



## *Press Release*

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### **Energy bill Passed by the NJ Legislature puts NJ green jobs, the NJ solar industry, and NJ municipal bonds at risk: Governor Called on to Conditionally Veto Bill A.2529**

Trenton, NJ: Energy legislation that passed the New Jersey Senate and State Assembly this past Monday, January 10<sup>th</sup>, evolved into a major concern for New Jersey's solar energy industry and its ability to survive and grow. The Mid-Atlantic Solar Energy Industry Association (MSEIA), based in New Jersey, called on Governor Christie to conditionally veto A.2529/S.2306 (Chivukula/Smith) to ensure that excessively large solar developments do not ravage New Jersey's nascent solar energy industry by allowing huge solar projects (called solar farms) to be built in NJ without control. Developing such mega-projects too rapidly could create an oversupply of "SRECS" (solar green tags), resulting in the crash of their value.

According to Lyle Rawlings, President of MSEIA and a solar energy expert, "the SRECs could devalue to very low levels, creating economic havoc not only for hundreds of solar energy businesses, but school districts, small businesses, houses of worship, warehouse owners, and homeowners as well". "Anyone that has a solar system on their building or grounds could see their investment devalued if the pace of solar development is not controlled". "The bill as passed endangers NJ solar industry jobs, the state's solar businesses serving residential, commercial and institutional customers, and the ability of municipalities to pay off the bond debt incurred to fund solar generation on their school buildings".

The bill, A.2529/S.2306, was originally intended to provide some order in the development of solar projects selling their electricity into the wholesale electric market. These projects would earn SRECS, which represent the environmental benefits of solar and provide the return on investment to owners of solar systems. Initially, the legislation required that large solar projects (over 10 megawatts in size), would have to be reviewed by the NJ Board of Public Utilities in order to ensure that the projects were appropriate and would not create an oversupply of SRECs or overburden electric distribution systems.

(more)

After ten years of solar energy development in New Jersey, today's solar installations have a total capacity of 260 MW. Current applications for large solar farms to connect to the electric distribution grid now total nearly 2,000MW, equal to the capacity of two nuclear plants, and would cost \$8 billion if all were constructed.

Amendments made on the State Senate floor last week changed the "safeguard" nature of the legislation, weakening it. The bill now includes exemptions which could lead to many huge solar farms being built in New Jersey this year.

The consequences of these loopholes could be severe, according to MSEIA. With no limit on the number of large projects that can be constructed, large out-of-state solar developers will develop very large projects on farms and use up all the remaining solar capacity for new systems. The exemptions in the legislation allow the system to be gamed—with numerous developers rushing to commence projects in early 2011 and asserting that they will meet the standard, and thus obtaining an exemption from review by the BPU.

Dennis Wilson, the Vice-President of MSEIA and a solar energy consultant, noted that "over-building from these very large solar developments would generate too many SRECs. This could prevent existing solar system owners (nearly 10,000 in NJ) from selling their SRECs on the market, and therefore fail to recoup their solar investment.

Wilson also explained that "municipalities and local school districts have invested in hundreds of solar systems over the past few years – selling municipal bonds to finance the solar projects. To make their bond payments, they depend on the income they obtain from SRECs generated each year in addition to the value of the electricity produced. If the SREC market crashes and SRECs can no longer be sold by these solar system owners, municipalities could be faced with the choice of defaulting on their bond payments or having to raise property taxes".

MSEIA has asked Governor Christie to consider conditionally vetoing the bill to eliminate the loopholes, so that the state may begin to control the entry of new solar projects into the market and reduce the risk of a market crash.

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