



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

CLEAN ENERGY

IN THE MATTER OF THE USE OF PJM-EIS GATS)
FOR THE ISSUANCE TRACKING, AND TRADING)
OF CLASS I BEHIND-THE-METER RENEWABLE)
ENERGY CERTICATES (RECs) FOR USE IN THE)
BOARD'S RENEWABLE PORTFOLIO STANDARDS)

ORDER

DOCKET NO. EO08060385

(SERVICE LIST ATTACHED)

BY THE BOARD:

On February 9, 1999, the Electric Discount and Energy Competition Act ("EDECA"), N.J.S.A. 48:3-49 et seq. was signed into law. Pursuant to EDECA, the Board of Public Utilities ("Board" or "BPU") adopted the Renewable Energy Portfolio Standards ("RPS"), as set forth in N.J.A.C. 14:8-2 et seq. The rules require Electric Power Suppliers ("Suppliers") and Basic Generation Service Providers ("Providers") operating in the New Jersey retail market to include in their electric energy portfolios minimum percentages of electricity generated from renewable energy sources. The rules distinguish three categories of renewable energy sources: solar electric generation, Class I renewable energy, and Class II renewable energy. Each category has different percentage requirements that increase every reporting year until May 2021 (N.J.A.C.14:8-2.3).

Suppliers and Providers of energy to NJ retail customers must comply with RPS renewable generation requirements by submitting Renewable Energy Certificates ("RECs"). Each REC represents one megawatt-hour ("MWh") of renewable electric generation. Suppliers and Providers who hold too few RECs to meet the RPS generation requirements must offset the shortfall by paying an Alternative Compliance Payment ("ACP"). N.J.A.C. 14:8-2.3(e), -2.4(a), -2.10

In January 2004, the Board entered into a contract with Clean Power Markets, Inc. ("CPM") to create and administer the NJ Behind The Meter ("NJ BTM") REC platform ("CPM Contract"), as

an interim solution while the PJM Environmental Information Services, Inc. Generation Attributes Tracking System ("PJM-EIS GATS" or "GATS") was under development. GATS is a regional tracking platform in which the renewable attributes of generation are reflected in a certificate after the electricity is produced. GATS facilitates trade of "unbundled" RECs where Suppliers and Providers can buy RECs without the associated MWh of energy from generators.

On July 6, 2005, the Board approved the use of Class I and Class II RECs issued by PJM-EIS GATS to comply with RPS rules. In the Matter of the Authorization to Use Class I and Class II Renewable Energy Certificates Issued by PJM Environmental Services, Inc. for Compliance with NJ Renewable Portfolio Standards (Non-Docketed). CPM continued to issue Solar RECs ("SREC") and Class I RECs from BTM facilities located in NJ because GATS did not yet have the capability of performing all functions required to track those certificates. Simultaneous registration of generators in both GATS and NJ BTM REC platforms has not been authorized and is not consistent with the intent of the RPS rules or the operating rules of GATS.

The NJ Department of Treasury ("Treasury") has extended the CPM Contract several times, with the extension currently in effect granted through September 30, 2009. This extension covers: (i) generators registered in the NJ BTM REC platform prior to the expiration of the previous CPM Contract (September 30, 2008), and (ii) new generators of less than 10 kilowatts ("kW") capacity that opt to participate in the NJ BTM REC platform.

GATS now has the ability to issue Class I RECs from BTM facilities located in NJ and is doing so for the RPS in at least three other states. PJM-EIS GATS is developing some of the features to facilitate transitioning from the NJ BTM REC platform to GATS. Particularly important is the ability to track pricing information associated with every REC transaction, not only with the retirement of RECs by Suppliers and Providers.

Staff advised the Board that the use of GATS for both Solar and Class I RECs from BTM facilities located in NJ will carry several advantages: consistency with the Board's goal of promoting a regional market for renewable energy; reduction of market-wide transaction costs for RPS compliance; and simplicity for market participants active in multiple RPS programs and multiple voluntary markets. These benefits will support the Board's over-arching policy goals of increased ability to meet RPS goals and promoting renewable energy generation in the State at the least cost to ratepayers. By Order dated September 24, 2008 the Board approved the use of PJM-EIS GATS for the issuance, tracking and trading of SRECs eligible in reporting year 2009, starting as soon as GATS possesses all the capabilities necessary and the conditions necessary to ensure a smooth transition are in place, with a goal of commencement on or prior to October 1, 2008. The Board also affirmed the need for PJM-EIS GATS to track and make available for reporting SREC price data for each transaction related to NJ RPS compliance.

On October 23, 2008, the Board approved issuing a Notice to obtain public input on the use of Class I RECs from BTM facilities located in New Jersey issued by PJM-EIS GATS. On October 28, 2008, the Board posted on the Clean Energy Program website a notice requesting written comments from interested parties on the matter of using PJM EIS GATS for the issuance, tracking and trading of Class I RECs from BTM facilities located in NJ ("Notice"). The Notice was also sent to the renewable energy stakeholder e-mail lists, and on or about October 28 it was posted on the Board's website. On October 14 and November 12, Staff discussed with stakeholders in the regularly scheduled Renewable Energy Committee meeting the transition of services provided by the NJ BTM REC platform to PJM-EIS GATS. One stakeholder submitted written comments to the Board: Atlantic City Electric (ACE). ACE supports the transition of NJ BTM REC platform to GATS.

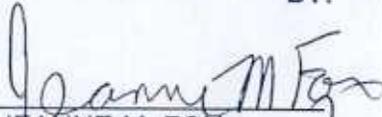
Based on the record and Staff's recommendations, the Board FINDS that the use of PJM-EIS GATS for the issuance, tracking, and trading of Class I RECs from BTM facilities located in NJ will promote its policy goals with respect to renewable generation. The Board further FINDS that the ability for GATS to create Class I RECs from BTM facilities located in NJ should start , if possible, on or before December 31, 2008 for new generators, including new generators of 10kW or greater, not registered in the NJ BTM REC platform before December 31,,2008. Generators registered prior to that date may be granted a longer transition period.

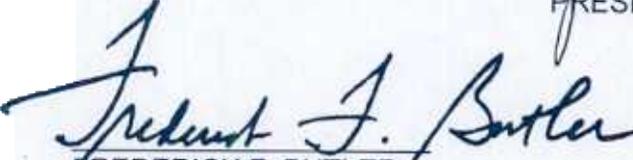
N.J.A.C. 14:8-2.9 (a) authorizes the Board, after public notice, to issue an order discontinuing the Board issuance of RECs and/or approving the use of such RECs issued by PJM Interconnection or another entity for compliance with RPS rules.

Pursuant to the provisions of EDECA and the RPS rules, the Board HEREBY APPROVES the use of PJM-EIS GATS for the issuance, tracking and trading of Class I RECs from BTM facilities located in NJ. PJM-EIS GATS shall be authorized to issue Class I RECs from BTM facilities located in NJ commencing on or before December 31, 2008. Class I RECs from BTM facilities located in NJ and issued by PJM-EIS GATS shall be eligible for RPS compliance in reporting year 2009. The Board DIRECTS Staff to work with PJM-EIS GATS to make available for reporting REC price data for each transaction related to RPS compliance in New Jersey. The Board further DIRECTS Staff to take such steps as are necessary to facilitate transition of RECs issuing, tracking and trade facilitation responsibilities from the NJ BTM REC platform to PJM-EIS GATS.

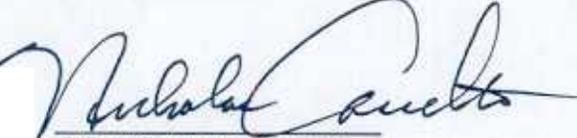
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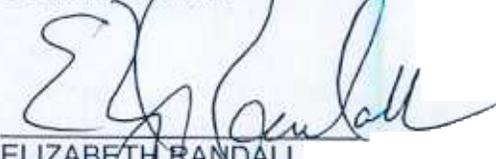
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KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

