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Eligibility for New Jersey's New Solar Transition Incentive Program Clarified by BPU

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On January 8, 2020, the New Jersey Board of Public Utilities (BPU) clarified that the state's recently announced solar renewable energy certificate transition incentive program will be extended until a "successor" incentive program registration process is approved. Under the new program, Transition Renewable Energy Certificates (TRECs) will replace the current Solar Renewable Energy Certificates (SRECs) that are now trading in the \$200 range.

Under the Clean Energy Act of 2018, the BPU is required to end the highly successful SREC program that has contributed to the widespread development of solar energy projects in New Jersey. The SREC program awards producers of solar electricity a monetary credit for each MW of solar energy produced and is required to conclude when 5.1% of energy produced in New Jersey is provided by solar. The BPU estimates that the 5.1% threshold may be achieved as early as April 2020.

On December 6, 2019, the BPU approved a transition program that would enable new solar providers to earn TRECs rather than SRECs. TRECs are similar to SRECS and are anticipated to have a value of about \$152. When the BPU approved the TREC program, it found that only projects that have completed the solar registration process (SRP) prior to the achievement of the 5.1% milestone would be eligible for TRECs, leaving uncertainty for solar projects that start after the 5.1% milestone but prior to the BPU's adoption of a successor incentive program.

The BPU's January 8 decision extends the time for TREC eligibility by making clear that projects that have submitted SRP registration after the 5.1% has been achieved and before the implementation of the successor registration program will be eligible for TRECs. While this change is not likely to extend the time for TREC eligibility significantly, it does provide more planning certainty for solar developers by eliminating the concern

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that projects could be left without an incentive program because they fall in the gap between the end of eligibility for the TREC program and the start of the successor program.

This latest development represents good news for solar projects under development in 2020. We will continue to monitor the state's transition from SRECs to TRECs and will provide additional updates as warranted.

The author of this Alert, **Barbara J. Koonz**, was recently named Chair of the firm's **Energy, Renewable Resources & Sustainable Development Practice Group**. Please contact Ms. Koonz to learn more about New Jersey's solar energy program and related incentives.