New Jersey Board of Public Utilities Announces Opening of Year 2 of the Community Solar Program

Client Alert

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On October 2, 2020, the New Jersey Board of Public Utilities (Board) announced the opening of the second year of the Community Solar Program (PY2) as well as various changes from Program Year 1 (PY1) of the program. The Board stated that during PY2 it will expand the program capacity from 75MWs to 150MWs - 60MWs of which will be set aside for low and moderate income (LMI) subscribers. The deadline for the submission of applications is February 5, 2021.

The Community Solar Program is mandated by the Clean Energy Act of 2018 and is intended to make renewable energy accessible and affordable to LMI customers and to Environmental Justice Communities. In 2019, the Board commenced the Community Solar Program by establishing a three year "pilot program" to develop community solar projects of at least 75MWs per year. Under the Community Solar Program, residential and commercial customers that lack sufficient space for the installation of solar photovoltaic equipment to generate electricity for their own consumption can enter into a subscriber agreement that enables them to purchase electricity generated by solar facilities located on other properties.

Solar developers throughout New Jersey have shown widespread interest in the program. During PY1, 252 applications were submitted to the Board. In December 2019, the Board approved 45 applications consisting of 78MWs - all of which will serve a subscriber base where more than 51% of the subscribers are LMI customers.

After conducting stakeholder "lessons learned" sessions regarding PY1, the Board determined to make various modifications for PY2, including the following:

- The six-month deadline for beginning construction will be eliminated and replaced with a quarterly status reporting obligation;

- The construction completion requirement shall be extended from 12 months to 18 months and extensions will be limited to one, 6-month extension;
- Expansion of criteria that developers may use to confirm LMI qualification of subscribers;
- Permitting the annual program capacity limit for PY2 and PY3 to be determined during the program year rather than in advance as required by the current program regulations;
- Establishment of financial penalties if a project fails to satisfy its financial commitments made in its program application, particularly regarding LMI customers;
- Approval of automatic enrollment of subscribers ("opt-out") for municipally owned and operated projects that guarantee customer savings and provide appropriate consumer privacy protections;
- The capacity for PY2 expanded to 150MWs — with 60MWs set aside for LMI projects;
- PY2 projects will be eligible for Transition Renewable Energy Certificates (TRECs);
- Applications will be required to be filed no later than February 5, 2021 through an online portal; and
- The local electric utilities are required to submit a report to the Board no later than February 26, 2021 setting forth a proposal for consolidated billing.

The PY2 criteria for evaluating applications and awarding project approvals will generally track that used in PY1. Applications will be reviewed and scored based on evaluation criteria that includes:

- LMI and environmental justice inclusion (25 points max.);
- Siting – with priority given to landfills, brownfields, and parking lots among others, and bonus points for site enhancements, or locating in a redevelopment or opportunity zone (20 points max. plus bonus points);
- Community and environmental justice engagement (15 points max.);
- Product offering, with a preference for guaranteed customer savings of greater than 20 percent and flexible terms (15 points max.);
- Other benefits such as job training and co-benefits such as energy storage, EV charging, or energy efficiency (10 points max.); and
- Geographic location within utility service territory and project maturity (each 5 points max.).

Project applications must receive a minimum of 50 points to be considered, and will be awarded capacity in descending order beginning with the highest-scoring project in each electric utility's territory.

The **application form for PY2** is available on the BPU Office of Clean Energy website.

We will continue to monitor the Board's implementation of the New Jersey Community Solar Program and will provide timely updates regarding new developments.

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