

CHAPTER 219

AN ACT concerning the imposition of standby charges upon distributed generation customers and supplementing Title 48 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

C.48:2-21.37 Definitions relative to imposition of standby charges.

1. As used in this act:

“Board” means the Board of Public Utilities.

“Demand charge” means a charge imposed by an electric public utility which is based upon peak electricity demand during a specified time period, typically, one month. A demand charge is utilized to recover the capital cost of infrastructure necessary to meet peak energy loads. Capacity measured in kilowatts or megawatts represents the ability of an electric public utility, or the electric power grid in the aggregate, to deliver electric service of a peak level of demand during any period of time.

“Distributed generation” means energy generated from a district energy system or a combined heat and power facility as that term is defined in section 3 of P.L.1999, c.23 (C.48:3-51), the simultaneous production in one facility of electric power and other forms of useful energy such as heating or process steam, and energy generated from other forms of clean energy efficient electric generation systems.

“Standby charge” means a charge imposed by an electric public utility upon a distributed generation facility for the recovery of costs necessary to make energy available to the distributed generation facility during a facility power outage including, but not limited to, the allocation of reasonable capital investment costs and operating and maintenance expenses associated with the electric public utility’s infrastructure needed to provide such service.

C.48:2-21.38 Study to determine effects of distributed generation.

2. Notwithstanding the provisions of any other law, rule, regulation, or order to the contrary, the board shall, within 120 days of the effective date of P.L.2011, c.219 (C.48:2-21.37 et seq.), conduct a study to determine the effects of distributed generation upon energy supply and demand and determine whether distributed generation contributes to any cost savings for electric public utilities.

C.48:2-21.39 Establishment of criteria for fixing rates.

3. a. The board shall, within 180 days of the effective date of P.L.2011, c.219 (C.48:2-21.37 et seq.), establish criteria for fixing rates associated with the assessment and imposition of standby charges, and shall require electric public utilities to file tariff rates with the board in accordance with such criteria.

b. In establishing such criteria, the board shall ensure equity between distributed generation customers and other electric public utility customers with regard to the imposition of standby charges and, in addition to any factors it deems relevant and such factors as it may consider pursuant to R.S.48:2-21, consider the following factors:

(1) any findings of the study conducted by the board pursuant to section 2 of P.L.2011, c.219 (C.48:2-21.38);

(2) the impact of demand charges and how they drive the operating performance of projects utilizing distributed generation, particularly during peak electricity demand periods; and

(3) the economic and environmental benefits the board finds are associated with distributed generation.

c. In establishing the criteria for fixing rates pursuant to subsection b. of this section, the board shall assess the feasibility of including guidelines for the allowance of special discounted charges for distributed generation customers as part of the criteria. In making such assessment, the board shall consider cost savings to electric public utilities resulting from distributed generation and any other benefits associated with distributed generation, including, but not limited to, any increase in energy efficiency and any associated decrease in demand for electric power from the electric grid.

C.48:2-21.40 Rules, regulations.

4. The board shall, pursuant to the provisions of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.) adopt rules and regulations to effectuate the purposes of P.L.2011, c.219 (C.48:2-21.37 et seq.).

5. This act shall take effect immediately.

Approved January 17, 2012.