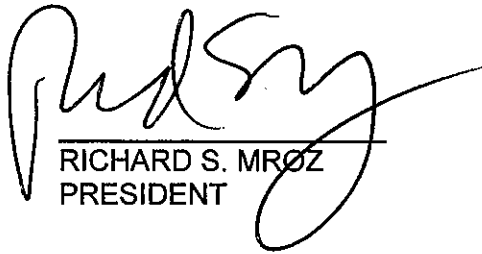
14:8-2.4(g) until such time as the generic proceeding shall be concluded and the Board shall end the suspension. The Board **DIRECTS** Staff to report on the status of the generic proceeding on the 60<sup>th</sup> day following the effective date of this Order, and every 60 days thereafter.

The Board **DIRECTS** Staff to distribute this Order to the Renewable Energy Listserv and to post a copy upon the New Jersey Clean Energy website.

This Order takes effect on October 2, 2017.

DATED: 9/22/17

BOARD OF PUBLIC UTILITIES  
BY:

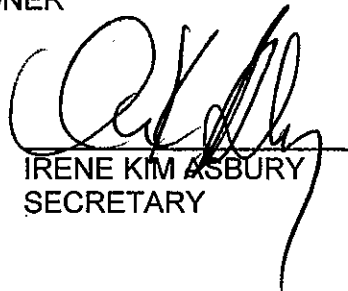
  
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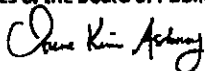
  
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IRENE KIM ASBURY  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE BOARD'S ESTABLISHING A GENERIC PROCEEDING TO  
REVIEW THE STATE OF THE SOLAR MARKET

IN THE MATTER OF THE IMPLEMENTATION OF L. 2012, C. 24, THE SOLAR ACT OF 2012;

IN THE MATTER OF THE IMPLEMENTATION OF L. 2012, C. 24, THE SOLAR ACT OF 2012,  
N.J.S.A. 48:3-87(Q)(R) AND (S) – PROCEEDINGS TO ESTABLISH THE PROCESSES FOR  
DESIGNATING CERTAIN GRID-SUPPLY PROJECTS AS CONNECTED TO THE  
DISTRIBUTION SYSTEM; AND

IN THE MATTER OF THE IMPLEMENTATION OF N.J.S.A. 48:3-87(R), DESIGNATING GRID-  
SUPPLY PROJECTS AS CONNECTED TO THE DISTRIBUTION SYSTEM - ORDER  
IMPLEMENTING CERTAIN PROVISIONS OF N.J.A.C. 14:8-2.4(G) FOR ENERGY YEAR 2018

DOCKET NO. QX17090949, DOCKET NO. EO12090832V and DOCKET NO. QO16020130

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