Legislation Infuses Life Back Into NJ Solar Energy Industry

Legal Alert

August 3, 2012

On Monday July 24, 2012, Governor Chris Christie signed into law Bill S1925/A2966 aimed at supporting New Jersey's solar energy industry. The bill is designed to re-establish a viable solar power generation marketplace by increasing the amount of solar energy (or SRECs) that power supply companies are required to have in their generation portfolios. The bill does this in two ways:

1. It doubles the amount of solar energy (or SRECs) that power supply companies are required to produce or purchase beginning in June 2013 and running through May 2018 which covers four energy years under the State's Renewable Portfolio Standard (RPS).

The result of this piece of the legislation will be to expand the market for SRECs (Solar Renewable Energy Certificates), absorbing the current oversupply and leading to price stabilization and increases from recently seen lows of under $100 per SREC.

2. It extends the RPS schedule to 2028, allowing for a longer planning horizon for utilities and others involved.

Key points:

There are several key points in the bill to consider.

- The market is expected to react positively through higher SREC prices.
- The legislation allows for existing overcapacity to be absorbed and should result in additional demand, allowing New Jersey to continue its leadership position in solar energy production, making new projects more viable.

The bottom line is that the new solar energy legislation bill is good news for New Jersey developers, EPCs (engineering, procurement and construction companies), lenders and investors interested in developing solar projects in the State. However, the devil is in the details. As the impact of the legislation begins to unfold, we are advising clients to conduct extensive due diligence before proceeding in the industry.

For more information on the new solar energy legislation and how it will impact you or your business, please contact a member of Flaster Greenberg's Alternative & Renewable Energy Industry Group.

ATTORNEYS MENTIONED

Franklin Riesenburger