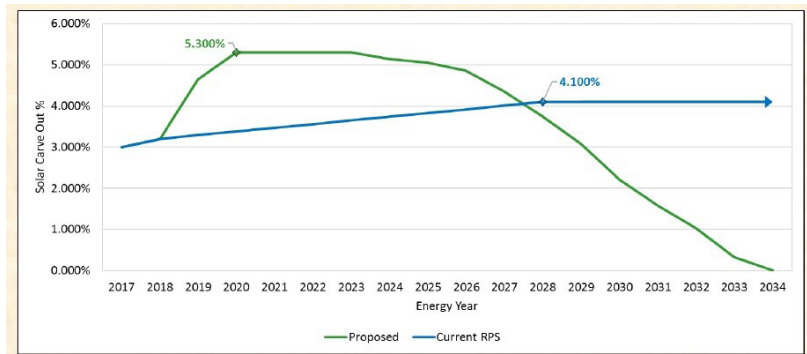


THE FUTURE OF SOLAR IN NEW JERSEY

By: Keith Peltzman, President of Independence Solar

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The New Jersey state solar program stimulates approximately \$1 billion of investment annually. This level of investment is supported by the trading of SRECs (Solar Renewable Energy Certificates) mandated by the state RPS (Renewable Portfolio Standard). Although this mechanism has driven a stable level of investment over the last 10 years, there is always an underpinning of a potential crash in SREC prices due to oversupply - as occurred briefly in 2012.



In order to protect against future volatility in the SREC market, the solar industry in NJ is working on two new state programs to ensure the stability of the solar markets for the next 15 years:

1. Transition Program (2018-2021)
2. Long-Term Successor Program (2021-2033)

1. TRANSITION PROGRAM (2018-2021)

The transition program is structured to ensure that the SREC remains stable over the next three years while a longer-term successor program is enacted. This transitional program (Senate Bill S-592) has not yet passed, but key provisions include:

- ▶ Increasing the solar requirement from 3.5% to 5.3% (2021) to ensure stable SREC values
- ▶ Reducing the lifetime of an SREC from 15 years to 10 years
- ▶ Phasing-out SRECs for projects after June 2021
- ▶ Reducing the maximum ceiling price of SRECs
- ▶ Requiring a deposit of \$40/kW upon SREC application to help the state maintain market balance

2. LONG-TERM SUCCESSOR PROGRAM (2021-2033)

Solar stakeholders in NJ are exploring options for a long-term successor program to replace the existing RPS/SREC mechanism. The goal would be to continue to stimulate long-term investment in solar energy

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with a stable incentive, while minimizing the impact to NJ residents and businesses. Most of these options are already being implemented by other states - such as MA, NY, CA, CT. Over the next two years, NJ can observe how these state programs perform and can adopt successful aspects of each program. Some options that are currently being considered include:

- ▶ SREC II (5-year SREC with segment factoring/adders)
- ▶ Tariff (fixed payment by segments for 20 years)
- ▶ Block Grant (capacity based payments)
- ▶ Reverse-Auctions (project bids on their incentive)

The long-term successor program will have a significant impact on the viability of a solar energy economy in the state of NJ. The niches for solar energy development may differ significantly from today. For example, there may be greater opportunity for larger utility-scale projects on farmland and landfills, for shared community solar projects on ancillary land or for pairing solar with battery storage. If you are considering solar energy in NJ, please connect with an experienced solar partner like Independence Solar who can help navigate the future of solar energy in New Jersey.



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ABOUT US



Keith Peltzman is president and founder of Independence Solar with offices in Cherry Hill, NJ and Boston, MA.

Independence Solar is a turnkey installer of commercial solar energy. Since 2007, the team has developed and built over \$200 million of solar projects, including the largest rooftop solar array (9 MW) in North America at the Gloucester Marine Terminal in NJ. Independence Solar forges long-term partnerships to maximize returns on our customers' solar energy investments.

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