



Agenda Date: 12/18/24  
Agenda Item: 8I

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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CLEAN ENERGY

IN THE MATTER OF A SUCCESSOR SOLAR	)	ORDER ESTABLISHING REMOTE
INCENTIVE PROGRAM PURSUANT TO P.L. 2021,	)	NET METERING APPLICATION AND
C.169	)	APPROVAL PROCESS
	)	
	)	DOCKET NO. QO20020184
IN THE MATTER OF THE ESTABLISHMENT OF A	)	
REMOTE NET METERING MARKET SEGMENT IN THE	)	
ADI PROGRAM AND OF AN APPLICATION AND	)	DOCKET NO. QO24070554
APPROVAL PROCESS PURSUANT TO P.L. 2023,	)	
CHAPTER 190	)	

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BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board” or “BPU”) establishes a Remote Net Metering (“RNM”) application and approval process for the RNM market segment within the Administratively Determined Incentive (“ADI”) Program.

**BACKGROUND**

**Clean Energy Act of 2018**

On May 23, 2018, Governor Murphy signed the Clean Energy Act of 2018, L. 2018, c. 23 (“CEA”) into law. Among other mandates, the CEA directed the Board to “establish an application and approval process to certify public entities to act as a host customer for remote net metering capacity” within 120 of enactment. In addition, per the CEA, “[t]he Board shall require each participating customer to pay at least 50 percent of the societal benefits charge established pursuant to . . . [N.J.S.A.] 48:3-60.”

In compliance with the CEA, the Board approved a RNM process on September 17, 2018.<sup>1</sup>

### **Solar Act of 2021**

On July 9, 2021, Governor Murphy signed into law the Solar Act of 2021 (“Solar Act”), which directed the Board to establish a program to incent the development of at least 3,750 megawatts<sup>2</sup> (“MW”) of new solar by 2026.<sup>3</sup> The Solar Act includes the creation of parallel incentive structures: one to incent net metered facilities 5 MW and less and community solar facilities, and the other to incent grid supply solar facilities and net metered facilities over 5 MW.

On the same date, Governor Murphy signed into law the Dual-Use Solar Energy Act of 2021, L. 2021, c. 170, (“Dual-Use Act”), which directed the Board, in consultation with the New Jersey Secretary of Agriculture, to adopt rules establishing a Dual-Use Solar Energy Pilot Program (“Dual-Use Pilot Program”) and, subsequently, a permanent program.<sup>4</sup>

Pursuant to the CEA, the Solar Renewable Energy Certificate (“SREC”) Registration Program (“SRP”) closed on April 30, 2020, following the Board’s determination that the 5.1% Milestone had been attained. The SRP was replaced by the interim Transition Incentive (“TI”) Program, which was created to provide a bridge between the SRP and the successor incentive program. On July 28, 2021, following an extensive stakeholder process, the Board established the Successor Solar Incentive (“SuSI”) Program, comprised of two sub-programs: 1) the ADI Program for net metered residential facilities, net metered non-residential facilities of 5 MW or less, and community solar facilities; and 2) the Competitive Solar Incentive (“CSI”) Program for grid supply solar projects (i.e., those selling into the wholesale markets) and net metered non-residential projects above 5 MW. The TI Program closed to new registrations on August 27, 2021, and the ADI Program opened to new registrations on August 28, 2021. On December 7, 2022, the Board established the CSI Program, another step toward completing the implementation of the SuSI Program. The first solicitation of the CSI Program opened for prequalification on February 1, 2023, and closed on March 31, 2023.

### **Remote Net Metering Act**

On December 21, 2023, Governor Murphy signed L. 2023, c. 190, an Act concerning RNM (“Act”) and significantly modifying the RNM process approved in the 2018 RNM Order.<sup>5</sup> The modifications made by the Act affect the eligibility requirements, the application and approval process, and the sizing methodology for RNM facilities. In addition, the Act directs the Board to include an incentive in the ADI Program for 50 MW of RNM.<sup>6</sup>

The Act amends N.J.S.A. 48:3-87.12 to direct the Board to establish an application and approval process for RNM solar facilities that serve public entities located within the same electric

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<sup>1</sup> In re the Establishment of a Remote Net Metering Application and Approval Process Pursuant to the Clean Energy Act of 2018, BPU Docket No. QO18070697, Order dated September 17, 2018 (“2018 RNM Order”).

<sup>2</sup> All references to solar capacity in megawatts are measured in direct current.

<sup>3</sup> L. 2021, c. 169; see N.J.S.A. 48:3-115(a).

<sup>4</sup> N.J.S.A. 48:3-87.13.

<sup>5</sup> N.J.S.A. 48:3-87.12(a); N.J.S.A. 48:3-116.

<sup>6</sup> N.J.S.A. 48:3-116(a).

distribution company (“EDC”) service territory as the solar facility. The size of the RNM solar facility is to be based on the aggregate usage of the receiving public entity utility accounts, not to exceed 5 MWs.<sup>7</sup> The Act specifies that an RNM project shall exclusively serve public entities, located within the same EDC service territory as the RNM solar generation facility, that have been certified by the Board as receiving customers; may be located on either property owned or leased by the public entity or on any suitable private property; shall have a facility size calculated on the total aggregate electric usage of the receiving customer; and must be metered separately.<sup>8</sup> The application process to approve RNM facilities and certify public entities to act as receiving customers for those facilities must be modeled after the relevant rules in the Board’s Community Solar Energy Program (“CSEP”) including, but not limited to, the calculation of the value of the net metering credit.<sup>9</sup> An electric public utility shall be entitled to full and timely cost recovery, consistent with the CSEP provisions.<sup>10</sup>

The Act also amends N.J.S.A. 48:3-116, which requires the Board to establish an incentive program for certain solar facilities with targets for various market segments and which the Board implemented in establishing the ADI Program. Pursuant to the Act, RNM facilities up to 5 MW shall receive incentives through the ADI Program. The Act establishes a target of providing SREC-IIs to 50 MW per year of RNM facilities for each of the five years following the establishment of the SREC-II program.<sup>11</sup>

On September 4, 2024, the Board approved for publication in the New Jersey Register (“NJR”) a rule proposal codifying the requirements and processes of CSEP (“CSEP Rule Proposal”).

On October 23, 2024, the Board voted to approve the launch of the Dual Use Pilot Program and the publication of a rule proposal to govern this program.<sup>12</sup>

### **RNM Process Approved in 2018 RNM Order**

Following solicitation of public comment and consideration of the responses received, the Board approved an application and approval process. The Board-approved process in the 2018 RNM Order defines “public entity,” for purposes of RNM eligibility, consistent with the list of entities identified as eligible for aggregated net metering in the Solar Act of 2012 (L. 2012, c. 24): State entity, school district, county, county agency, county authority, municipality, municipal agency or municipal authority. The Board further determined that the definition of “public entity” expressly includes public universities. A notable class of public entity not included in the list as statutorily eligible for aggregated net metering are Federal agencies.<sup>13</sup>

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<sup>7</sup> N.J.S.A. 48:3-87.12(a).

<sup>8</sup> Ibid.

<sup>9</sup> N.J.S.A. 48:3-87.12(b).

<sup>10</sup> Ibid.

<sup>11</sup> The SREC-II program was established on August 28, 2021, so the five (5)-year goal would run through August 28, 2026.

<sup>12</sup> In re the Dual-Use Solar Energy Pilot Program, BPU Docket No. QO23090679, Order dated October 23, 2024.

<sup>13</sup> The Board noted that the New Jersey Department of Environmental Protection (“NJDEP”) Siting Analysis current at the time indicated that the vast majority of federal property, over 120,000 acres or more than eighty-six percent (86%) by land area, was located on land considered by the NJDEP as “not-preferred” for

A “host customer” is defined as a public entity that proposed to host a solar electric generation facility on their property, while “entities designated to receive credits,” or “receiving customers,” are public entities located in the same EDC territory as the host customer. Both the host and the receiving customers need to be a “customer of record” of the same EDC.<sup>14</sup> The host and receiving customers can be the same public entity. The host customer and the receiving customer are not required to be in the same rate class.<sup>15</sup>

In the program approved in 2018, a host customer’s solar electric generating facility is required to be located on property containing at least one electric meter of the host customer and to be sized such that the electricity it produces on an annual basis does not exceed the total average usage of the host customer’s electric public utility account(s). The host customer is required to identify which accounts it was using to calculate the total average usage for the previous 12 months of consumption in kilowatt-hours (“kWh”). If more than one account was used, the total quantity of annual, historic kWhs consumed are divided by the number of accounts and the resulting figure was divided by 1200, representing the annual kWh per kilowatts (“kW”), to arrive at the maximum capacity for the solar electric generation facility in kW. The concept of an annualized period used in the Board’s net metering rules at N.J.A.C. 14:8-4.2 was applied to RNM.

The terms and conditions of the Public Entity Certification Agreement (“Agreement”), including all designated “receiving accounts” with their associated percentage of output allocations, are fixed throughout the annualized period. An exception to the once-per-twelve-month opportunity to reallocate allows Board Staff (“Staff”) to approve a revision to the Agreement which has been re-executed with all parties’ approval including the EDC.

In establishing the application and approval process mandated by the CEA, the Board approved a standard form of Agreement to be used by host customers and receiving customers. The Agreement needs to be fully executed by the host customer and each receiving customer and be accompanied by the Board approved standard form of Interconnection Application (Part 1) as used for all net metered projects. The Agreement and the Interconnection Application (Part 1) must be delivered to both Staff and the appropriate EDC. The relevant EDC and Staff reviewed the Agreement for administrative completeness. The Agreement must be reviewed by Staff and approved by the Board prior to the application of RNM credits.

The Agreement to be utilized in the RNM process is posted on the New Jersey Clean Energy Program website as well as the websites utilized by the EDCs to facilitate the net metering and interconnection processes.

The Board-approved process requires the host customer and developer to agree to the installation of a production meter, which may be a “remote read smart meter” as specified by the EDC, paid for by the developer. The EDC then uses the metered kWh data produced to calculate the credits due to receiving customers and allocates the monthly output to receiving customers according to the percentage allotments indicated on the Agreement.

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solar. 2018 RNM Order at 6.

<sup>14</sup> In re the Remote Net Metering Application Filed Pursuant to the Board’s Application and Approval Process Implementing Provisions of the Clean Energy Act of 2018; Vanguard Energy Partners; Raritan Valley Community College, BPU Docket Nos. QO18070697 and QO21060892, Order dated August 18, 2021.

<sup>15</sup> Ibid.

The Board set the value of an RNM credit to reflect a rough approximation of the generation, transmission, and distribution value of a kWh produced by the solar electric generation facility. Each credited kWh for a receiving customer(s) offsets all the variable kWh charges of a receiving customer(s), except for the Societal Benefits Charge (“SBC”), but does not offset any fixed or demand charges.

### **Revisions to the RNM Process as a Result of the Act**

As noted above, the Act significantly modified certain aspects of the RNM process, including but not limited to the siting and sizing of solar facilities. On August 14, 2024, Staff issued a Request for Information (“RFI”) seeking public input on the implementation of an RNM Process modified to conform with the Act. Comment summaries and their corresponding respective responses appear in Appendix A attached hereto.

### **STAFF RECOMMENDATION**

As noted above, the Legislature has directed the Board to establish an RNM application process “modeled after the relevant rules and regulations adopted by the [B]oard for the community solar energy program” that includes but is not limited to the calculation of the RNM credit.<sup>16</sup>

One of the changes effected by the Act was the sizing of RNM projects on total “aggregate” electric usage over the previous twelve months rather than “average” electric usage during that time. Staff recommends the Board define Total Aggregate Electric Usage of an RNM project as the calculation of electric usage by all receiving customers over the previous twelve (12) months, in accordance with the Act and historic practice in implementing net metering, exclusive of streetlights. As previously stated, Staff further recommends that any reallocation among receiving customers be done only once per annualized period.

Participants in the RNM market segment have the option of performing an initial feasibility screening with the relevant EDC or municipal electric utility to determine project viability prior to application submission. To commence the application process, Staff proposes that the Board require the submission of a standard form RNM Application that has been fully executed by the designated contact person for the RNM Project (“Project Representative”) and each receiving customer accompanied by the Board-approved standard form of Interconnection Application (Part 1) as used for all net metered projects. Staff recommends that the Board require the RNM Application and Interconnection Application (Part 1) to be delivered to both Staff and the relevant EDC. The EDC and Staff will review the RNM Application for administrative completeness. Within ten (10) business days, the EDC shall provide its input to Staff, and Staff will issue a notice of its findings to the Project Representative listed on the form. If the application has been deemed administratively incomplete, the Project Representative will be notified by Staff and must resubmit their application with the corrected deficiencies, upon which the relevant EDC and Staff shall have an additional ten (10) business days to confirm administrative completeness.

Following the issuance of a notice of administrative completeness, the EDC shall have twenty (20) business days to review the application for eligibility and feasibility, including the proposed system size and all account information, and make a recommendation to Staff to approve or deny. A recommendation to deny the application from the EDC shall be accompanied by a description of deficiencies and any potential means to correct the deficiencies. If the application has been

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<sup>16</sup> N.J.S.A. 48:3-87.12(b).

denied, the Project Representative will be notified by Staff and must resubmit their application with the corrected deficiencies, upon which the EDC shall have an additional twenty (20) business days to determine the project's eligibility and feasibility. Following project approval, the developer must upload the EDC's approval to the registration portal alongside all application documents for review of completeness of the project's ADI registration. Once confirmed, an ADI acceptance letter will be issued to the developer, and the respective capacity for that project will be reserved from the 50 MW total.

Some solar developers have opined that the Board should simplify the RNM application process by, among other things, finding that municipalities can procure solar power from RNM facilities without needing to go through the public bid process. As noted above, the requirements of New Jersey's public contracting laws do not allow the Board to authorize evading this process; the New Jersey law requires the use of the public bid process for public entities entering an agreement for a discounted electricity rate with an entity other than their EDC. Similarly, the eligibility requirements for the RNM market segment are set by statute and cannot be modified by the Board. Staff does not recommend a higher incentive level for this market segment than for traditional net metering or for CSEP, particularly in light of the increased siting opportunities and greater facility size available under the Act. Staff does recommend that the Board waive the ADI timelines for these projects and align the expiration date with those provided for CSEP projects in the Board's rules and the pending CSEP rule proposal: eighteen (18) months for all RNM projects except those located on contaminated sites or landfills, which should receive twenty-four (24) months. Staff also recommends allowing all projects to seek a six (6)-month extension from the program administrator.

Staff proposes that the Board direct Staff to post a standard form of RNM Application to be used by and the Project Representative and receiving customers which shall be fully executed and provided to the EDCs and reviewed by Staff prior to RNM credits being applied. Staff recommends that the RNM Application be posted on the New Jersey Clean Energy Program website as well as the websites utilized by the EDCs to facilitate the net metering and interconnection processes.

In its previous iteration, the RNM market segment limited the number of receiving accounts that could be party to an Agreement to no more than ten (10) and required that an individual receiving account could be allocated not less than ten percent (10%) of the solar electric generating facility output. However, Staff does not believe that these limitations are necessary in the revised RNM market segment. As noted above, since the Board first established a process for approval of RNM projects in 2018, the EDCs have demonstrated their ability to manage the CSEP accounts, which involve substantially larger numbers of customers and greater month-to-month variability in allocation of credits. Staff recommends removing these limitations from the revised market segment.

Staff proposes that the terms and conditions of the RNM Application, including all designated receiving accounts with their associated percentage of output allocations, be fixed throughout the annualized period.

Staff further recommends that the Board allow Staff to make such modifications to the application process as experience with the new RNM market segment may demonstrate will facilitate that process.

Consistent with the CSEP, Staff recommends that RNM projects be allowed to register on a first-come, first-served basis. Staff recommends that as in the CSEP, the SuSI rules for registration

be applied to RNM registrants. The SuSI Program registration manager would, as per N.J.A.C. 14:8-11.5, notify registrants whether the registration package is complete or incomplete. Registrations that are deemed incomplete due to a minor deficiency, as defined at N.J.A.C. 14:8-11.5(f)(1), would be notified and granted seven business days to resolve the deficiency. Registrations that are deemed ineligible, incomplete due to a major deficiency as defined at N.J.A.C. 14:8-11.5(f)(2), or that fail to correct minor deficiencies within the time allowed would be rejected, and the registration would be cancelled. As noted above, Staff does not recommend using a tiebreaker at this time.

Regarding the suggestion that the Board should establish a standard discount factor for RNM projects to prevent manipulation and ensure fair competition, Staff recommends that the Board reject this approach. Staff believes that allowing the market to determine the level of discount offered promotes greater savings for the public entities and greater transparency in the setting of such discounts.

With respect to the siting of the RNM projects, Staff recommends the Board define “suitable private property” in alignment with the land use protections in the Solar Act of 2021 and the Dual Use Act, as well as the Act. Thus, no RNM projects should be sited on land preserved under the Green Acres Program, land designated as freshwater wetlands as defined pursuant to L. 1987, c.156 (C.13:9B-1 et seq.) or coastal wetlands as defined pursuant to L. 1970, c.272 (C.13:9A-1 et seq.), forested lands as defined by the Board in consultation with the Department of Environmental Protection, or prime agricultural soils and soils of statewide importance, as defined by the United States Department of Agriculture’s Natural Resources Conservation Service. The Dual Use Act, which provides for solar development on land that continues in active agricultural production, excludes land located within the preservation area of the Pinelands area<sup>17</sup> and land designated as forest area in the Pinelands comprehensive management plan.<sup>18</sup> Staff recommends that the Board align the RNM market segment with the Dual Use Program and exclude the preservation area of the pinelands area and land designated as forest area within the Pinelands comprehensive management plan from development under the RNM market segment. Staff does not recommend that RNM facilities be required to be located at properties adjacent to existing distribution facilities, as such a requirement would conflict with the broad siting eligibility provided by the Act.

With the exception of the above exclusions, Staff recommends the Board not provide a preference for any site types and maintain flexibility in facility siting. Nor does Staff believe that the Board should add additional incentives for specific site types within the new RNM market segment at this time, given that the RNM market segment itself confers a benefit upon public entity electricity customers that is not available to other customers. For projects located on a contaminated site or landfill, Staff recommends using the definition of “contaminated site or landfill” included in the Solar Act of 2021. In addition, Staff recommends that the Board require the registrant to provide a completed NJDEP permit readiness checklist and a completed Contaminated Sites and Landfills Eligibility Verification Form.

In this initial version of the RNM market segment, Staff recommends that the Board allocate 50 MW of capacity on a statewide basis, rather than implementing capacity segmentation consistent with the CSEP process, which bases allocations on the proportion of retail electric sales. The

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<sup>17</sup> N.J.S.A. 48:3-87.13(b)(5), citing subsection b. of section 10 of L.1979, c.111 codified at N.J.S.A. 13:18A-11.

<sup>18</sup> N.J.S.A. 48:3-87.13(b)(5), citing L.1979, c.111, codified at N.J.S.A. 13:18A-1 et seq.

much smaller size of the RNM market segment means that such capacity segmentation risks precluding otherwise viable projects if a project's size exceeds available capacity in a specific service territory. The Board may re-visit this determination after it has had experience with the RNM market segment. Staff recommends that new registrations be accepted until the allocated capacity has been fully subscribed and that "fully subscribed" be deemed to have occurred when the last registration received in the registration portal causes the total capacity of all registrations to exceed the capacity allocation. Furthermore, Staff recommends that the Board find that it has the discretion to reallocate additional capacity to the RNM market segment beyond the statutory minimum.

Another relevant feature of the CSEP is the manner in which it prevents circumvention of the five (5) MW statutory limit on project size by prescribing the extent to which projects may be located adjacent to each other. While a community solar project may be co-located with a net metered project if multiple projects serve different end users, CSEP generally prohibits siting multiple community solar projects adjacent to each other if their combined capacity would exceed five (5) MW. The pending rule amendments to the CSEP rules would make an exception for facilities located on rooftops of separate buildings on different properties. See 56 N.J.R. 1948(a). Staff recommends that the Board apply comparable restrictions on co-location to RNM projects, such that multiple RNM or community solar projects may not be located adjacent to each other if their combined capacity would exceed five (5) MW; however, such projects may be located adjacent to each other if they are located on rooftops of separate buildings on different properties. Staff further recommends that the Board allow the co-location of an RNM project with a net-metered project if they serve separate customers.

With respect to allowing dual-use projects on farmland to participate in the RNM market segment, Staff notes that the Board and the stakeholders have as of yet no experience with either the Dual Use Program or the revised RNM market segment. Moreover, the revised RNM market segment is anticipated to begin accepting applications considerably in advance of the Dual Use market segment, with its longer and more complex application process. Thus, Staff recommends that if a developer wishes a project applying to the RNM market segment to be eligible for the Dual Use Program as well, the developer be advised that the project will be subject to the requirements of the Dual Use Program when that program begins accepting Expressions of Interest and, subsequently, applications.

Staff recommends that all projects shall be required to follow the EDCs' normal interconnection procedures and that all projects meet codes, standards, and licensing requirements that were applicable when the project was constructed. To the extent that the current grid modernization efforts result in relevant interconnection standards, Staff recommends that these apply to RNM projects as to any other project.

In addition, Staff recommends that the Board waive the twelve (12)-month deadline for ADI projects in the existing SuSI rules at N.J.A.C. 14:8-11.5(g) and order that the RNM projects be subject to the same deadlines as projects in the CSEP: eighteen (18) months to achieve commercial operations unless a project is sited on a contaminated site or landfill, in which case it shall have an expiration date twenty-four (24) months from acceptance into the ADI Program.

The Act directs the Board to model the calculation of the value of the RNM credit after the CSEP credit calculation. N.J.S.A. 48:3-87.12(b). Staff thus recommends that the RNM bill credit be calculated based upon supply and delivery charges but exclude non-bypassable charges or demand charges. As stated above, Staff recommends that the "non-bypassable charges" for the RNM market segment be defined to mirror those in the CSEP Rule Proposal and that the Board



incorporate into the RNM bill credit the other aspects of bill credit implementation by the EDCs, including but not limited to establishment of an annualized period, the treatment of credits within and on the close of that period, and the application of the bill credit to the utility bill. See N.J.A.C. 14:8-9.7. Staff does not recommend a larger credit for those public entities supported by local taxes, since the RNM market segment is already a benefit specific to public entities. As previously noted, the CSEP credit is derived differently from the RNM credit; CSEP provides a credit against the bill based on the amount of subscribed energy, while RNM is applied to reduce usage. Staff recommends that the Board require the EDC to allocate credits to customers on the basis of an apportioned amount of kWh output from the solar facility, with the credit taking the form of the dollar value of the apportioned amount of kWh of the receiving customer on a monthly basis.

Staff recommends that the EDCs continue to use their existing RNM and CSEP billing processes to provide the appropriate billing credit to these groups of customers. To the extent that an EDC incurs additional IT development costs, the EDC may seek recovery in a future cost recovery filing, where the costs would be subject to a prudence review before recovery is allowed. In addition, Staff believes that there is merit in the suggestion that administrative costs be recovered from developers; however, the extent of such costs is not yet known. The EDCs are not required to engage in the same level of administration for the RNM market segment that they are in CSEP; the process involves the allocation of kWh output rather than the remittance of subscriber fees to developers. Since some costs will be incurred, however, Staff recommends that the EDCs be directed to track their administrative costs with the goal of developing an appropriate administrative fee(s) to cover some or all of those costs and reduce the burden on ratepayers. Staff concurs with Rate Counsel that the reduced usage and associated reduction in costs be identified on the customer's bill. Staff recommends that the apportioned amount of solar electricity generated in kWh, the gross amount of electricity consumed in kWh and the net amount of kWh after credit allocation be clearly identified on the monthly electricity bills of each designated receiving customer account. All of these requirements would also apply to municipal electric utilities if an RNM project is developed in a municipal electric utility's service territory.

The Board has set the SREC-II value at \$90/MWh, as it is for CSEP projects.<sup>19</sup> Moreover, the revised RNM market segment allows for larger projects and much more flexible siting. Staff anticipates that the majority of RNM projects will be greater than 1 MW and thus eligible under ADI for an \$85 SREC-II; the \$90 level thus represents an augmented incentive. Staff does not recommend any additional adder for RNM projects. This incentive level will be examined in the triennial review of ADI incentives, anticipated to begin in the first half of 2025. At that time, pursuant to the Board's rules, any adjustment to the incentive provided now will benefit from an analysis that includes existing modeling, major policy changes, market performance, and stakeholder input.

The rules governing the CSEP also require the EDCs to submit monthly electronic reports to the Board on interconnections and energy production, within thirty (30) days of the end of the calendar month being reported upon. N.J.A.C. 14:8-9.11. Staff recommends that the Board require the EDCs to submit similar electronic reports for the RNM market segment on a quarterly basis. Staff proposes that these reports shall include but not be limited to a list of RNM projects that submitted an interconnection application, including name, location, and proposed capacity; a list of RNM

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<sup>19</sup> In re a Successor Solar Incentive Program Pursuant to P.L. 2021, C.169; Certification of Energy Year 2023 Cost Cap Calculation and Setting ADI Program Megawatt Blocks for Energy Year 2025; the Establishment of a Remote Net Metering Market Segment in the ADI Program Pursuant to P.L. 2023, Chapter 190, BPU Docket Nos. QO20020184, QO24020117 and QO24030197, Order dated May 22, 2024.

facilities interconnected over the previous quarter, including name, location, and capacity; the estimated kilowatt hours supplied to the distribution system by RNM solar facilities over the previous quarter, and a description of the estimation methodology used; the total number of accounts receiving a bill credit from an RNM solar facility, and estimated total RNM bill credits distributed to RNM receiving customers, over the previous quarter; any changes in receiving customers or in the allocation of bill credits among the receiving customers; estimated “excess” kilowatt hours, that is, estimated kilowatt hours produced by an RNM solar facility that were not allocated to a public entity; and the cumulative totals since the Board first established a process for approving RNM projects in 2018, including the total number of RNM interconnection applications received, total number of RNM facilities interconnected, total capacity of RNM solar facilities interconnected, estimated total kilowatt hours supplied to the distribution system by RNM solar facilities, estimated total RNM bill credits distributed to public entities receiving a bill credit from an RNM solar facility, and estimated total number of public entities participating in the RNM market segment.

To further comply with the Act, Staff has assembled the standard form of RNM Application for use by developers of potential RNM projects. The proposed application includes all the revised eligibility criteria established in the Act. This application shall be completed by the Project Representative and submitted to Staff and to the relevant EDC or municipal electric authority if the project is proposed to be connected to the distribution or transmission system owned or operated by a New Jersey public utility or local government unit. A developer wishing to participate in the RNM market segment with a project located in a municipal utility service territory must demonstrate that the municipal electric utility is capable of and has agreed to perform the functions the Board requires of EDCs for RNM projects.

### **DISCUSSION AND FINDINGS**

N.J.S.A. 48:3-116 has been amended to add a market segment MW block of 50 MW per year for qualifying RNM projects. The Board **FINDS** that Staff’s recommendations regarding the RNM application process conform to the legislative directive to model the RNM application process on the relevant CSEP rules and **HEREBY APPROVES** those recommendations, including the recommendation that Staff have the ability to modify the application process to facilitate its implementation. Specifically, the Board **ORDERS** that the SuSI rules for registration shall be applied to RNM registrants and that as in CSEP, RNM projects shall be allowed to register on a first-come, first-served basis. The Board **ORDERS** that co-location shall be prohibited for RNM projects in the same fashion that it is prohibited for CSEP projects. Furthermore, the Board **ORDERS** that multiple RNM projects may not be located on the same or adjacent properties if their combined capacity would exceed five (5) MW, but RNM projects shall not be considered co-located if they are located on rooftops of separate buildings on different properties and serve separate customers. The Board also **ORDERS** that for projects located on a contaminated site or landfill, the registrant must provide a completed NJDEP permit readiness checklist; an approved site mitigation plan, if applicable; a BPU certification of eligibility verification from the NJDEP, including that the project is on NJDEP’s list of contaminated or landfill sites or has received a waiver if not on one of those lists; a review of compliance history at the proposed site; approval for proper closure of the landfill; and contaminated site remediation information.

The Board **ORDERS** that projects located in municipal service territories shall be eligible to apply to the RNM market segment, provided that the developer demonstrates that the municipal electric utility is capable of and has agreed to perform the functions the Board requires of EDCs for RNM projects. The Board **FINDS** that it has the discretion to reallocate additional capacity to the RNM market segment beyond the statutory minimum of 50 MW.

In keeping with the Act's specific direction that the calculation of the bill credit be modeled after the relevant CSEP rules, the Board **FINDS** that the RNM bill credit should be calculated based upon supply and delivery charges but exclude non-bypassable charges or demand charges. The Board **ORDERS** that the RNM bill credit shall reflect the non-bypassable charges identified in the CSEP bill credit: the SBC, the Market Transition Charge, the Transition Bond Charge, the Zero Emissions Certificate charge, and any other charges as defined by the Board in future Orders, should the Board determine that additional non-bypassable charges need to be identified. The Board **FURTHER ORDERS** that an annualized period shall be established for RNM customers and that credits shall be carried over within the annualized period and compensated at the close of that period consistent with the Board's rules governing bill credits for the CSEP.

The Board **ORDERS** that the SREC-II value shall be set at \$90/MWh as it is for CSEP projects with no additional adder.

All RNM projects shall follow EDCs' normal interconnection procedures and shall meet codes, standards, and licensing requirements that were applicable when the project was constructed. To the extent that the current grid modernization efforts result in relevant interconnection standards, these standards shall apply to RNM projects constructed once they take effect. In addition, the Board **WAIVES** for RNM projects the twelve (12)-month deadline for ADI projects set forth in the Board's rules and **ORDERS** that these projects shall instead be subject to the eighteen (18)-month deadline for community solar projects set out at N.J.A.C. 14:8-11.5(g) and the twenty-four (24)-month deadline for community projects on contaminated sites and landfills found in the CSEP Rule Proposal.

The Board **ORDERS** the EDCs, and any municipal electric utilities with projects that participate in the RNM market segment, to submit monthly electronic reports to the Board on interconnections and energy production, within thirty (30) days of the end of the calendar month being reported upon. These reports shall include but not be limited to the information itemized above by Staff. The Board **FURTHER ORDERS** the EDCs and municipal electric utilities to track their administrative costs for the purpose of determining an appropriate fee(s) for developers participating in the market segment.

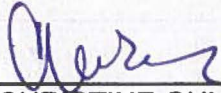
The Board **FINDS** that the RNM Application developed by Staff contains the program eligibility requirements established by the Act. The Board **DIRECTS** Staff to post the application to New Jersey's Clean Energy Program website and **FURTHER DIRECTS** the EDCs to post the application to the appropriate page of each EDC's website.

The Board **DIRECTS** Staff to initiate a rulemaking proceeding for the RNM market segment, including but not limited to determining the appropriate value of application and/or administrative fees for developers that participate in the market segment.

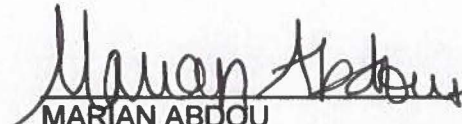
The effective date of this Order is December 26, 2024.

DATED: December 18, 2024

BOARD OF PUBLIC UTILITIES  
BY:

  
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PRESIDENT

  
DR. ZENON CHRISTODOULOU  
COMMISSIONER

  
MARIAN ABDOU  
COMMISSIONER

  
MICHAEL BANGE  
COMMISSIONER

ATTEST:

  
SHERRI L. GOLDEN  
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 A SUCCESSOR SOLAR INCENTIVE PROGRAM PURSUANT TO P.L. 2021, C.169

IN THE MATTER OF THE ESTABLISHMENT OF A REMOTE NET METERING MARKET SEGMENT IN THE ADI PROGRAM AND OF AN APPLICATION AND APPROVAL PROCESS PURSUANT TO P.L.2023, CHAPTER 190

DOCKET NOS. QO20020184 and QO24070554

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## **APPENDIX A: STAKEHOLDER COMMENTS AND RESPONSES**

### August 2024 Request for Information

The New Jersey Board of Public Utilities (“Board” or “BPU”) received eleven (11) written comments on the Request for Information published on August 14, 2024, Docket No. QO24070554.

Comments were received from:

#### Ratepayer Advocate

1. New Jersey Division of Rate Counsel (“Rate Counsel”)

#### Electric Distribution Companies

2. Atlantic City Electric Company (“ACE”)
3. Jersey Central Power & Light Company (“JCP&L”)
4. Public Service Electric and Gas Company (“PSE&G”)
5. Rockland Electric Company (“RECO”)

#### Trade Association and Non-profit filing jointly

6. New Jersey Solar Energy Coalition (“NJSEC”)\*  
Solar Energy Industries Association (“SEIA”)\*

#### Solar Developers/Industry

7. H&Y Associates Inc. (“H&Y Associates”)
8. CS Energy, LLC (“CS Energy”)
9. CEP Renewables, LLC (“CEP Renewables”)
10. Nexamp, Inc. (“Nexamp”)

#### Other/General Public

11. New Jersey School Board Association (“NJSBA”)

#### *\*Submitted joint comments*

Stakeholders were asked for feedback on siting criteria, preferences for specified siting types, the calculation of total aggregate electric usage for sizing solar facilities, alignment of billing process and credit calculation with the Community Solar Energy Program (“CSEP”), and the existing program requirements regarding maximum number of receiving accounts and minimum allocation percentages. Stakeholders also provided feedback on other issues pertaining to the RNM Process, including the RNM application and approval process, use of a discount factor, separate metering for solar generation facilities, and the applicability of public bid requirements.

### **Project Location Suitability**

Staff requested input from stakeholders on potential criteria to determine the suitability of a location for a remote net metered project, based on the Act’s determination that an RNM facility may be located on “any suitable private property,” in addition to property owned or leased by the public entity. N.J.S.A. 48:3-87.12(a)(3).

CS Energy, CEP Renewables, Nexamp, SEIA & NJSEC, and H&Y Associates advocated for a broad interpretation of siting language as a response to the restrictive nature of the original RNM

statute, suggesting that any site not explicitly excluded or that meets necessary approvals should be eligible. The commenters propose that siting criteria include a range of properties, provided they comply with applicable regulations and permits. ACE recommended that distribution facility extensions should be adjacent to existing distribution facilities, while NJSBA supported including solar projects on commercially or industrially zoned properties for expanded RNM Program eligibility.<sup>17</sup>

**Response:** Staff recommends the Board define “suitable private property” in alignment with the land use protections in the Solar Act of 2021 and the Dual Use Act, as well as the Act. The Act excludes land preserved under the Green Acres Program, land designated as freshwater wetlands as defined pursuant to L. 1987, c.156 (C.13:9B-1 et seq.) or coastal wetlands as defined pursuant to L. 1970, c.272 (C.13:9A-1 et seq.), forested lands as defined by the Board in consultation with the Department of Environmental Protection, or prime agricultural soils and soils of statewide importance, as defined by the United States Department of Agriculture’s Natural Resources Conservation Service. The Dual Use Act, which provides for solar development on land that continues in active agricultural production, excludes land located within the preservation area of the pinelands area<sup>18</sup> and land designated as forest area in the pinelands comprehensive management plan.<sup>19</sup> Staff recommends that to promote the legislative policy of protecting vulnerable land types, the Board align the RNM market segment with the Dual Use Program by excluding the preservation area of the pinelands area and land designated as forest area within the pinelands comprehensive management plan from development under the RNM market segment. With respect to the recommendation that RNM facilities be required to be located at properties adjacent to existing distribution facilities, Staff notes that such a requirement would conflict with the broad siting eligibility provided by the Act.

### **Preferred Siting Locations**

Staff requested input from stakeholders on whether the specific site types mentioned in the Act - rooftops, parking lots, brownfields, and properly closed sanitary landfill facilities- should be given legislative preference, and if so, how that preference should be reflected in program implementation.

Rate Counsel and Nexamp believe the statute does not prioritize specific site types for RNM facilities, emphasizing flexibility within established restrictions. Together with H&Y Associates, these commenters argued that site type preferences should not influence project prioritization, asserting that existing New Jersey Clean Energy Programs already address site type preferences. Rate Counsel urged interpreting site eligibility expansively to minimize ratepayer costs. Nexamp also suggested allowing projects to advance in the application process before imposing limitations on siting due to the limited capacity for the RNM Program.

Conversely, CEP Renewables advocates prioritizing specific site types mentioned in the statute (rooftops, parking lots, brownfields, and closed landfills) for the RNM Program.

CS Energy and SEIA & NJSEC propose an incentive adder to offset higher construction costs on preferred sites, recommending a \$20/MWh incentive for projects on these sites, alongside an additional \$20/MWh incentive for public entities.

**Response:** Staff recommends the Board not provide a preference for any site types and maintain flexibility in facility siting, excluding those restrictions established in the Act and consistent with the restrictions found in other statutes governing solar development. With regard to siting incentives, Staff believes that it would be premature for the Board to consider additional incentives within the new RNM market segment at this time and in the absence of a fuller stakeholder process. In this context, Staff notes that the RNM market segment itself confers a benefit upon public entity electricity customers that is not available to other customers.

### **Total Aggregate Electric Usage**

Staff requested input from stakeholders on methodology for calculating “Total Aggregate Electric Usage” to determine the maximum generating capacity of an RNM facility.

CEP Renewables advocated for using aggregated and “vouchered” municipal accounts to calculate the “Total Aggregate Electric Usage,” excluding street lighting. CEP Renewables emphasized removing previous RNM program restrictions on aggregation to encompass all municipal electricity usage.

H&Y Associates recommended calculating “Total Aggregate Electric Usage” by including projected energy usage, with approval from a certified Professional Engineer, from all accounts in addition to current usage.

CS Energy and SEIA & NJSEC supported the use of aggregated municipal utility accounts for calculating “Total Aggregate Electric Usage” to ensure a consistent approach across municipal projects.

**Response:** Staff recommends the Board define Total Aggregate Electric Usage of an RNM project as the calculation of electric usage by all receiving customers over the previous 12 months, in accordance with the Act and historic practice in implementing net metering, exclusive of street lights. Staff further recommends that any reallocation among receiving customers be done only once per annualized period.

### **Billing and Crediting Process**

Staff requested input from stakeholders on whether any modification would need to be made to the billing and crediting process to align RNM with CSEP per the Act.

PSE&G notes that the CSEP billing process is still being developed and will require modifications for RNM due to differences like the lack of consolidated billing and subscriber credit calculations. PSE&G proposed a new RNM-specific billing format and the possibility of a separate process for changing public entity customer allocations. ACE suggests modifying the “EDC RNM billing and crediting process” to recover incremental Information Technology (“IT”) and program costs through the existing annual CSEP rider surcharge filing. JCP&L supported creating a new component in its Rider Regional Greenhouse Gas Initiative Recovery Charge tariff for RNM cost recovery, similar to CSEP, but prefers billing RNM customers for net usage rather than using the CSEP model of full retail charges with Basic Generation Service supply credits unless and until the RNM Program expands.

Rate Counsel did not comment on specific RNM process modifications but supports using CSEP’s billing mechanics for RNM, noting that it is important that the bill credit be



identified separately so that customers are able to determine whether participation in the program has reduced their bill. Rate Counsel also appears to advocate for bill credit reductions in CSEP to bring bill credit values closer to the EDCs' avoided costs, since in the commenter's opinion implementation of RNM should reduce development risks for community solar projects. In addition, Rate Counsel suggested that RNM developers, rather than ratepayers, should cover billing and administrative costs. NJSBA supported cost recovery mechanisms for EDCs to incentivize their support for the RNM program. RECO sought additional information to align with the CSEP billing process and requests adequate time and full cost recovery for system modifications. SEIA & NJSEC recommended duplicating the CSEP process for RNM, a view supported by CEP Renewables and CS Energy.

**Response:** Staff recommended that the EDCs continue to use their existing RNM and CSEP billing processes to provide the appropriate billing credit to these groups of customers. To the extent that an EDC incurs additional IT development costs, the EDC may seek recovery in a future cost recovery filing, where the costs would be subject to a prudence review before recovery is allowed. In addition, Staff believes that there is merit in the suggestion that administrative costs be recovered from developers; however, the extent of such costs is not yet known. The EDCs are not required to engage in the same level of administration for the RNM market segment that they are in CSEP; the process involves the allocation of kWh output rather than the remittance of subscriber fees to developers. Since some costs will be incurred, however, Staff recommends that the EDCs be directed to track their administrative costs with the goal of developing an appropriate administrative fee(s) to cover some or all of those costs and reduce the burden on ratepayers. Staff concurs with Rate Counsel that the reduced usage and associated reduction in costs be identified on the customer's bill. Staff recommends that the apportioned amount of solar electricity generated in kWh, the gross amount of electricity consumed in kWh and the net amount of kWh after credit allocation be clearly identified on the monthly electricity bills of each designated receiving customer account. Staff notes that all of these requirements would also apply to municipal electric utilities if an RNM project is developed in a municipal electric utility's service territory. To the extent that Rate Counsel recommends reductions to the CSEP bill credit, Staff believes that those comments are outside the scope of this RNM proceeding.

### **Bill Credit**

Staff requested feedback from stakeholders on the applicability of the calculation of the billing credit used in CSEP to the RNM Program, per the Act's specification that the credit's calculation must be modeled after the CSEP rules.

RECO supported aligning the RNM calculation and crediting process with CSEP, proposing a monthly credit based on kWh and retail rates, with excess credits carried over. RECO argued that non-bypassable charges should not be offset by credits, which would be based on the host's bill date.

ACE highlighted that both CSEP and RNM use percentage allocation for credits but that CSEP provides a credit against the bill based on the amount of subscribed energy, while RNM is applied to reduce usage. ACE also suggests updating RNM rules to match CSEP, ensuring credits cover generation, transmission, and distribution costs and that the definition of non-bypassable charges is expanded to include all of the charges so defined in CSEP.

JCP&L indicated that it prefers net billing for RNM customers to reduce administrative costs, though they would adopt the CSEP model if the RNM Program expands significantly.

Rate Counsel supported aligning RNM with CSEP, recommending credits only offset variable charges, not fixed or demand charges, and aligning excess generation rules with CSEP to avoid inefficiencies.

NJSBA suggested designing bill credits to support project development and savings, recommending that since RNM serves public entities, the credit provided by the RNM Program should be based on the methodology used by CSEP to calculate the larger credit that CSEP provides to public housing rather than on the methodology used to calculate the credit provided to commercial customers.

CS Energy, CEP Renewables, and SEIA & NJSEC proposed that non-bypassable charges should not be discounted, but other charges should be eligible for discounts.

Nexamp recommended applying CSEP methodology to RNM, with credit calculations based on the applicable tariff for each RNM account.

**Response:** ACE comments that CSEP provides a credit against the bill based on the amount of subscribed energy, while RNM is applied to reduce usage. However, the Act directs the Board to model the bill credit calculation for the RNM market segment on the CSEP calculation. Staff, therefore, recommends that the Board require the EDCs to allocate credits to customers on the basis of an apportioned amount of kWh output from the solar facility. The credit shall be in the form of the dollar value of the apportioned amount of kWh of the receiving customer on a monthly basis. In keeping with the Act's specific direction that the calculation of the bill credit be modeled after the relevant CSEP rules, Staff recommends that the RNM bill credit be calculated based upon supply and delivery charges but exclude non-bypassable charges or demand charges. Similarly, Staff recommends that the 'non-bypassable charges' for the RNM market segment be defined to mirror those in the CSEP Rule Proposal, namely the SBC, the Market Transition Charge, the Transition Bond Charge, the Zero Emissions Certificate charge, and any other charges as defined by the Board in future Orders, should the Board determine that additional non-bypassable charges need to be identified. For the same reason, Staff recommends that the Board incorporate into the RNM bill credit the other aspects of bill credit implementation by the EDCs, including but not limited to establishment of an annualized period, the treatment of credits within and on the close of that period, and the application of the bill credit to the utility bill. With respect to the suggestion that the RNM market segment should calculate its benefit based on the CSEP methodology for public housing, in order to promote local tax relief, Staff notes that the RNM market segment is available only to public entities and as such is already likely to promote local tax relief. Staff believes that any augmented benefit in the market segment would be premature at this time.

### **Number of Receiving Accounts and Percent Output Allocation**

Staff requested input from stakeholders on whether the old RNM Program's limitations of no more than ten receiving accounts may be party to an Agreement and not less than ten percent (10%) of the solar electric generating facility output may be allocated to an individual receiving account should be utilized in the new RNM market segment.

RECO believes that the limitations on account numbers and allocation percentages will not affect the RNM application or approval process but will require updates to their billing system. ACE reported no current restrictions on the number of receiving accounts in their billing system. JCP&L

supported keeping the limitations to manage costs and ensure feasibility, while Rate Counsel sees them as necessary to prevent fragmentation and inefficiencies. NJSBA argued that the ten (10)-account limit is overly restrictive, particularly for schools, and should be removed to increase benefits. Nexamp and other organizations, including H&Y Associates, CS Energy, SEIA & NJSEC, and CEP Renewables, contended that these restrictions are counterproductive, adding unnecessary complexity and costs, and should be removed to better align with the Act's goals and enhance program effectiveness.

**Response:** Staff believes that the limitations on receiving accounts and the minimum allocation requirements are unnecessary in the revised RNM market segment. At the time the first RNM Program was approved in 2018, the community solar pilot programs had not yet launched. Now, however, the EDCs have demonstrated their ability to manage the CSEP accounts, which involve substantially larger numbers of customers and greater month-to-month variability in allocation of credits. Thus, Staff recommends removing these limitations from the revised market segment.

### **Other Comments**

Staff requested feedback from stakeholders on any other topic regarding the RNM market segment application and process that was not covered in the previous topics.

### **Prioritization of Applications:**

Nexamp and SEIA & NJSEC suggested using a first-come, first-served method for program approvals, while SEIA & NJSEC recommended a tiebreaker discount similar to the current CSEP process. Nexamp, on the other hand, believes the Board should avoid using a discount-based tiebreaker method.

**Response:** Staff agrees with the comment that capacity allocation in the RNM market segment be based on a first come, first served basis and recommends that the Board adopt this approach. Staff believes that introducing a tiebreaker discount into the RNM market segment would be premature at this point and would add unnecessary complexity to a relatively small capacity pool. As the segment matures, capacity allocation methods can be reassessed based on performance and participation data.

### **Application & Interconnection:**

NJSBA argued that, to prevent delays caused by the PJM interconnection process, the RNM program should allow projects to connect through the local EDC interconnection process, as is done for community and on-site solar projects.

**Response:** *Staff notes that the Legislature has directed the Board to include RNM projects as a segment within the ADI Program and to model the application process upon that of the CSEP. As such, these projects will necessarily interconnect through the applicable EDC rather than through PJM.*

SEIA & NJSEC argued that the process should begin with an approved interconnection application from the EDC to ensure the project's technical and economic viability before engaging with public entities.

Nexamp stated that projects should be able to apply for interconnection without needing signed

agreements with public entity customers beforehand, as this is impractical before interconnection feasibility is determined. According to Nexamp, to prevent added costs and inefficiencies, projects should not enroll accounts without confirmed site control and interconnection approval, avoiding issues like brokers selling subscriber slots. Nexamp further commented that in order to register in the ADI Program, projects should need to demonstrate site control, have conditional EDC interconnection approval, complete the RNM application with customer signatures and account details, and provide a “certified permitting matrix” with a schedule for achieving project operation. By “certified permitting matrix,” Nexamp appears to mean a schedule of the time to acquire necessary permits that has been certified by a professional engineer.

**Response:** To allow pursuit of an interconnection approval prior to a signed agreement with a public entity customer would be a significant change to the existing application process, for which all EDCs expressed support during the development of that process. Staff recommends that the Board continue to require that a developer submit both the fully executed RNM Application and the Board approved standard form of Interconnection Application (Part 1) to both Staff and the appropriate EDC, or municipal electric utility if the project is in a municipal service territory. However, Staff recognizes that some projects may benefit from an initial feasibility screening by the EDC and recommends that developers be allowed the option of pursuing such a screening from the EDC, with the goal of receiving a conditional approval before moving ahead with securing a customer. As to the additional requirements proposed by commenter Nexamp, Staff believes that adding items such as a certified permitting matrix or a demonstration of site control will benefit from additional stakeholder feedback.

To boost participation and meet the annual 50 MW target, CS Energy argued that the Board should simplify the RNM program. Currently, it is more complex than the CSEP, requiring developers to engage public entities, navigate a bidding process, and handle additional challenges. To encourage interest, CS Energy asserted that the Board should streamline the application process, ease eligibility requirements, or offer greater incentives for developers compared to traditional net-metering or CSEP options.

CEP Renewables argued that the Board should clarify that municipalities can procure solar power through RNM facilities without needing to public bid, similar to buying power from local utilities or third-party suppliers. CEP Renewables stated that this clarification will prevent complications in contract length, financing, and project application. Additionally, CEP Renewables asserted that the Board should extend the construction timeline to a minimum of twenty-four (24) months for RNM projects, and thirty-six (36) months for projects on contaminated sites, to accommodate realistic build times and avoid driving up installation costs due to rushed deadlines.

SEIA & NJSEC asked that the Board “clarify” that the discounting process is not a contractual agreement subject to public bidding laws but rather an annual agreement that can be terminated with sixty (60) days’ notice. The commenters argued that this will align the program more closely with the Energy Savings Improvement Program (“ESIP”), reducing legal complications and delays.

**Response:** Staff appreciates the commenters’ desire for a simpler process. However, the requirements of New Jersey’s public contracting laws necessitate the use of the public bid process for public entities entering an agreement for a discounted electricity rate with an entity other than their EDC. Staff believes that the option of obtaining an initial feasibility screening by the EDC will help to streamline the application process and also conform the application process to that of CSEP. As to the eligibility requirements for the RNM market segment, Staff notes that these are

set by statute and cannot be modified by the Board. The comment that treating the allocated reduction in usage of a recipient customer as exempt from the public bid requirement will align the RNM market segment more closely with ESIP lacks merit. The ESIP program functions as a type of performance contract for local governments and school boards, under which the energy savings achieved by the conservation measures installed are anticipated to pay for the cost of their installation. An ESIP project may include a solar generation facility as one of the conservation measures, but ESIP does not address the contractual arrangements between a solar developer and a public entity. Staff does not recommend a higher incentive level for this market segment than for traditional net metering or for CSEP, particularly in light of the increased siting opportunities and greater facility size available under the Act. As to the length of the timeline for the construction of RNM solar facilities, Staff recommends that the Board align the expiration date with those provided for community solar projects in the Board's rules and the pending CSEP rule proposal: eighteen (18) months for all RNM projects except those located on contaminated sites or landfills, which should receive twenty-four (24) months. Staff also recommends allowing all projects to seek a six (6)-month extension from the program administrator.

### **Discounts:**

CEP Renewables argued that the Board should establish a standard discount factor for RNM projects to prevent manipulation and ensure fair competition. According to CEP Renewables, a uniform discount rate would help avoid market monopolization by companies offering excessive discounts that may not be sustainable or financeable.

**Response:** Staff disagrees that establishment of a standard discount factor would ensure fair competition. To the contrary, Staff believes that allowing the market to determine the level of discount offered promotes greater savings for the public entities and greater transparency in the setting of such discounts. Staff is not aware of any "excessive" discounts being offered in the RNM market segment to date and does not believe the commenter's concern warrants introducing a standard discount factor.

To simplify metering, NJSBA suggested that RNM projects should avoid offsetting local loads and instead have their solar generation facilities metered separately from on-site loads to avoid complexity and confusion in tracking energy usage.

**Response:** Given the increased siting opportunities available under the Act, the RNM projects are unlikely to be located at the site of the receiving customers' load, and separate metering will be required. The generation from the RNM solar generation facilities will be allocated as prescribed in the RNM Agreement independent of the metering arrangements for the RNM facility.

Nexamp argued that the Board should address other unresolved issues such as project timelines and subscriber eligibility by publishing a draft proposal for stakeholder feedback.

**Response:** Staff agrees that the market segment will benefit from additional stakeholder feedback and anticipates seeking such input through a future straw proposal.