



**TESTIMONY OF DAVID GAHL, DIRECTOR OF STATE AFFAIRS, NORTHEAST
SOLAR ENERGY INDUSTRIES ASSOCIATION
ON SENATE NO. 2276
IN SENATE ENVIRONMENTAL COMMITTEE
6.06.16**

My name is David Gahl and I am the director of State Affairs Northeast for the Solar Energy Industries Association. Thank you for the opportunity to present testimony on Senate No. 2276 sponsored by Senators Smith and Bateman.

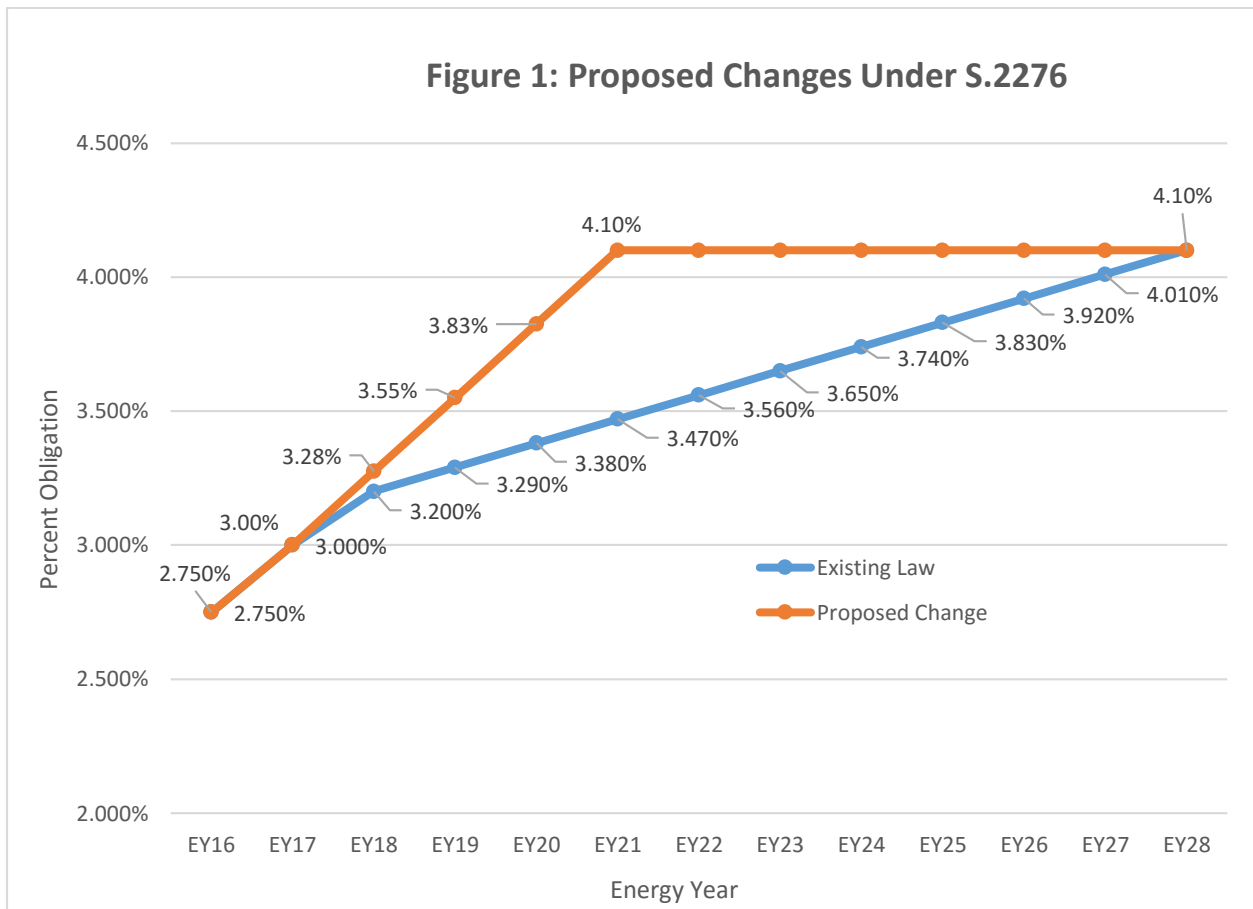
The Solar Energy Industries Association (SEIA) strongly supports legislation to increase the obligations for utility purchase of Solar Renewable Energy Credits (SRECs) and recommends the bill's passage prior to the end of this legislative session. We thank the sponsors for introducing this legislation. This bill would provide certainty to the solar market for the next several years.

SEIA is the national trade association of the United States solar energy industry and is a broad-based voice of the solar industry in New Jersey. There are 39 SEIA member companies in operation in New Jersey working in all market segments. SEIA member companies provide solar panels and equipment, financing and other services to a large portion of New Jersey solar projects.

SEIA strongly supports this legislation and our testimony: briefly summarizes bill provisions; explains why this legislation is critical for the solar industry; discusses the potential jobs impacts of the legislation; and briefly reviews the state of the solar market in New Jersey.

Bill Summary

This bill increases the obligations for load serving entity purchases in the SREC market in Energy Year (EY) 2018 and each year thereafter until 2021. The bill establishes a .28% incremental increase in SREC obligations from EY 2018 through EY 2021 and then maintains the obligation to purchase SRECs at 4.1% of total electric load for that year and every year thereafter. The bill also establishes a Commission to examine the future of sustainable solar policy in New Jersey. Figure 1 shows the bill's revised SREC obligations versus existing law.



Justification

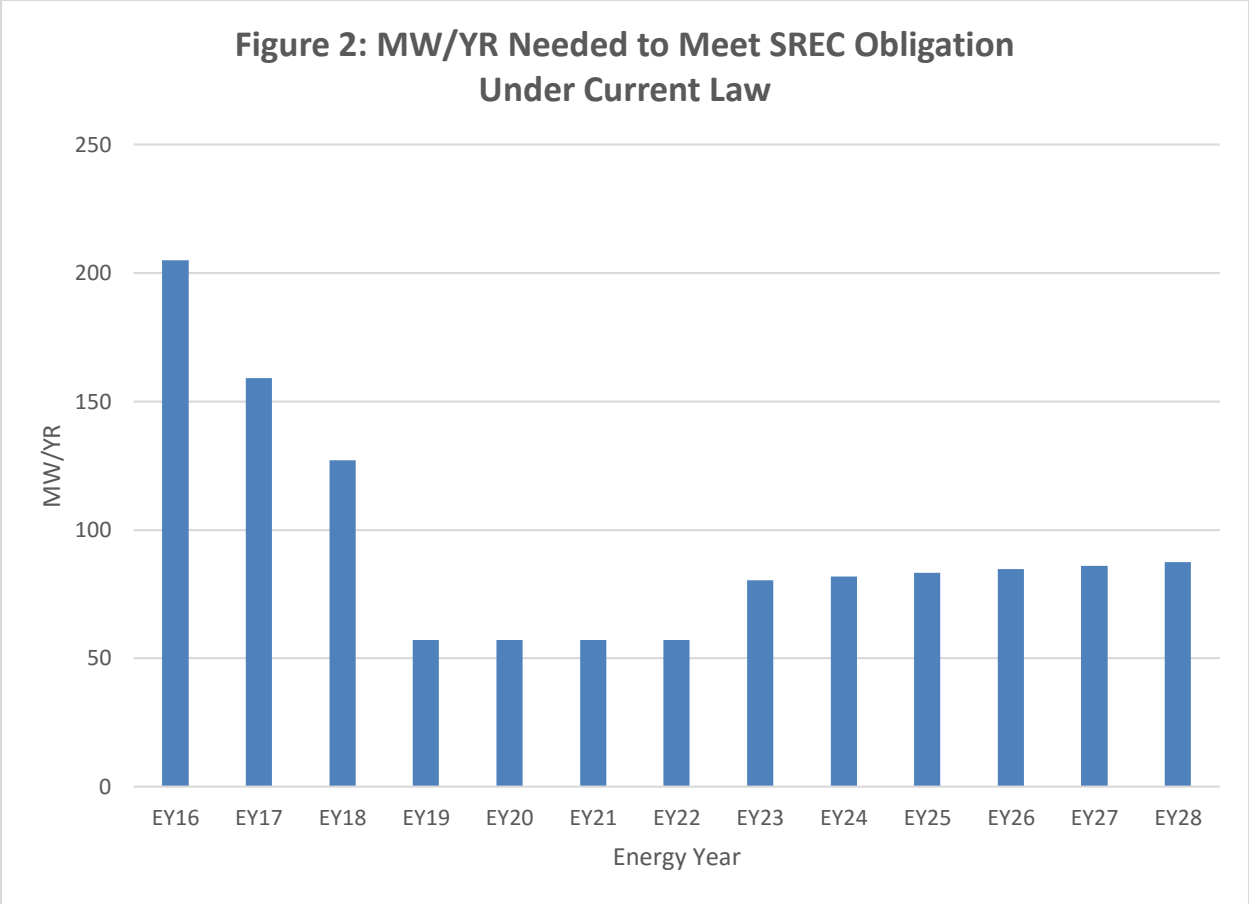
The Solar Act of 2012 brought stability to the New Jersey solar market and allowed for significant solar growth during the past several years. This increased obligation by load serving entities for SREC purchase helped to keep the New Jersey solar market strong. In 2015, New Jersey has more than 1.6 gigawatts of installed solar capacity, ranking it fourth highest among U.S. states and making New Jersey the leading state in solar capacity in the Northeast.¹ In 2015, solar developers installed an additional 181 megawatts of capacity in New Jersey and more than \$486 million was invested in solar installations across all sectors.² More than 528 solar companies operate in New Jersey today employing more than 7,100 workers across the value chain.³

However, while the Solar Act of 2012 made adjustments to utility SREC obligation for all energy out-years, the increase in SREC demand slows considerably in EY 2018 and beyond. Under existing law, assuming a flat load forecast, after EY 2018 the incremental increase in SREC demand declines from approximately .2% per year to .09% per year. As shown in Figure 2, under existing law, the number of new megawatts per year needed to meet the SREC obligation in EY 2019 drops by nearly 55 percent to 57 megawatts. In other words, this significantly reduced number of megawatts needed to meet the obligations in state law would have a chilling effect on market growth.

¹ See Solar Spotlight: New Jersey, March 2016. Available at: <http://www.seia.org/state-solar-policy/New-Jersey>

² Ibid.

³ Ibid.



Without legislative change, the slower growth of the SREC obligation is likely to disrupt progress in the solar market, cause retraction by solar firms, and force companies to lay off workers, or cause companies to shift investment to other states. By once again pulling more SREC demand forward, all sectors of the solar market will be able to maintain their rate of growth during the EY 2018 through 2021. In other words, passing this bill will help maintain the 7,100 solar industry jobs in New Jersey, as well as create new industry jobs.

It is worth noting that the provisions advanced in the bill, do not increase ratepayer cost obligations beyond what exists in current law. Furthermore, adjusting the SREC obligation purchase requirement will provide short-term market stability as lawmakers consider the longer-term future of the New Jersey solar market.

State of the Solar Market

The combination of supportive national and state policies, growing consumer interest and declining costs of solar panels has resulted in tremendous growth in the solar industry in the United States.

Legislation passed by Congress and signed by the President extended the federal solar investment tax credit through the year 2021, and will provide the foundation for future solar market development in the U.S. Installed solar system prices in the U.S. have decreased by 48 percent since 2010. Supportive state policies, such as net metering and New Jersey's Renewable Portfolio Standard (RPS) have worked together to create impressive industry growth.

But New Jersey is now at a crossroads. Legislative action is required to provide a clear market signal that New Jersey intends to maintain its leadership on solar policy in the Northeast.

Changes to New Jersey's RPS, as put forth in this bill, will provide this signal and help preserve and create new solar industry jobs. We urge the Senate to pass this important legislation.