ASSEMBLY TELECOMMUNICATIONS AND UTILITIES COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2529

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 20, 2010

The Assembly Telecommunications and Utilities Committee reports favorably with committee amendments Assembly Bill No. 2529 (ACS/1R).

As reported, this amended bill requires the Board of Public Utilities (the "board") to review, no later than December 31, 2010, the amount of Class I alternative energy required to be purchased by providers and suppliers in each energy year beginning in 2014 and determine whether the current standards are sufficient for supporting the development of additional Class I alternative energy resources. If the board determines that increasing the Class I alternative energy standard in 2014 and beyond is necessary to support the development of additional Class I alternative energy resources, then after opportunity for public comment and public hearing, the board shall adopt regulations that (a) increase the amount of Class I alternative energy required to be purchased by suppliers and providers in 2014 and beyond; (b) consider the cost impact of such increase on ratepayers; and (c) exempt suppliers' and providers' existing supply contracts that are effective prior to the date of a board decision approving a rule adoption made in accordance with the foregoing provisions.

The bill also directs the board to initiate a proceeding to evaluate energy efficiency portfolio standards, and authorizes the board to adopt such energy portfolio standards that require each electric power supplier and each basic generation service provider to purchase a specified number of EE certificates from eligible energy efficiency and energy conservation programs. "EE certificates" are defined to mean certificates issued by the board or its designee, representing one megawatt hour of eligible energy efficiency and energy conservation and has value based upon, and driven by, the energy market.

The board is also directed to exempt suppliers' and providers' existing supply contracts that are effective prior to the date of a board decision. Any purchases that would have otherwise been required from exempt suppliers or providers in the absence of such exemption may be distributed over suppliers and providers not subject to the existing contract exemption until such time as existing supply contracts expire and all suppliers and providers are subject to the new requirement.

In addition, the bill adds new definitions and makes changes to several definitions in section 3 of the "Electric Discount and Energy Competition Act of 1999" ("EDECA"), P.L.1999, c.23 (C. 48:3-51) as follows:

- "Approved alternative technologies" are defined to mean energy production technologies that have been approved by the Department of Environmental Protection, in consultation with the board. The bill clarifies that such technologies, to be considered as "approved," must reduce fossil fuel use or greenhouse gas emissions, or be geothermal heat pumps or solar thermal technologies.
- "Class I renewable energy" is changed to "Class I alternative energy". The bill also expands the definition of Class I alternative energy to include industrial by-product technologies consisting of the use of a by-product from an industrial process, including the reuse of energy from exhaust gases or other manufacturing by-products that are used in the direct production of electricity at the facility of a customer. In addition, the bill removes the requirement that Class I alternative energy facilities be connected to the distribution system.
- "Class II renewable energy" is changed to "Class II alternative energy". The bill expands the definition of Class II alternative energy to include energy produced from micro-combined heat and power generating equipment or wastewater facilities. The bill also clarifies that such facilities are Class II alternative energy facilities if they have requested air permits from the Department of Environmental Protection after the effective date of the bill. The bill also removes the requirement that Class II alternative energy equipment and facilities be connected to the distribution system.
- "Connected to the distribution system" is defined to mean (1) connected to the customer's side of a meter, regardless of the voltage at which that customer connects to the electric grid, or (2) connected to the distribution system at 69 kilovolts or less, with the exception of solar facilities that are greater than ten megawatts in capacity and either not net metered or not an on-site generation facility.

- The bill removes industrial by-product technologies and manufacturing by-products that are used in the direct production of electricity at the facility of a customer from the definition of “eligible energy efficiency and energy conservation programs" and instead provides that the board shall determine measures appropriate for inclusion in such programs.

COMMITTEE AMENDMENTS

The committee adopted amendments to section 1 of the bill that change the definition of “connected to the distribution system” to: (1) provide that the exclusion of facilities connected above 69 kilovolts from the category of facilities “connected to the distribution system” shall not apply to facilities of certain net metering customers; and (2) include, among factors that the board is to consider in designating solar facilities above ten megawatts as “connected to the distribution system,” the land use impact of the facility.

The committee also adopted amendments to include within the definition of “approved alternative technologies,” geothermal heat pumps or solar thermal technologies, provided that the amount of renewable energy from such sources and their corresponding values shall be determined by the board in consultation with the DEP.

The committee adopted amendments to section 2 of the bill to provide that when the board establishes the multi-year schedule of Statewide Gwhr requirements applicable to electric power suppliers and basic generation providers, that the board ensures that such annual Statewide Gwhr requirements mandates certain percentage obligations that require a percentage of kilowatt hours sold by suppliers or providers be purchased from solar electric power generators connected to the distribution system in this State.

The amendments also provide for the board to determine whether a provider or supplier is in compliance with annual renewable portfolio standards within a period of no less than 120 days following the end of an Energy Year, and to provide for a future adjustment in annual Statewide Gwhr requirements based upon any shortfall that is determined by the board.

The committee amendments also amend subsection q. in section 2 of the bill to require that any energy portfolio standards adopted by the board shall be competitively neutral standards.