



## *Frequently Asked Questions: New Jersey's Solar Renewable Energy Certificates (SRECs) Program*

### **What is an SREC?**

SREC stands for **Solar Renewable Energy Certificate** and is a tradable certificate that represents all the clean energy benefits of electricity generated from your solar electric system. An SREC can be sold or traded separately from the power. It is issued once a solar facility has generated 1000kWh (1MWh), through either estimated or actual metered production, and can be listed on the bulletin board at the SREC website [www.njcep.com/srec](http://www.njcep.com/srec).

### **What is the New Jersey SREC Program?**

The New Jersey SREC Program provides a means for SRECs to be created and verified on your behalf. It also facilitates the sale of SRECs to electric suppliers that are required to invest in solar energy under New Jersey's Renewable Portfolio Standards (RPS). The RPS requires electricity suppliers to get a minimum of 0.01% of the electricity they sell in 2005 from solar energy systems located in New Jersey. This requirement increases each year, so that a total of 90MW of solar electricity will be required by 2009. That's enough electricity to power approximately 8,000 homes. All New Jersey electric suppliers are required to use the SREC Program to show compliance with this part of the State's renewable portfolio standard.

### **How do SREC'S Differ from Green Tags?**

"Green Tags" is a generic term which refers to renewable energy certificates (RECs) generated from a variety of renewable energy sources including solar, wind, small hydro and biomass. Green Tags are widely used to meet various state renewable portfolio standards and are traded in wholesale and voluntary retail markets across the U.S.

### **Who is eligible to participate in the New Jersey SREC Program?**

All solar system owners in New Jersey with grid connected generators can set up an electronic account for the sale and trade of SRECs at the New Jersey SREC website [www.njcep/srec.com](http://www.njcep/srec.com). You must register for an electronic account at the SREC Website, and attest to the ownership or disposition of the renewable energy certificates. The attestation form can be downloaded from the "Background Information" page on the SREC website. The SREC Program Administrator will link your solar system to your electronic account when these steps have been completed.

## **What portion of my electricity is eligible for the program?**

Each kWh produced by your solar electric system that is metered or that is verified through an approved method of estimation, is eligible to be counted towards SRECs. The date that your system is inspected by the NJBPU is the start date for generating SRECs.

## **How are SRECs generated and sold?**

Once you have registered and established an account on the SREC website, SRECs will be generated each month and deposited in your account. For solar generators smaller than 10 kW, an engineering estimate will be used to calculate the monthly SREC generation. For solar electric systems that are larger than 10 kW, the SREC website will allow you to upload your monthly meter readings and/or production information into the site. Once SRECs are in your account, you can use an electronic bulletin board on the SREC website to let others know you have SRECs for sale. Interested buyers can also make a request to buy SRECs through the bulletin board. Buyers and sellers can then contact each other offline and execute a sale. Once a sale is made, the seller will use the website to transfer SRECs to the buyer. Electricity suppliers will also use the website to retire SRECs that have been used to meet their RPS requirements.

## **Who buys New Jersey SRECs?**

SRECs can be bought by electricity suppliers, renewable energy marketers, private businesses and individuals interested in supporting the development of solar energy. A list of electric suppliers that are required to purchase SRECs, interested 'aggregators' and brokers is available on the SREC website periodically to update buyers and sellers of the going price.

## **How much are SREC'S sold for now?**

The price of SRECs will fluctuate. However, if a New Jersey electricity supplier does not purchase a sufficient number of SRECs to meet the RPS requirements, the supplier must pay the BPU a fee of \$300/MWh (=30¢/kWh). Therefore, the BPU believes that SRECs will likely sell between \$0 and \$300/MWh. The actual price will vary according to supply and demand, and a weighted average price will be posted on the SREC website.

## **Can someone else sell my SREC for me?**

Yes, some solar electric system owners may have agreements with agents or "aggregators" to handle the disposition or sale of their SRECs. However, only one party can claim ownership or rights to an SREC at any one time. Each solar electric system can be linked to only one SREC account. For an aggregator to be authorized to sell or trade SRECs, the aggregator must provide a written agreement with each solar system owner that has hired the aggregator to handle their SRECs. The BPU will then link those solar electric systems to the aggregator's electronic SREC account.

## **How often can an SREC be sold?**

An SREC can be sold an unlimited amount of times but only to one party at any time. No single SREC can be jointly claimed by two parties.

### **If I don't sell my SREC what are my options?**

If you choose not to sell your SREC, you can "retire" it which means that you maintain rights to all the clean energy benefits and nobody else will claim those benefits or count them towards their goals or mandates. You can post retired SRECs on your account.

### **If I sell my SRECs, can I still claim that I am solar powered?**

No, if you sell your SRECs, you have sold the claiming rights for being solar powered. However, you can state that you are "hosting" a solar system on your roof.

### **Is an SREC income taxable? Will I be issued a 1099 if I sell my SRECs? Is there sales tax on an SREC?**

There is not a definitive ruling on this issue. We recommend you discuss the issue with your tax account and perhaps a tax lawyer.

### **Who should I contact with questions?**

New Jersey's Clean Energy Program  
Tel: 609-777-3300  
[info@njcleanenergy.com](mailto:info@njcleanenergy.com)

Clean Power Markets  
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