State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL.
P.O. BOX 003
TRENTON, NEW JERSEY 08625

November 7, 2025

Via Electronic Mail board.secretary@bpu.nj.gov
Sherri L. Lewis
Secretary of the Board
44 South Clinton Ave., 1st Floor
PO Box 350
Trenton, NJ 08625-0350

Re: I/M/O The Petition of Vitol, Inc. and VC Renewables, LLC For a Rulemaking Proceeding Allowing Out-Of-State Solar to Qualify For Class I Renewable Energy Credits
BPU Docket No. QX25080469

Dear Secretary Lewis:

Please accept for filing these comments being submitted on behalf of the New Jersey Division of Rate Counsel in response to the petition filed in this matter on August 8, 2025. These comments are being filed electronically with the Board's Secretary at board.secretary@bpu.nj.gov.

Introduction

On August 8, 2025, Petitioners Vitol, Inc. and VC Renewables, LLC ("Petitioners") filed a petition seeking a rulemaking proceeding allowing out of state solar to qualify for Class I Renewable Energy Certificates ("RECs") with the New Jersey Board of Public Utilities ("BPU" or "Board"). Petitioners state that the Board's regulations only allow solar energy generated within New Jersey and connected to the distribution and transmission system operated by a New Jersey utility to receive Class I RECs. Petitioners seek to have the Board initiate a rulemaking proceeding to amend the Board's regulations to permit solar energy generated outside of New

Jersey but connected to New Jersey's distribution and transmission system to receive Class I RECs. Petitioners assert that this rule amendment will lead to significant savings to New Jersey's ratepayers. For the reasons below, Rate Counsel supports Petitioners' Rulemaking Petition and respectfully requests that the Board, as soon as possible, open a rulemaking proceeding to determine if the amendment sought by Petitioners should proceed.

Rate Counsel's Position

New Jersey's public policy is to seek a 100% renewable resource mix over the course of the coming years. In 2018, the Clean Energy Act required that by January 1, 2030, 50% of the state's generation be from a Class I renewable energy source. N.J.S.A. 48:3-87(d)(2). In February of 2023, Governor Murphy issued Executive Order No. 315 setting a target for 100% of New Jersey's electricity to come from clean resources by January 1, 2035. To meet that goal, the State will need to rely on Class I RECs. Currently, to generate Class I RECs, New Jersey relies primarily on out of state, on shore wind resources. While there is a significant amount of out of state solar generation, at prices lower than those wind resources available, the Board's current regulations prohibit those resources from being awarded RECs. That prohibition, however, is limited to the Board's regulations and is not found in the enabling legislation. Specifically, the Legislature defined "Class I renewable energy" as including energy produced from solar technologies and photovoltaic technologies. N.J.S.A. 48:3-51. The Board's regulations, however, defines Class I renewable energy as "Solar electric generation in the form of solar RECs; Solar electric generation from a certified facility after the facility's qualifications life has ended." N.J.A.C. 14:8-2.5(b)1 and 2. The Board's regulations are significantly narrower than the enabling statute, effectively barring out of state solar from receiving a Class I REC.

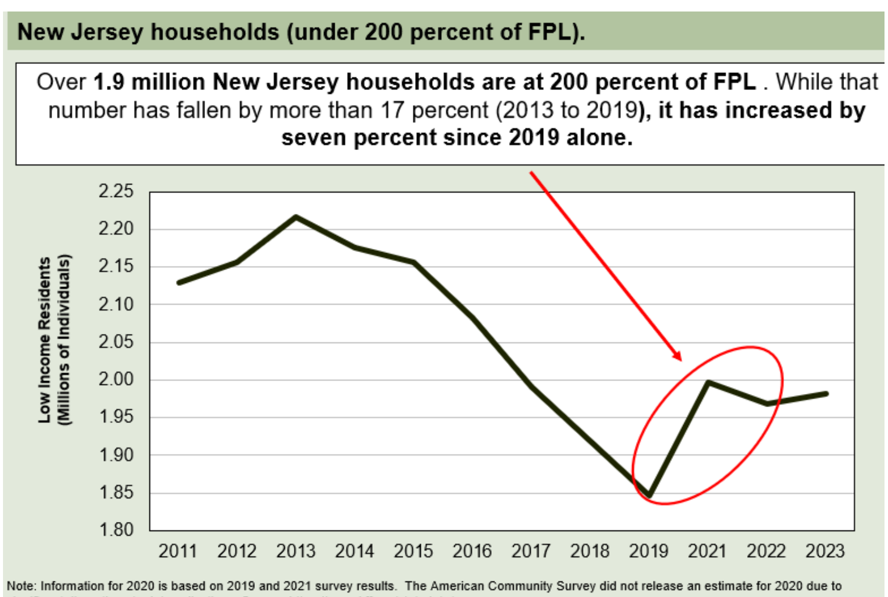
The Board's regulation artificially limits the amount of supply available for Class I RECs. All things being equal, more supply should drive down prices for ratepayers. Petitioners assert that is the case here. The rate impact may indeed be quite significant. According to the PJM Independent Market Monitor ("IMM"), in 2023, New Jersey spent $1,346,551,069 to comply with the State's RPS requirements. New Jersey pays significantly more than our fellow PJM states for RPS compliance. Indeed, the total amount spent in all of PJM for RPS compliance in 2023 was $2,878,646,253. New Jersey accounts for nearly 50% of the RPS compliance costs of the 8 PJM jurisdictions with RPS requirements reported by the IMM. Simply, our ratepayers are paying too much to comply with the RPS requirements and any action the Board can take to drive down those costs must be fully and timely considered.

Affordability is a significant issue in New Jersey. Indeed, BPU President Guhl-Sadovy has clearly stated, "[t]he BPU is committed to proactively addressing the energy affordability challenges facing New Jerseyans."[1] Affordability, however, is more than just a word, it means the difference of whether a significant number of people in our State will be able to heat or cool their homes, run life-saving medical equipment, have adequate water, and maintain all the other life functions that rely on utility service. Importantly, New Jersey customers do not just pay an electric bill. Many pay a gas bill and a water bill, and when we look at affordability, we must consider the entire burden on ratepayers, not just electric. Utilities, especially electric utilities, play a key role in our daily lives. You wake up in the morning to an alarm clock, most likely charged by electricity. You go to the bathroom and turn on the water. To get that water to you, the water utility needs electricity. You get in your car. If you need gasoline, that pump needs electricity to work. You get a cup of coffee, that deli needed electric to heat your coffee. The

[1] https://www.nj.gov/bpu/newsroom/2025/approved/20250618.html

electric bill that residents receive is important, but electric rates will impact much more than the bill a customer receives. Higher electric rates are passed on to customers, meaning they pay not just at home, but at every other juncture in their lives.

The impact of higher bills is felt most deeply by our most vulnerable residents. Everyone pays the same rates for electricity, regardless of income. For some, however, these bills are significant, sometimes taking up to fourteen percent of the home's income. For those who can least afford these increases, choices must be made: do I feed my family, do I heat my home, do I pay my rent, do I buy my medication? Over one third of the households in our state live in functional poverty. About 16% of people in the United States live in energy poverty, where over 6% of their total income is spent on energy. A significant part of our state is at 200 percent of the Federal Poverty Level. As the chart below demonstrates, we have done a lot to address the issue, but clearly, we must do more.



These high bills are not just a nuisance, they have real impacts on real lives. Last year was one of the hottest summers in recent years. Air conditioning is no longer a luxury, it is lifesaving. Heat-related deaths will increase as we make air conditioning more unaffordable. Likewise, we had a brutally cold winter. If heating becomes unaffordable, people will freeze.

And while much of the focus has been on residential customers, these higher rates impact our businesses too. Just as a resident may need to choose whether to pay a utility bill, pay for medicine or pay for food, a business may need to decide whether to lay off employees or simply move out of state to an area with lower energy costs. Every time we raise bills, businesses—employers—are faced with the potential decision to leave or cut back. Higher electric rates also lead to loss of jobs and harm the economy for New Jersey.

As stated above, a significant portion of New Jersey's electric bill is from the cost of compliance with the State's renewable energy goals. Renewable energy is an important resource, but affordability must be an equal, if not greater part of the equation when looking at the State's generation resources, especially at a time when all generation resource are scarce. Rate Counsel has consistently supported the development of seamless competitive markets for all renewable energy, since this is likely to produce the least cost to ratepayers. The current restricted construct is simply not consistent with those principles. For this reason, Rate Counsel supports the petition.

At this time, the Board should take all avenues for expanding the supply of renewable resources. Rate Counsel is not certain that the level of savings identified in the petition is the exact amount ratepayers would save, but Rate Counsel is confident that this change in the rules would result in savings, likely substantial savings for ratepayers. Indeed, Rate Counsel believes that the Petition likely does not go far enough. Rate Counsel has consistently stated that in funding solar in New Jersey, a competitive process is better than an administratively set one. Market factors will drive down prices and likely reduce the amount ratepayers pay to subsidize solar. In opening up this rulemaking petition, the Board should review all of its solar rules and how it funds solar to determine if there are more affordable solutions to meeting our goals.

New Jersey has some of the highest solar prices in the country. This is in part because of the Board's policies that too often focus on in-state solar energy. We are now in an affordability crisis, and we can no longer use ratepayers to fund parochial interests. If the State's goal is indeed to obtain as much solar energy as possible, the State must procure that energy at the cheapest cost possible. Ratepayers are better served by an economic market that recognizes the value of lower cost out of state solar resources. To truly address affordability, the Board should completely review how solar energy is procured and whether there are additional actions the Board can take to lower the cost of solar to ratepayers.

The Petition before the Board seeks a rulemaking proceeding. The Petition presents sufficient evidence of savings to ratepayers to support such a rulemaking proceeding. Such a process is appropriate in the present matter. The work for the Board can be as minimal as submitting a proposed rule with the changes to N.J.A.C. 14:8-2.5(b), eliminating what is now subparts 1 and 2 and replacing them with a new subpart 1 that reads, "Electricity derived from solar technologies or photovoltaic technologies." With this minor effort, the Board will save ratepayers, likely hundreds of millions of dollars.[2] More importantly, this would open the process to all stakeholders to provide their input. If there is an unforeseen consequence to this change, the notice and stakeholder process will provide ample opportunity to identify the issue and provide the Board with time to address that issue before a final rule is implemented.

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[2] Of course, the Board can also take action now to address other potential issues with how solar is subsidized in New Jersey. While rulemaking would likely be a longer process, it is one that the Board will need to face at some point.

Simply put, this petition is a "no-brainer." Publish the rule, start the process and with minimal work, the Board provides ratepayers with what could amount to hundreds of millions in savings. At a time when affordability is the most important topic facing this industry, the Board cannot afford to pass up on this opportunity. With approval of the petition and publication of the proposed regulation amendment, the Board can start this process. The Board will then have the benefit of time and the stakeholder process to make a final decision. None of that can happen, however, until the Board grants the petition and publishes the proposed rulemaking. For all of these reasons, Rate Counsel supports the petition and asks the Board to approve the Petition for Rulemaking as soon as practicable.

Thank you for your consideration and attention to this matter.

Respectfully submitted,

Brian O. Lipman, Esq.
Director, Division of Rate Counsel

By: /s/ Brian Lipman
Brian O. Lipman, Esq.
Assistant Deputy Rate Counsel

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Enclosure

cc: Service List

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Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625
board.secretary@bpu.nj.gov

Brian O. Lipman, Director
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
blipman@rpa.nj.gov

Maura Caroselli, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
mcaroselli@rpa.nj.gov

Michael Lombardi, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
mlombardi@rpa.nj.gov

Andrew M. Kuntz, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
akuntz@rpa.nj.gov

Joy Carter, Paralegal
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
jcarter@rpa.nj.gov

Elspeth Hans
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
elspeth.hans@bpu.nj.gov

Colin Emerle
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
colin.emerle@bpu.nj.gov

Bob Brabston
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Robert.brabstgon@bpu.nj.gov

Rachel Boylan
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
rachel.boylan@bpu.nj.gov

Stacey Peterson
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
stacey.peterson@bpu.nj.gov

Veronique Oomen
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
veronique.Oomen@bpu.nj.gov

Sawyer Morgan
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
sawyer.morgan@bpu.nj.gov

Ava Marie Madeam
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
avamarie.madeam@bpu.nj.gov

Murray E. Bevan
Bevan, Mosca & Giuditta, P.C.
163 Madison Avenue, Suite 220-8
Morristown, NJ 07960
mbevan@bmg.law

Jennifer McCave
Bevan, Mosca & Giuditta, P.C.
163 Madison Avenue, Suite 220-8
Morristown, NJ 07960
jmccave@bmg.law