



Agenda of Topics for Public Hearing on the Solar Alternative Compliance Payment (SACP)

June 6, 2007 (BPU Newark)

June 7, 2007 (BPU Trenton)

The New Jersey Board of Public Utilities (The Board) agreed on December 21, 2006 to establish a public proceeding to determine the appropriate level of the Solar Alternative Compliance Payment (SACP) for EY2009 and EY2010 or longer. This directive formalized the stakeholder process initiated by the Office of Clean Energy in light of the insufficiency of the CORE rebate program to meet the aggressive solar targets established in the Renewable Portfolio Standard at N.J.A.C. 14:8-2. The Board further directed that the Renewable Energy Market Assessment being conducted for New Jersey be expanded to provide an independent economic analysis to support the stakeholder process.

Based upon the analysis provided by Summit Blue, the Office of Clean Energy issued a straw proposal for discussion at the two hearings established for public comment. The following topics will be covered in each public hearing.

1. Current state of the solar PV market in NJ and forecast for future
 - a. Over 33 (MW) megawatts of capacity in diverse applications
 - b. Estimated requirement of 120 MW by 2009 and 1500 MW by 2020
2. Evaluation of the existing incentive delivery system and need for change
 - a. CORE rebate program applications can fully commit 2007 and 2008 funding
 - b. CORE rebate applications insufficient to meet 120 MW by 2009
3. The role of the NJRPS and its existing provisions in building a market for solar PV
 - a. SRECs; vintage, qualification terms and life
 - b. SACP; the optimal SACP level, the SACP price setting process
4. Policy Recommendations
 - a. Straw Proposal
 - b. SREC-Only Pilot – Phase I
 - c. Expansion /Revision of Phase I SREC-Only Pilot

By Board Order dated January 19, 2007, the Board specifically requested “data, technical reports and other information (will) be solicited on the following issues:

1. What is the expected shortfall in solar PV capacity required to meet the RPS if the SACP levels for 2009 and 2010 remain at their current level of \$300 per MWh?
2. What is the optimal SACP level required to ensure that sufficient solar PV capacity will be installed to meet the RPS goals at the least cost to the New Jersey ratepayer?
3. For what number of years should the SACP be established? Should it be established only for the Reporting Years of the next BGS auction timeframe of RY 2008-2010, longer, or shorter? What timeframe is reasonable?
4. Should the ACP and SACP in RY 2009 start at a higher level and decrease over subsequent Reporting Years, or should it start at a relatively low level, but higher than the RY 2008 level, and increase over multiple Reporting Years?
5. Can the SACP be structured to enable different SREC prices for solar electricity delivered by rebated and non-rebated solar facilities?
6. Should the SACP and the subsequent SREC have a life for payment to the renewable energy generator? Should the SREC continue only until the system is “paid for”? How long should that timeframe be?
7. What are the advantages and disadvantages to the Board’s posting a multi-year schedule for SACP levels?
8. What are stakeholders’ views regarding the Board’s detailed economic analysis of the customer bill costs and the rate impacts of transitioning to a certificate-based financing system without rebates?