

NJ Solar Community Demonstrates Extraordinarily High Level of Interest in Year Two of New Jersey Community Solar Program

Client Alert

4.07.21

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On April 6, 2021, the New Jersey Board of Public Utilities (BPU) announced that it received a record number of applications for the approval of community solar projects for Program Year 2 (PY2) of the New Jersey Community Solar Program. With 410 applications received by the BPU prior to February 5, 2021 consisting of 800 MWs of total production capacity, the application review and approval process will be highly competitive, given that the BPU intends to award only 150 MWs of capacity for PY2.

The New Jersey Community Solar Pilot Program, established in the Clean Energy Act of 2018, is intended, among other things, to make renewable energy accessible and affordable to low and moderate income (LMI) subscribers and to Environmental Justice Communities. Under the program, residential and commercial customers that do not have sufficient space for the installation of solar photovoltaic equipment to generate clean electricity for their own consumption can enter into a subscriber agreement that enables them to purchase electricity generated from solar facilities located on properties controlled by community solar providers. The program is a key component of the New Jersey Energy Master Plan's goal of achieving 100% clean energy production by 2050.

In 2019, the BPU implemented the New Jersey Community Solar Program by establishing a three year "pilot program" to develop community solar projects of at least 75 MWs per year. In Program Year 1 (PY1), 252 applications were submitted to the BPU. In December 2019, the BPU approved 45 applications consisting of 78 MWs of capacity - all of which will serve a subscriber base where more than 51% of the subscribers are LMI customers. On January 28, 2021, the first Community Solar Program project in New Jersey, 7 MWs of facilities located in Perth Amboy, were put in service as part of PY1.

Projects will be selected by the BPU based upon criteria that places emphasis on serving LMI communities, siting projects on landfills and brownfields, and customer savings. While it was expected that a significant number of applications would be submitted for PY2, the submission of 800 MWs of applications competing for only 150

MWs of available program capacity will likely result in the selection of projects that produce favorable rates and terms for LMI subscribers.

The BPU has not announced when it expects to complete its review of PY2 applications. For PY1, the BPU spent approximately four months reviewing and evaluating project applications. If the BPU takes a similar amount of time to review applications for PY2, we would expect application approvals in May 2021. However, with almost twice as many applications to review for PY2, it is unclear when project selection will be completed and when the Program Year 3 process will commence.

What is known, however, is that New Jersey solar developers have shown widespread interest in developing community solar projects, and that the highly successful New Jersey Community Solar Program will play a key role in making clean energy accessible to residential and commercial customers.

We will continue to monitor developments related to the New Jersey Community Solar Program and will issue further updates as appropriate. Please contact the author of this Alert, **Barbara J. Koonz** bkoonz@greenbaumlaw.com | 973.577.1894 with questions or to discuss your specific circumstances. Ms. Koonz is Chair of the firm's **Energy, Renewable Resources & Sustainable Development Practice Group**.

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October 6, 2020

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August 3, 2020

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