

## Net Metering Aggregation for Public Entities

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On Monday, July 23, 2012, Governor Christie signed S1925/A2966. In addition to the new law's primary objective of stabilizing the solar market by increasing the solar renewable portfolio standard, the new law also authorizes net metering aggregation for public entities the very first time. This new incentive will become available upon the adoption of regulations by the Board of Public Utilities.

Net Metering is a renewable energy incentive that allows customers that generate electricity from a renewable energy facility, such as solar, to offset the cost of the electricity the customer receives from its supplier or provider with the electricity it generates with its solar facility during a 12-month period. The objective of net metering is for the customer to generate just enough to meet his need without the need to pay an electric bill. This new law authorizes a net metering aggregation procedure whereby a single customer operating a solar facility on its property may offset the cost of electricity at different properties it owns.

Notably, the new law outlines the scope of net metering aggregation. *Only* State entities, school districts, counties, county agencies, county authorities, municipalities, municipal agencies, or municipal authorities are eligible for this new incentive. The property supporting the solar facility may not be actively devoted to agricultural or horticultural use and receiving a farmland assessment, unless the municipal planning board with jurisdiction over the property waives this requirement. The solar facility may not be an on site generation facility. All of the properties combined for the purpose of net metering aggregation must be owned or operated by the single customer and located within its territorial jurisdiction. For State entities, all of the properties must be located within five miles of one another. All of the properties must be located within the same service territory of a single electric public utility and served by the same provider or supplier. All such properties will have to be of the same customer rate class.

Net metering aggregation has similarities to traditional net metering. For example, the customer's solar facility must be sized so that its annual generation does not exceed the combined metered energy usage of the properties qualified for net metering aggregation. The legislation also states that the same standards regarding credits for net metering generation will apply to projects qualified for net metering aggregation.

The legislation authorizes public entities engaged in net metering aggregation to contract with third parties to operate the solar facility, so long as the contract includes protections that provide for adequate performance and provisions for construction and operation during the term of the contract, including appropriate bonding and escrow.

Finally, the legislation requires the Board of Public Utilities to adopt regulations further defining this specific process within the next nine months.