

# NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice

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## MEMORANDUM

To: Senate Environment and Energy Committee

DATE: May 17, 2012

**RE: SENATE, NO. 1925** (*Sweeney D-3/Smith D-17*)

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The New Jersey Association of Counties (NJAC) is pleased to inform the Senate Environment and Energy Committee of its support for S-1925, which concerns net metering and solar Renewable Portfolio Standards (RPS). NJAC supports this important and timely initiative as it will substantially accelerate RPS requirements and strengthen the Solar Renewable Energy Certificate (SREC) market.

As the Committee is well aware, several counties have implemented or are pursuing cutting edge solar energy projects that will significantly lower electricity cost and stabilize property taxes. Through their county improvement authorities and as means to lower capital costs, many of these counties issued bonds to finance solar projects that have saved taxpayers approximately \$72.0 million. For each of these projects, a solar developer, selected through a competitive procurement process, is responsible for selling SRECs generated by the solar energy system; managing the SREC market risk; and importantly, repaying the project's debt service guaranteed by the respective county.

As a result of the significant oversupply of the SREC market, SREC values have declined sharply over the past several years from a high of \$600.00 for every SREC generated by the solar energy system to its current price of \$85.00. Although solar developers are in fact responsible for managing the SREC market risk and repaying a county's debt service as noted above, the continued instability and decline of the SREC market may force solar developers to default on repaying project debt service. That being the case, counties would be responsible for approximately \$205.0 million in debt service obligations.

To remedy this impending scenario, NJAC supports S-1925 as a means to accelerate RPS requirements, which will in turn stabilize the volatile SREC market, protect an investment mechanism that has saved taxpayers approximately \$72 million, and insulate local governments from potential risk. Moreover, a steady and secure SREC market will ultimately facilitate the development of new solar projects that will save valuable taxpayer dollars moving forward. With this in mind, NJAC respectfully requests that the Committee favorably report S-1925 at this time. Thank you for your time and consideration, and please do not hesitate to contact us with any questions or concerns.

