NEW JERSEY SCALES UP COMMUNITY SOLAR IN LANDMARK CLEAN ENERGY ACTION

By Donna M. Jennings, Esq. and Matthew S. Andrade, Esq.

On August 22, 2025, Governor Phil Murphy signed S4530[1] and its companion bill, S4289,[2] into law. Both laws dramatically expanded New Jersey's previous community solar capacity to incentivize large-scale energy storage and to combat the regional energy cost crisis sweeping across the State of New Jersey.[3]

What is the Community Solar Program?

In August 2018, the Murphy administration established the Community Solar Energy Pilot Program,[4] now commonly known as the Community Solar Energy Program.[5] The Community Solar Program created an opportunity for New Jerseyeans to access renewable energy sources by remotely participating in a solar energy project without the burden of installing solar panels on their property, which typically requires permits and extensive municipal compliance.[6] The expansion of Community Solar projects helped provide families of all income levels with access to solar energy once subscribed into the program. Specifically, New Jersey Board of Public Utilities ("BPU") requires each solar project to reserve and maintain a minimum of 51% of their capacity for low- and moderate-income households to help distribute green energy to more New Jersey residents.[7]

How it Works.

Community Solar projects generate electricity through a large remotely located solar array that can be installed and situated on rooftops, parking lots, urban developments, and impervious surfaces.[8] For example, a solar array installed on the roof of a warehouse will generate energy from sunlight that will flow into an electric grid. Solar project owners can then sell the output from the grids to local utility service companies, who then discount or credit the subscriber's electric bill.[9]

When do the Laws Apply and Updates on Solar Expansion?

On October 1, 2025, the BPU opened its registration for an additional 3,000 megawatts (MW) of community solar projects to help a projected 450,000 New Jerseyans cut their electric bills.[10] Registration into the Program is reviewed and accepted on a first-come, first-served basis.[11] However, registration is expected to close by December 31, 2029, or until the additional 3,000 MW hits maximum subscriber capacity, whichever occurs earliest.[12] The additional 3,000 MW is expected to significantly boost New Jersey's energy supply while building a sustainable and renewable-energy focused future for the State.

New Jersey's Renewable Portfolio Standard (RPS) mandates requirements for suppliers to contribute and generate electricity from renewable energy sources such as solar projects so the State can meet its renewable energy goal outlined in the 2018 Clean Energy Act.[13] Through the RPS, the State established an ambitious requirement that 35% of the electricity sold statewide must be generated from a qualifying renewable energy source by 2025. By 2030, New Jersey will strive to source 50% of its electricity from clean and renewable energy.[14]

The companion law S4289 required the BPU to establish a transmission-scale energy storage procurement and incentive program, to help New Jersey reach their goal of deploying 2,000 MW of energy storage by 2030.[15] New Jersey expanded its energy storage capacity to directly address high demands of electricity usage while supplies of it are low, especially during a power outage. Over the years, New Jersey has observed a higher demand for electricity storage while there is a limited supply, which caused the electricity rates of resident's to significantly increase and ultimately put New Jersey in an energy cost crisis.[16]

Both solar expansion laws seek to obtain more sources of solar energy online with new competitors to mitigate PJM Interconnection, LLC's ("PJM") capacity market especially in times where the grids become too congested by heavy demand.[17] New Jersey's energy grid is powered by PJM.[18] In short, PJM operates the electric transmission grid by coordinating the flow of electricity across long-distance electric lines in the PJM region, including 13 states and the District of Columbia.[19] Both laws will effectively help stabilize and reinforce local energy grids in an effort to mitigate the heavy

reliance on PJM's transmission lines, and require the state to fast-track building new energy storage systems. [20]

In an effort to advance policy priorities by the newly elected Governor, Mikie Sherill, on March 5, 2026, the BPU approved and authorized an additional 3,000 MW of capacity for the Community Solar Program, the largest expansion of a Community Solar Program in the nation.[21] Once fully subscribed, the Program is expected to deliver clean energy savings to approximately 450,000 additional subscribers statewide.[22] In addition, to support the expanded Community Solar Program and improve grid reliability, the BPU the approved incentives for 355 MW of new battery storage and launched a second competitive solicitation for an additional 645 MW.[23] Additional battery storage allows excess solar power to be stored and used during periods of high demand, which will further stabilize and mitigate the heavy reliance on the PJM regional grid.[24]

So far, New Jersey's Community Solar Program has successfully helped more than 37,000 subscribers, within 162 solar energy projects, save over $70 million in energy bill credits and $14 million in net savings.[25] This recent legislation and BPU approvals build on that momentum and will deliver major benefits and more affordable clean energy to New Jersey residents, communities, and solar developers alike.

References:

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About the Authors

Donna M. Jennings, Esq. is a shareholder and co-chair of the Land Use Team at Wilentz, Goldman & Spitzer, P.A. in Woodbridge, New Jersey. She represents numerous developers before local municipal planning and/or zoning boards, and has litigated appeals in both state and federal courts on their behalf.

Matthew S. Andrade, Esq. is an associate on the Land Use Team at Wilentz, Goldman & Spitzer, P.A. in Woodbridge, NJ. He focuses his practice on all aspects of land use, redevelopment, and related litigation.