

# New Jersey

## Solar Policy Survey

October 2016



The NESEMC Solar Policy Survey compiles information on state-level policies that significantly influence the solar energy market. The survey was produced with the help of the Pace Energy and Climate Center’s team of student researchers. The vast majority of the information contained within this document has been obtained from [the Database of State Incentives for Renewables & Efficiency](#) (DSIRE) with additional information and research obtained from various sources.

**Note:** These factsheets are updated periodically to reflect policy changes within each state. If you notice a mistake or out of date information, please contact Nick Martin at [nmartin@nesemc.com](mailto:nmartin@nesemc.com).

### SOLAR MARKET POLICIES

This document surveys the following solar market relevant policies.

POLICY	DESCRIPTION
<b>RENEWABLE ENERGY GOALS</b>	Does the state have enforceable and/or non-mandatory renewable energy goals? Do these goals include a specific solar PV carve out?
<b>SOLAR TARIFFS AND RATES</b>	How are solar PV customers impacted by utility tariffs and rates? Does the state offer net metering and/or value of solar tariffs? Do utilities impose high fixed charges or specific charges on solar customers?
<b>VIRTUAL NET METERING</b>	Can solar PV customers offset electricity purchases on multiple meters?
<b>COMMUNITY AND SHARED SOLAR</b>	Can multiple customers offset their electricity purchases from a single PV system?
<b>GREEN FINANCING</b>	Does the state support renewable energy financing through institutions like green banks or property assessed clean energy (PACE) financing?
<b>PERMITTING</b>	Has the state streamlined the solar PV permitting process?
<b>LICENSING</b>	What type of licensing is required to install solar PV systems? Are specialized solar PV or renewable energy licenses available?
<b>SOLAR RIGHTS AND ACCESS</b>	Does the state protect customers’ ability to install solar PV systems and access sunlight?
<b>OTHER FINANCIAL INCENTIVES</b>	Does the state offer financial incentives including grants, loans, tax credits, and/or tax exemptions?

## RENEWABLE ENERGY GOALS

### Goals and Mandates:

New Jersey state law creates a renewable portfolio standard (RPS) requiring 20.38% of retail electricity sales to be supplied by renewable sources by 2020. Additionally, 4.1% of retail electricity sales must be supplied by solar PV sources by 2028.<sup>1</sup>

17.88% of the 2020 RPS mandate must be fulfilled by Class I resources, which include solar PV. The remaining 2.5% must be fulfilled by Class II resources, which do not include solar PV.

### Solar Carve Out:

New Jersey has a solar-specific renewable energy goal. By 2028, 4.1% of retail electricity sales must be supplied by solar PV sources.

## SOLAR TARIFFS AND RATES

### NET METERING

New Jersey state law mandates net metering for solar PV customers.<sup>2</sup>

### Maximum System Capacity:

There is no firm limit on individual facility size. System capacity is limited to the amount necessary for annual on-site energy demand.

### Aggregate Capacity Limit:

State law allows the New Jersey Board of Public Utilities (BPU) to limit net metered facilities at 2.9% of total electricity sales. However, the previous authorized limit of 2.5% of peak load had been exceeded, but the BPU did not exercise its authority to restrict net metering.

### Applicable Entities:

Investor owned utilities and electricity suppliers are required to offer net metering.

### Excess Generation:

Excess generation is generally credited to customer's next bill at retail rate with excess reconciled annually at wholesale electric rate. Customers may also choose to be compensated for all net excess generation on a real-time basis at the wholesale rate.

### Renewable Energy Certificate (REC) Ownership:

The customer retains ownership of any RECs.

---

<sup>1</sup> N.J. Stat. § 48:3-49 et seq.

<sup>2</sup> N.J. Stat. § 48:3-87

## VALUE OF SOLAR

New Jersey utilities do not offer any value of solar tariffs.

On behalf of the [Mid-Atlantic Solar Energy Industries Association](#) and [Pennsylvania Solar Energy Industries Association](#), [Clean Power Research](#) analyzed the value of distributed generation in New Jersey. The [study](#) analyzed the value of solar for three locations in New Jersey—Jamesburg, Newark, and Atlantic City. The study found values ranging between \$256/MWh to \$280/MWh for the New Jersey locations analyzed.

## VIRTUAL NET METERING

New Jersey state law allows virtual net metering for public entities with strict limitations.

### **Compensation Rules:**

The host customer receives credit at the retail rate, while beneficial accounts receive credit at the wholesale rate.

### **Limitations:**

The solar facility must be owned by a public entity such as state and local governments, local agencies, or school districts.

The solar facility must be on property owned by the customer.

The solar facility must be owned and operated by the single customer.

The solar facility must be located in the customer's territorial jurisdiction unless it is a state entity. If the solar facility is owned by a state entity, all facilities must be located within 5 miles of each other.

## COMMUNITY AND SHARED SOLAR

New Jersey does not currently allow for shared solar configurations.

## GREEN FINANCING

### **Green Bank:**

New Jersey does not currently have an operational green bank, but there is a state [Energy Resilience Bank](#) (ERB) that will support the development of distributed energy resources at critical facilities to remain operational during electric grid outages.

### **PACE Financing:**

Authorized by state law, local governments may establish PACE financing programs. [NJPACE](#) administers a state-wide program to assist municipalities to establish local PACE programs.

### **Other Green Financing:**

[PSE&G – Solar Loan Program](#) - Public Service Electric and Gas (PSE&G) offers loans for "behind the meter" solar PV systems to all customers in its territory.

## PERMITTING

### **Standardization:**

New Jersey does not have a statewide standard application or fee for obtaining necessary permits for solar PV projects.

### **Guidance:**

State specific permitting guidance documents were not found for New Jersey.

## LICENSING

New Jersey does not offer solar PV specific licenses for installers. Any individual installing PV systems must be a licensed electrician.

Additionally, any person engaged in the business of selling goods or making home improvements in New Jersey must be a licensed Home Improvement Contractor.

### **Tied to Incentives:**

The New Jersey Clean Energy Program's Renewable Energy Incentive Program (REIP) requires participating installers to be licensed Home Improvement Contractors.

### **Reciprocity:**

New Jersey reciprocates with DE for master electrician licenses.<sup>3</sup>

## SOLAR RIGHTS AND ACCESS

### **Solar Rights:**

State law prohibits homeowners' associations (HOAs) from impeding the installation of solar collectors on dwellings that are not community property of the HOA. It does permit HOAs to regulate certain aspects of solar collectors, including the qualifications of installation personnel, concealment measures, location, color and size.<sup>4</sup>

State law prevents the enforcement of regulations (including local ordinances and applicable HOA regulations), that increase installation and maintenance costs by greater than 10% or prevents the system from operating at maximum efficiency.<sup>5</sup>

### **Solar Access:**

State law explicitly allows for voluntary creation of easements for access to direct sunlight.<sup>6</sup>

## OTHER FINANCIAL INCENTIVES

### **Tax Incentives:**

Property Tax Exemption for Renewable Energy Systems - In October 2008, New Jersey enacted legislation

<sup>3</sup> [National Electrical Contractors Association](#)

<sup>4</sup> [N.J. Rev. Stat. § 45:22A-48.2](#)

<sup>5</sup> [N.J. Rev. Stat. § 45:22A-48.2](#)

<sup>6</sup> [N.J. Stat. § 46:3-24-26](#)

exempting renewable energy systems used to meet on-site electricity, heating, cooling, or general energy needs from local property taxes.

Assessment of Farmland Hosting Renewable Energy Systems - Ultimately, the law states that the addition of a biomass, solar, or wind energy generating system to land that was assessed and taxed as farmland during the prior tax year does not automatically preclude the land from continuing to qualify for this treatment. Instead, the law sets a series of conditions that must be met in order for the land to continue to be assessed as farmland

Solar Energy Sales Tax Exemption - All major types of solar energy equipment employed in New Jersey are fully exempt from the state's 7% sales tax.

## About NESEMC



The **Northeast Solar Energy Market Coalition** brings together solar energy business associations and other stakeholders in the Northeast United States to harmonize regional solar energy policy and advance the solar energy market. We are funded by the U.S. Department of Energy SunShot Initiative as a cooperative agreement through 2017.

Our vision is a thriving, efficient regional market for solar photovoltaic energy generation in the Northeast.

We will realize our vision by encouraging and engaging regional solar businesses in advancing market policy to lower costs and increase solar market opportunity. We will educate stakeholders and policy makers throughout the region directly, and by empowering our member organizations with robust analysis and timely information.

Visit us at [NESEMC.com](http://NESEMC.com)

Powered by  
**SunShot**  
U.S. Department of Energy