

ASSEMBLY, No. 5555

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED JUNE 5, 2023

Sponsored by:

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District 18 (Middlesex)

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District 27 (Essex and Morris)

Assemblyman HERB CONAWAY, JR.

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SYNOPSIS

Requires BPU to designate solar portion of critical renewable microgrid as solar energy project under Community Solar Energy Program; requires Office of Homeland Security and Preparedness to designate certain microgrids as assets of importance.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning critical renewable microgrids and
2 supplementing P.L.2018, c.17 (C.48:3-87.8 et al.) and P.L.2001,
3 c.246 (C.App.A:9-64 et seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. a. As used in this section:

9 “Critical renewable microgrid” means a microgrid that utilizes
10 renewable energy as its primary source of energy, to the largest
11 extent technically and economically feasible, and that serves a
12 critical function in protecting the State’s economy, public health
13 and safety, and transportation sector during power outages caused
14 by natural or man-made disasters.

15 “Microgrid” means a group of interconnected loads and
16 distributed energy resources within clearly defined electrical
17 boundaries that acts as a single controllable entity with respect to
18 the electric grid, which can connect and disconnect from the electric
19 grid to enable it to operate both connected to, or independent of, the
20 electric grid.

21 "SREC-II" means the same as the term is defined in section 3 of
22 P.L.1999, c.23 (C.48:3-51).

23 b. No later than three months after the effective date of P.L. ,
24 c. (C.) (pending before the Legislature as this bill), the
25 board shall develop a program that would allow certain solar energy
26 systems that are connected to a critical renewable microgrid to be
27 designated as solar energy projects under the permanent
28 Community Solar Energy Program, established pursuant to
29 subsection f. of section 5 of P.L.2018, c.17 (C.48:3-87.11). A solar
30 energy system that is approved for designation in the program shall
31 be eligible for SREC-IIs at the monetary value designated for low-
32 or moderate-income customers, and, notwithstanding the provisions
33 of any rules or regulations adopted pursuant to P.L.2021, c.169
34 (C.48:3-114 et seq.) to the contrary, may have a rated capacity
35 larger than five megawatts. In order for a solar energy system to
36 receive this designation, the solar energy system shall:

37 (1) demonstrate that the solar energy system will devote at least
38 75 percent of its energy output to low- or moderate- income
39 customers, at a price that is at least 20 percent lower than the value
40 of a community solar credit provided on a community solar
41 program subscriber’s utility bill; and

42 (2) meet the eligibility requirements, developed by the board
43 pursuant to subsection c. of this section.

44 c. In developing the program pursuant to subsection b. of this
45 section, the board shall establish eligibility criteria for solar energy
46 systems that are connected to a critical renewable microgrid and an
47 application and approval process for such systems. The program
48 shall require approved solar energy systems that have a rated

1 capacity of up to 20 megawatts to commence commercial operation
2 no later than three years from the date of designation, and approved
3 solar energy systems that have a rated capacity of greater than 20
4 megawatts to commence commercial operation no later than four
5 years from the date of designation. When determining the size of a
6 solar energy system for the purposes of this subsection, the board
7 shall use the portion of the system that is connected to a single
8 critical renewable microgrid.

9 d. The board shall adopt, pursuant to the "Administrative
10 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
11 regulations to establish and implement the program. The rules and
12 regulations shall, at a minimum:

13 (1) limit the total annual capacity of approved solar energy
14 systems that are connected to a critical renewable microgrid to no
15 more than 100 megawatts per year;

16 (2) provide that an approved solar energy system's designation
17 as a community solar project shall be for a term of 25 years;

18 (3) require that the solar energy systems connected to a single
19 critical renewable microgrid account for no more than 15
20 megawatts per year of the total annual capacity of projects approved
21 to participate in the program, unless there are no other eligible
22 applicants;

23 (4) establish a process, in a form and manner determined by the
24 board, for municipalities to partner with, support, and acquire
25 customers for a solar energy system that is connected to a critical
26 renewable microgrid, which may include the use of automatic
27 enrollment of customers to participate in the solar energy system as
28 long as the customers are notified of their enrollment and ability to
29 opt out;

30 (5) provide that any incentives, including SREC-IIs, provided to
31 a solar energy system that is approved for designation in the
32 program and is designated as part of an asset of importance for
33 homeland security pursuant to section 2 of P.L. , c. (C.)
34 (pending before the Legislature as this bill) shall not be subject to
35 the Class I renewable energy requirement cost cap established by
36 paragraph (2) of subsection d. of section 38 of P.L.1999, c.23
37 (C.48:3-87); and

38 (6) provide that any solar energy system that meets the
39 eligibility requirements established in this section and in the rules
40 and regulations adopted pursuant to this section shall be eligible to
41 participate in the program, and that the owners or operators of the
42 system may apply or reapply until accepted into the program.

43 e. The solar capacity of solar energy systems that are connected
44 to critical renewable microgrids and designated by the board as
45 community solar projects shall be in addition to the capacity of
46 community solar projects approved by the board pursuant to
47 subsection f. of section 5 of P.L.2018, c.17 (C.48:3-87.11).

1 75 percent of its energy output to low- or moderate-income
2 customers, at a price that is at least 20 percent lower than the value
3 of a community solar credit provided on a community solar
4 program subscriber's utility bill; and (2) meet the eligibility
5 requirements, as developed by the BPU.

6 In developing the program pursuant to this bill, the BPU would
7 be required to establish eligibility criteria for solar energy systems
8 that are connected to a critical renewable microgrid and an
9 application and approval process for such systems. The bill would
10 also: (1) limit the total annual capacity of approved solar energy
11 systems that are connected to a critical renewable microgrid to no
12 more than 100 megawatts per year; (2) provide that solar energy
13 systems' participation in the program would be for a term of 25
14 years; (3) require that approved solar energy systems that are
15 projected to have a total rated capacity of greater than 15 megawatts
16 are constructed in a manner to add a rated capacity of no more than
17 15 megawatts per year; (4) establish a process, in a form and
18 manner determined by the BPU, for municipalities to partner with,
19 support, and acquire customers for a solar energy system that is
20 connected to a critical renewable microgrid, which may include the
21 use of automatic enrollment of customers to participate in the solar
22 energy system as long as the customers are notified of their
23 enrollment and ability to opt-out; (5) provide that any incentives,
24 including SREC-IIs, provided to a solar energy system that is
25 approved for designation in the program and is designated as part of
26 an asset of importance for homeland security pursuant to section 2
27 of this bill would not be subject to the Class I renewable energy
28 requirement cost cap established by paragraph (2) of subsection d.
29 of section 38 of P.L.1999, c.23 (C.48:3-87); and (6) provide that
30 any solar energy system that meets the eligibility requirements
31 would be eligible to participate in the program, and that the owners
32 or operators of the system may apply or reapply until accepted into
33 the program.

34 The solar capacity of solar energy systems that are connected to
35 critical renewable microgrids and designated by the BPU as
36 community solar projects would be in addition to the capacity of
37 community solar projects approved by the BPU pursuant to the
38 permanent Community Solar Energy Program.

39 The bill would also require, no later than six months after the
40 bill's effective date, the Director of the New Jersey Office of
41 Homeland Security and Preparedness (director) to develop
42 standards for designating a critical renewable microgrid as an asset
43 of importance for homeland security. If a critical renewable
44 microgrid is so designated by the director, the State incentives
45 provided for the solar energy system connected to the critical
46 renewable microgrid, pursuant to the bill, would not be subject to
47 the Class I renewable energy requirement cost cap established by

1 paragraph (2) of subsection d. of section 38 of P.L.1999, c.23
2 (C.48:3-87).

3 Microgrids can provide a multitude of benefits to the State, such
4 as improving electric reliability, enhancing energy resilience,
5 lowering energy costs, strengthening the central electric grid,
6 bolstering cybersecurity, and improving overall community well-
7 being.

8 Hurricane Sandy caused tens of billions of dollars of damage to
9 New Jersey, and caused the curtailment or loss of vital
10 infrastructure protecting the economy, the environment, public
11 health, public safety, and transportation. Several other unusual
12 weather events have caused widespread and long-lasting power
13 outages in the State during recent years. The frequency and
14 intensity of such events is expected to increase as a result of global
15 warming. In response, many state and local governmental entities
16 and quasi-governmental entities plan to develop microgrids to
17 provide resilient power to facilities providing critical public
18 functions. Microgrids can play a vital role in protecting the State's
19 economy, environment, public health, public safety, and
20 transportation during future widespread power outages.

21 The planning and development of renewable microgrids is
22 essential in providing resilient power throughout the State and in
23 combating the adverse effects of climate change. For these reasons,
24 solar energy systems that are connected to critical renewable
25 microgrids should be eligible for incentives under the Community
26 Solar Energy Program.