



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

Jon S. Corzine
Governor

Kristi Izzo
Secretary of the Board

NOTICE¹

RE: Docket No. EO09010040 - In the Matter of the Process Pertaining to the Use of Monies Appropriated into the Global Warming Solutions Fund Pursuant to P.L. 2007, c.340.

New Jersey is one of ten states that are a party to a Memorandum of Understanding concerning the design and implementation of the Regional Greenhouse Gas Initiative program (RGGI), which caps the emissions of carbon dioxide from electric generating units in the RGGI region. Plants must purchase emissions credit, known as an "allowance," for each ton of carbon dioxide they emit. A limited number of allowances are made available each year, and the RGGI states determined to sell, via auction, most or all of their share of the allowances to be issued.

On January 13, 2008, Governor Corzine signed into law an act, N.J.S.A. 26:2C-45, et seq., (the Act) concerning the reduction of greenhouse gas emissions. The Act established the Global Warming Solutions Fund (GWSF) to hold 1) moneys received as a result of any sale, exchange, or other conveyance of allowances through a greenhouse gas emissions allowance trading program; 2) such moneys as are appropriated by the Legislature; and 3) any return on investment of any moneys deposited in the fund. After appropriation for administrative costs, the Board of Public Utilities (Board) shall receive 20 percent of the money allocated to the GWSF.

Pursuant to the Act, the Board may use its share of the funds to support programs that are designed to reduce electricity demand or costs to electricity customers in the low-

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income and moderate-income residential sector with a focus on urban areas, including efforts to address heat island effect and reduce impacts on ratepayers attributable to the implementation of the Act.

The Act required the New Jersey Department of Environmental Protection (NJDEP) to adopt guidelines and a priority ranking system to be used to assist in annually allocating the funds in the GWSF, in consultation with the Board and the New Jersey Economic Development Authority (NJEDA). N.J.S.A. 26:2C-52. The Act also provides that the rules are to provide for an evaluation of each eligible project or program area in light of the predicted ability of the project or program area to achieve objectives specified in the rules. N.J.S.A. 26:2C-52b(1) - (5)

After consultation with the Board and NJEDA, the NJDEP proposed rules as required, which were published in the February 17, 2009 issue of the New Jersey Register at 41 N.J.R. 833(a). The proposed rules provide for the NJEDA, the NJDEP, and the Board to separately identify eligible program areas that each agency intends to fund using its portion of the GWSF. See proposed N.J.A.C. 7:27D-2.1(a) at Id. The proposed rules further provide that in addition to the criteria listed in the rule for selection of program areas, the Board may provide direct financial assistance to electricity customers in the low-income or moderate income residential sector in order to reduce or eliminate potential hardship to individual customers. Any such financial assistance must be “accompanied by efforts by the Board to encourage reduction in energy demand and greenhouse gas emissions...” See proposed N.J.A.C. 7:27D-2.1(f) at Id.

On January 28, 2009 and February 24, 2009, the Board considered the use of the monies from the December 17, 2008 RGGI auction. The Board found that the current economic climate presents immediate and severe challenges and a risk of imminent harm to electricity customers. The Board, therefore, ordered that the money it was allotted from the GWSF from the RGGI auction held on December 17, 2008, be allocated to assist limited-income Household electric customers in crisis situations. The Board further ordered Board Staff to develop a solicitation for a Residential Electric Limited Income Emergency Fund (RELIEF) to provide grant(s) for program(s) that reduce costs to electricity customers with limited incomes, specifically by providing direct financial assistance toward payment of electric bills for customers (i) in the low and moderate income residential sectors; (ii) not enrolled in or eligible for either the Board’s Universal Service Fund program or the Low Income Home Energy Assistance Program; (iii) having a household income that does not exceed 400 percent of the federal poverty level; and (iv) facing crisis situations that include a documented notice of overdue payment of electric service.

On March 16, 2009 the Board published a Notice of Availability of Grants (Notice) in the New Jersey Register at 41 N.J.R. 1276(a) and posted the Notice on its website. This Notice informed the public that the Board was making available at least \$2,819,015.00 from the GWSF to nonprofit organizations who will utilize the available funds to help limited-income households pay their electric bills. Applicants for the available grant money also had to demonstrate that they have the staff, expertise and experience in

operating social service programs in order to fulfill the Board's goal of assisting limited-income households with their electric bills. On April, 3, 2009, the Board awarded the moneys allocated to the Board from the December 17, 2008 RGGI auction to New Jersey SHARES.

RGGI auctions are scheduled every quarter for calendar year 2009 and 2010 (CY09, CY10)². The Board's share of the March 18, 2009 auction was approximately \$3,086,425.00. Although the Board expects that these auctions will provide the GWSF with additional funding, the money available from prior auctions is not an indicator of the amount of money that will be available from future auctions. The amount of funds available from each auction depends on the clearing price set at each auction. The Board is now considering the use of the monies from the March 18, 2009 RGGI auction, as well as the following three quarters RGGI auctions.

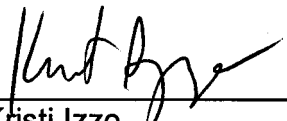
Recognizing that the Board can either use its share of the funds from the GWSF to reduce electricity demand or to reduce costs to low-income and moderate-income residential electric customers, as part of its efforts to determine the most appropriate use of its share of the funds, the Board seeks public comments on the following:

- 1 Whether the Board should allocate its share of the funds from the GWSF towards programs to reduce electricity demand or programs to reduce the cost of electricity for low and moderate-income residential customers.
2. Additional comments on the manner in which the funds are allocated.

The Board welcomes public input on these policy issues. Written comments on this issue will be accepted until April 23, 2009. Written comments should reference the caption and docket number listed above and may be submitted in writing to:

Kristi Izzo
Secretary of the Board
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Comments may also be submitted via email to board.secretary@bpu.state.nj.us. Please reference the above noted caption and docket number.



Kristi Izzo
Secretary of the Board

Dated: April 3, 2009

² The schedule of RGGI auctions is available at: <http://www.rggi.org/co2-auctions/upcoming>