



**State of New Jersey
Legislature
2011 Review**

**Prepared for the
Utilities State Government Organization**



A PHI Company

State Legislative/Regulatory Profile

Governor: Chris Christie (R)

New Jersey Legislative Structure and Assembly/Senate Breakdown

Legislative Structure

One Senator and two members of the General Assembly are elected from each of the 40 legislative districts. The districts are reapportioned according to population following each census. Senators serve a 4-year term, and members of the Assembly serve a 2-year term.

General Assembly

Democrats	47
Republicans	<u>33</u>
Total Number of Members	80

Senate

Democrats	24
Republicans	<u>16</u>
Total Number of Members	40

Board of Public Utilities

Commissioners: Lee Solomon (President)
Nick Asselta
Joe Fiordaliso
Jeanne Fox
Open seat

Commissioners are nominated by the Governor and confirmed by a majority of the Senate.

2011 Legislative Session Highlights

Energy Master Plan

This past June, Governor Christie and the Board of Public Utilities released the long anticipated revised Energy Master Plan which will serve as a blueprint for the Administration's policy on energy.

The stated focus of the revised Energy Master Plan is to stimulate the economy, create jobs, and protect the environment. Included in the plans are goals of increasing in-state energy production, improving grid reliability, and creation of clean energy jobs.

The five overarching goals of the Energy Master Plan are:

1. Drive down the cost of energy for all customers.
2. Promote a diverse portfolio of new, clean, in-state generation.
3. Increase energy efficiency and energy conservation and reduce peak demand.
4. Capitalize on emerging technologies for transportation and power production.
5. Maintain support for the renewable energy portfolio standard of 22.5% of energy from renewable sources by 2021 as mandated in existing NJ statute.

Eliminated from the revised Energy Master Plan are specific targets for energy efficiency (previously set at 20% by 2020) and demand response programs (previously set at 5,700 MW by 2020). The Governor also scaled back the goal of having 30% of energy derived from renewables, though that target was never codified in law in the renewable portfolio standard.

Increased In-State Generation

S2381 – Establishes a long-term capacity agreement pilot program (“LCAPP”) to promote construction of qualified electric generation facilities. The bill would require the Board of Public Utilities to complete a proceeding that would provide for a standard offer capacity agreement (SOCA). The SOCA is a contract in which eligible generators would receive payments from one or more electric public utilities for at least 15 years for the provision of a defined amount of capacity at a pre-established minimum price for the term of the agreement. The bill requires that NJ's four electric public utilities procure a total of 2,000 megawatts of SOCAs. Under the bill, an eligible generator is defined as a developer of a new mid-merit generation facilities that are physically located within the State of New Jersey.

Status: Signed into law

Renewable Energy and Distributed Generation

A2529 - Redefines Class I & II Renewables, Includes Definition of “Connected to Distribution System” The definition of Class I Renewable Energy is expanded to include small scale hydropower with a capacity of less than 3 megawatts. The bill clarifies what is considered to be “connected to the distribution system” for solar installations in order to be eligible to receive solar renewable energy certificates (“SRECs”). “Connected to the distribution system” is defined as any system that is connected at 69 kV or less that has a capacity of 10 MW or less. Any grid-connected solar facility above 10 MW requires BPU approval to be eligible to receive SRECs.

Status: Conditionally vetoed by the Governor. Waiting for action in Assembly and Senate

S2557 – Authorizes sale of property interests in public roads by local governments to connect electric generating facilities with customers; provides for net metering, virtual net metering and connections by public utility. This bill would authorize the governing body of any municipality or county to provide the license of, sale in fee simple, or sale of an easement interest in public streets or roads for the purpose of connecting an electric generator and an end user of the power as long as the end user is within 10 miles of the facility and in the same utility territory. Generation facilities covered by this bill include solar, wind, combined heat and power, landfill gas, and biomass. The electric public utility that serves the area where a connection takes place will be responsible for the installation and maintenance of the distribution lines between generator and end use customer. The public utility in turn may charge the owner an amount that covers the costs of installation and maintenance and that includes a standard rate of return.

Status: Passed by Senate

S2371 – Accelerates solar renewable energy portfolio standards. This bill provides for the acceleration of the solar renewable energy portfolio standards by one year. The rapid advancement of solar in NJ has caused the targets outlined in the renewable portfolio standards to be met, resulting in a decline in price of solar renewable energy credits. The sponsor of the legislation intends to help maintain NJ’s high price of SRECs.

Status: Passed by Senate

S2036 – The “Offshore Wind Economic Development Act.” This bill establishes an offshore wind renewable energy certificate (OREC) program, and authorizes the state’s Economic Development Authority to provide tax credits for qualified wind energy facilities in wind energy zones with the goal of creating at least 1,100 MW of wind generation off NJ’s coastline.

The bill requires competitive energy suppliers and basic generation service providers to purchase ORECs from qualified offshore wind projects for a period of 20 years from commercial operation. The NJ Board of Public Utilities has initiated rulemaking processes to develop a methodology for determining the price of the OREC's.

Status: Signed into law in 2010 – four wind developers have expressed interest in applying for OREC-eligibility. OREC pricing terms have not been set for any project. In addition, Atlantic Wind Connection has proposed an offshore transmission “backbone” to interconnect the projects.

A915/S463 – Authorizes creation of local renewable energy cooperatives and central renewable energy generation systems, and provides for sale of renewable power generation. This bill would create a centralized renewable energy generator (CREG) that would produce electricity to be “shared” by members of a cooperative. The measure, according to proponents, is designed to give customers who would not otherwise have access to renewable generation an opportunity to share in the output of a remotely-located project. Under the amended bill, the cooperatives would be limited to residential customers residing within the same municipality.

The utilities would provide a subsidy to the generator for the difference between the wholesale price earned by the generator in the open market and the retail price of basic generation service (“BGS”) – this premium payment is meant to provide cooperative members modified benefits of net-metering. Under this arrangement, the electric distribution company would continue to be responsible for reading the meter for each customer and for providing a standard bill.

Status: Second Reading in the Assembly

Electric Plug-In Vehicles

A3648 – Directs installation of electric vehicle charging stations at service areas on State's toll roads. This bill directs the New Jersey Turnpike Authority and the South Jersey Turnpike Authority to equip service areas along the toll roads under their jurisdiction with electric vehicle charging stations that would charge plug-in electric motor vehicles. The bill requires that the charging stations be installed in at least five percent of service area parking spaces in service areas at least 100 spaces to which the public is invited.

Status: Passed by Assembly

A3650 – Provides corporation business tax credit and gross income tax credits for purchase and installation of certain electric vehicle charging stations. This bill provides corporation business tax credits and gross income tax credits for the purchase and installation of certain electric vehicle charging stations. The credits are available for the taxpayer tax periods beginning in calendar years 2012, 2013 and

2014. For charging stations purchased and installed in 2012 tax periods, a taxpayer will be allowed a credit in an amount of 25 percent of the cost, up to \$500 per electric vehicle charging station; for a charging station purchased and installed in 2013 tax periods, the credit is 15 percent of the cost, up to \$300 per charging station; and for a charging station purchased and installed in 2014 tax periods, the credit is eight percent of the cost, up to \$150 per station.

Status: Passed by Assembly

A3647 – Requires owners of certain newly developed shopping centers to provide electric vehicle charging stations. This bill requires owners of certain shopping center developments to provide, during operating hours of the shopping center, electric vehicle charging stations for plug-in electric vehicles. The bill requires at least five percent of the parking spaces in any such shopping center development to be equipped with electric vehicle charging stations.

Status: Second reading in the Assembly

Regional Greenhouse Gas Initiative (RGGI)

S2946 - This bill clarifies the intent of Regional Greenhouse Gas Initiative Law and specifically requires the State's participation in the Regional Greenhouse Gas Initiative (RGGI). Governor Christie announced at the beginning of June that New Jersey will withdraw from the Regional Greenhouse Gas Initiative at the end of the calendar year. The Governor cited New Jersey's high cost of energy and the need to make New Jersey more business friendly. The Governor listed numerous complaints including the ineffectiveness of the program to reduce greenhouse gas emissions and charges being a hidden tax on businesses.

Following the announcement, the legislature passed a package of bills that would mandate New Jersey's participation in RGGI.

Status: Passed by Assembly and Senate

State Government

A3896 - Requires public utilities and cable television companies to accommodate and relocate facilities and pay costs thereof when necessary for infrastructure projects. This bill establishes a framework in which contracting entities, and public utilities and cable television companies have delineated rights and responsibilities during an infrastructure project and concerns reimbursement to public utilities and cable television companies for relocation of facilities necessitated by transportation infrastructure projects undertaken by State, county, or municipal entities financed with public funds. Since 1983, public utilities and cable television companies, or their contractors, have been reimbursed by the Department of Transportation for expenses incurred associated with such relocations.

While the bill in its present form does not clearly disallow reimbursements, it is intended to limit the ability of utilities to receive the reimbursement. The bill would also grant a great deal of authority to the contractors and impose fines on utilities for delays.

Status: Introduced and referred to Assembly Transportation Committee

A2849 Requires BPU orders to be issued in writing and posted on Internet. The bill requires the board to issue every order in written form. Any board order issued orally may be made effective immediately, but, regardless of its effective date, if that order is not issued in written form within 14 calendar days thereafter, or the written order is substantively different from the oral order, the oral order shall be void and of no effect as of the 15th calendar day after its issuance.

Status: Signed into law