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GOVERNOR

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LT. GOVERNOR

State of New Jersey
BOARD OF PUBLIC UTILITIES
44 South Clinton Avenue
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/
(609)777-3300

June 9, 2022

Members of the Senate Environment and Energy Committee
New Jersey Senate
State House
P.O. Box 099
Trenton, NJ 08625-0099

RE: S439 – Smith (D17) - Directs BPU to establish process to maintain supply and demand for solar renewable energy certificates.

Honorable Members of the Senate Environment and Energy Committee:

New Jersey Board of Public Utilities' Staff has substantive concerns about whether to provide additional financial support to investors in legacy SRECs. SREC holders invested in the SREC market knowing that prices could go up or down, and it is not clear that the State should be bailing out these investments even if they were to decrease in value at some point in the future. Given that current prices in the SREC market are very strong, it is not clear that this is even necessary.

If the decision is made to consider SREC price supports, the current version of the bill heavily favors the interests of those investors over the interests of ratepayers. At a minimum, the bill should be restructured to condition receipt of additional price support on a compromise that *significantly* reduces the total cost of the SREC program to ratepayers, likely through a lowering of the SREC Alternative Compliance Payment, or SACP.

It is important to note that projects receiving SRECs are existing solar projects. These existing projects are likely to continue operating, even if SREC prices fall. Further, existing projects do not create a single new job or produce any new clean energy. Therefore, the state has little incentive to offer financial support to legacy SREC holders (absent a significant decrease in the total cost of the SREC program).

Finally, if SREC prices were to fall, then it would create a significant opportunity to invest in new solar resources, which have significantly greater job and environmental benefits, or provide reductions in consumer rates. Staff looks forward to continuing to work with the sponsor and stakeholders on a solution that benefits all stakeholders.

Respectfully,

A handwritten signature in black ink, appearing to read "D. Chance Lykins".

D. Chance Lykins
Director, Government Affairs
New Jersey Board of Public Utilities
(609) 658-1138 (mobile)
Chance.lykins@bpu.nj.gov