In the early 2000s, strong state policies coupled with leadership by the Board of Public Utilities and its Clean Energy Program made New Jersey one of the top state solar markets in the United States, and a world leader in the deployment of solar photovoltaics. Today, New Jersey’s Renewable Portfolio Standard (RPS) has a specific solar requirement of 3.2% in 2018 and higher percentages in succeeding years. Former Governor Christie pocket-vetoed legislation that would have increased that percentage to 5.3% by 2021.

Innovative state policies, addressing the incentive programs and strong leadership can bring New Jersey back to the forefront of solar energy production. Given New Jersey’s population density and ample warehouse roof space, solar energy has long been recognized as the on-shore renewable electricity generation source with greatest potential, complementing the state’s considerable off-shore wind resources.

In addition to RPS requirements, New Jersey has widely respected net metering standards, allowing for surplus power generated from private renewable sources to be transferred onto the grid, which offsets costs for renewable energy users. New Jersey also has a Solar Alternative Compliance Payment (SACP) schedule, which requires electricity suppliers to pay a fee per megawatt of solar they are unable to generate or purchase to meet the solar RPS standard, through 2028. New Jersey’s Solar Renewable Energy Certificates (SRECs) allow individuals with solar panels to sell excess energy to utility providers via a tracking system and marketplace, delivering a revenue stream and long-term financing options for solar installations. New Jersey solar program participants enjoy electricity cost savings through net metering, revenue from the sale of SRECs through the RPS marketplace, federal tax credits and depreciation benefits, which lower the cost of installation.

In recent years, states including New York and Massachusetts, have developed strategies to make solar more affordable and accessible to homeowners through informational services that make the solar market more user-friendly and by supporting the development of multiple financing options like leases, loans, Power Purchase Agreements, and state-sponsored low-interest solar loan programs. New Jersey should follow the example of these states and develop a strategy to foster the rapid growth and increased affordability of the residential solar market.

As of May 2018, New Jersey has installed more than 2,400 megawatts of solar and just passed the milestone of more than 90,000 installations. At the same time, the New Jersey Legislature will need to pass a bill, and/or update the Energy Master Plan to increase the state’s solar carve-out beyond 2028.

The solar industry is responsible for over 6,000 jobs in New Jersey and supports nearly 500 total businesses, through 64 in-state manufacturers, 17 manufacturing facilities, 275 contractor/installers, 38 project developers, 18 distributors and 85 businesses engaged in other solar activities including financing, engineering and legal support. Total solar investment in the state tops $8 billion, with solar producing 3.56% of the state’s electricity in 2016. Despite these strong figures, New Jersey has suffered in recent years from an uncertainty around solar policy and market volatility that must be addressed if the state is to regain its status as a solar leader. In 2016 alone, the number of solar jobs decreased by more than 1,000, according to the Solar Jobs Census. The time for action is now.
POLICY RECOMMENDATIONS

1. INCREASE SOLAR CARVE-OUTS

To avoid disruption in the state’s solar market, a new bill is needed that requires the percentage of solar generated or purchased in-state to be increased. This will put New Jersey back on a path to being a national leader of solar per capita.

2. PROMOTE UTILITY-SCALE SOLAR

Utility-scale solar projects are important to the rapid growth of renewable energy in the state and provide good, family-sustaining union jobs. The Murphy Administration should work with solar industry representatives, utilities and environmental leaders to develop a plan to accelerate utility-scale solar development while addressing potential issues with SRECs, including cost, and strengthening other sectors of the solar industry.

3. INSTALL 500 MEGAWATTS OF COMMUNITY SOLAR BY 2020

Community solar, where neighbors, companies, and/or towns install and share commonly owned and paid-for arrays on otherwise unusable land, like parking lots or buildings, represents a vital part of New Jersey’s future solar growth strategy. Residents who are unable to install their own solar panels, like renters or apartment-dwellers, can participate in community solar. Installing 500 megawatts of solar by 2020 would jump-start this vital part of New Jersey’s solar market. At least 15 percent of community solar projects should be created in low to moderate-income communities.

4. DEVELOP LONG-TERM STRATEGY TO LOWER THE COST OF RESIDENTIAL SOLAR

The Board of Public Utilities is due to kick off an update of the state Energy Master Plan. As part of that process, the BPU needs to move forward on a revamped solar program that transitions New Jersey off SRECs and moves the state towards a more stable solar market system that prominently features utility-scale and community solar. New Jersey should look to the experiences of Massachusetts and New York to develop sustainable models for solar adoption.

WE WANT

500 MW BY 2020

UTILITY-SCALE SOLAR

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