SENATE, No. 212

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:
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District 17 (Middlesex and Somerset)
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SYNOPSIS

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

CURRENT VERSION OF TEXT

As reported by the Senate Environment and Energy Committee with technical review.

AN ACT concerning Class I renewable energy and supplementing Title 48 of the Revised Statutes.

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

1. a. No later than 18 months after the effective date of this act, the Board of Public Utilities shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations that establish safety and power quality interconnection standards for Class I renewable energy source systems in the State. The interconnection standards shall conform to the model standards promulgated by the Interstate Renewable Energy Council in its "Model Interconnection Procedures (2019)," including the pre-application process described in the model standards, unless the board determines that there are compelling reasons that a provision in the model standards would be impracticable in New Jersey, in which case that provision may be modified to the extent deemed necessary by the board. The interconnection standards shall also conform to the provisions of subsections b. through e. of this section, provided that, if any of those provisions are inconsistent with the model standards promulgated by the Interstate Renewable Energy Council, the board shall adopt standards pursuant to the provisions of subsections b. through e. of this section.

b. (1) The board shall establish a set of fixed, one-time interconnection fees, to be known as "grid modernization fees," that shall be paid by the owner of a Class I renewable energy project to an electric public utility to defray the costs of the project's interconnection to the grid, including, but not limited to, costs related to administrative tasks, studies, infrastructure upgrades, and grid upgrades carried out by the electric public utility. The grid modernization fees shall be assessed per kilowatt of energy to be produced by the Class I renewable energy source and may be divided into tiers based on the total amount of energy to be produced by the energy source, the type of energy source, or any other category deemed appropriate by the board.

(2) For the first three years during which the grid modernization fees are in effect, the fee for a residential, net-metered Class I renewable energy source less than or equal to 10 kilowatts in size shall be no more than $50 per kilowatt.

(3) The board may adjust the fees every three years, and this adjustment process shall be exempt from the requirements of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), provided that each adjusted set of fees is published in the New Jersey Register prior to going into effect.

c. (1) Any interconnection costs paid by an electric public utility in excess of the amount recovered through the Grid Modernization

Fee may be recovered by the electric public utility from its ratepayers either in base rates or as a current expense recovery through a customer surcharge or tariff rider, subject to the approval of the board.

(2) The cost of any infrastructure upgrade that is necessary to render a segment of the electric grid capable of interconnection to an additional distributed Class I renewable energy source shall also be recoverable by an electric public utility pursuant to this section, provided that the utility demonstrates that the upgrade is necessary and in the public interest at a rate case proceeding.

(3) The board is authorized to approve a rate increase, customer surcharge, or tariff rider for the purposes enumerated in this subsection.

d. The board shall establish maximum interconnection costs, for each category of grid modernization fee, in per-kilowatts amounts determined to be in the public interest by the board, such that a Class I renewable energy project with estimated interconnection costs in excess of this maximum amount shall be eligible for cost recovery pursuant to subsection c. of this section only up to the applicable maximum interconnection cost. The board may update or adjust a maximum interconnection cost every three years, and this process shall be exempt from the requirements of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), provided that each updated maximum interconnection cost is published in the New Jersey Register prior to going into effect.

e. The interconnection standards adopted by the board pursuant to this section shall include provisions to provide for greater enforceability of interconnection timelines promulgated by an electric public utility. Such provisions may include penalties paid to the board, the refund of interconnection fees, or both, for utilities that fail to adhere to such timelines.

f. No later than 12 months after the adoption of rules and regulations pursuant to subsection a. of this section, the board shall submit a report to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature on the implementation of the interconnection standards and grid modernization fees pursuant to this section. The report shall include an analysis of the economic impact of the standards and fees, and their effect on the State's progress towards meeting the goals established by the “Global Warming Response Act,” P.L.2007, c.112 (C.26:2C-37 et seq.), and may include recommendations for future legislative or regulatory action.

g. As used in this section:

“Board” means the New Jersey Board of Public Utilities or any successor agency.

"Class I renewable energy" means the same as that term is defined in section 3 of P.L.1999, c.23 (C.48:3-51).

"Electric public utility" shall have the same meaning as provided in section 3 of P.L.1999, c.23 (C.48:3-51).

2. This act shall take effect immediately.