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## AN ENVIRONMENTAL AND ENERGY LAW PRACTICE

### Renewable Resources

The draft 2011 EMP recommends a pragmatic approach to renewable energy development that balances both financial and environmental considerations. The draft EMP recognizes that some degree of financial assistance is necessary in order to continue the growth of renewable energy given its potentially high cost as compared to more conventional sources. Although the draft EMP reiterates the State's commitment to achieving its 22.5 percent RPS target by 2021, the draft EMP also calls for a fresh "rigorous quantitative and qualitative analysis" of the relevant issues and concerns (i.e., the impact on consumer electricity prices for those consumers that do not directly benefit from renewable technology).

- **Solar** - The draft EMP highlights that New Jersey's solar market ranks second only to California in the country in installed PV capacity. The EMP recognizes the significant role that solar energy can play in helping New Jersey achieve its RPS goals. In addition, the EMP recognizes that the solar industry in New Jersey has continued to grow and flourish as the broader economy has stagnated. Nonetheless, the draft EMP takes a hard look at future Solar Alternative Compliance Payment ("SACP") values, the primary driver of SREC pricing, which are currently set only through reporting year 2016. The draft EMP recommends setting the SACP at a level that accurately reflects the true cost of solar installations, including costs for materials and labor as well as capital and transaction costs. Most importantly in this area, the draft EMP opens the door not only to a reduction in SACP values after reporting year 2016, but to potentially revisiting the values already specified through and including 2016. This could affect current and future project development, as well as projects already underway or completed.
- **Wind** - The draft EMP acknowledges that onshore wind has not generally been a viable tool for New Jersey's renewable energy goals given environmental concerns and typically limited onshore wind speeds, however, offshore wind development is clearly supported. Acknowledging that large scale offshore wind projects may still be years away, the EMP sets forth certain goals for offshore wind including that it (1) demonstrate net economic and environmental benefits to New Jersey, (2) be supported at least initially by an offshore wind REC market accurately reflecting the installation costs of the technology, and (3) bring related benefits to New Jersey, such as increased port activities in connection with staging offshore wind projects and project assembly.

- **Biomass** - Bioenergy production, according to the EMP, is another area in which New Jersey has large potential. The EMP supports the increased use of waste as biofuels to produce energy products such as heat, electricity, biogas and bio liquids.

Overall, to best realize the benefits of cost-effective, renewable energy resources, the draft EMP calls for:

- Reducing the SACP;
- Performing a cost benefit analysis of solar renewable incentives;
- Promoting solar PV installations with the greatest economic and environmental benefits to New Jersey, including commercial-scale, distributed generation systems, solar installations on landfills, brownfields and other contaminated sites, and Community Solar;
- Maintaining support for offshore wind development;
- Promoting effective use of biomass and waste-to-energy; and
- Generally supporting all renewable energy technologies that can be a catalyst for new business growth in New Jersey.