LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 212
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: FEBRUARY 15, 2024

SUMMARY

Synopsis: Directs BPU to update interconnection standards for Class I renewable energy sources and develop fixed fee structure for interconnection costs.

Type of Impact: Annual State and local expenditure increases.

Agencies Affected: Board of Public Utilities; local governments.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) determines that this bill would result in a marginal one-time State expenditure increase from the General Fund by the Board of Public Utilities (BPU) to update interconnection standards for Class I renewable energy sources and develop a fixed fee structure for interconnection costs.

- The OLS also determines that the bill would result in indeterminate annual expenditure increases by the State and local government units in the form of increased electricity/utility costs, as certain interconnection costs for a renewable energy project above a certain cost threshold would be authorized by the bill to be recovered from their customers.

BILL DESCRIPTION

This bill directs the BPU to update the safety and power quality interconnection standards for certain renewable energy systems in the State and to establish a fixed fee structure for the costs of interconnection of those projects to the electric grid.

The bill directs the BPU to adopt rules and regulations, no later than 18 months after the bill's enactment, which establish interconnection standards for Class I renewable energy source systems. The bill directs the BPU to adopt standards that conform to the Interstate Renewable Energy

Council in its Model Interconnection Procedures (2019) document, unless there is a compelling reason why a provision in that document is infeasible to adopt in New Jersey.

The bill also directs the BPU to establish a fixed fee schedule for interconnection fees, which are paid by the owners or developers of renewable energy systems to electric utilities to defray the costs of interconnection, including administrative tasks or studies carried out by the utility, and infrastructure upgrades necessary for the safe operation of the renewable energy system. The bill designates these fees as grid modernization fees and authorizes the BPU to develop tiers for the fees, which may be based on the size of the system, the source of the energy (e.g. solar or wind), or any other category deemed appropriate by the board. The bill authorizes the BPU to update the fee structure every three years.

The bill directs the BPU to establish a schedule of maximum interconnection costs, and authorizes the BPU to adjust this schedule every three years. Utilities that incur interconnection costs for a renewable energy project above this cost threshold would only be authorized by the bill to recover an amount up to the maximum cost from their customers.

The bill also directs the BPU to establish provisions in the interconnection standards that provide for greater enforceability of interconnection timelines promulgated by electric utilities, including monetary penalties for utilities that fail to meet the timelines.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that this bill would result in a marginal one-time State expenditure increase from the General Fund by the BPU to update interconnection standards for Class I renewable energy sources and develop a fixed fee structure for interconnection costs. The program is required to follow the model standards promulgated by the Interstate Renewable Energy Council in its Model Interconnection Procedures (2019) including the pre-application process and interconnection standards described in the model standards, so it is likely that the bill's enactment would not necessitate hiring additional staff or significant additional expenditures.

The OLS determines that the bill would also result in indeterminate annual expenditure increases by the State and local government units in the form of increased electricity/utility costs, as certain interconnection costs for a renewable energy project above a certain cost threshold would be authorized by the bill to be recovered from their customers.

Section:	*Environment, Agriculture, Energy, and Natural Resources*
Analyst:	*Neha Patel* *Senior Fiscal Analyst*
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).