



**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 ) ORDER  
FOR THE ISSUANCE TRACKING, AND TRADING )  
OF SRECS FOR USE IN THE BOARD'S )  
RENEWABLE PORTFOLIO STANDARDS ) 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 gradually every reporting year until May 2021 (N.J.A.C. 14:8-2.3) Solar electric generation for the reporting year starting on June 1, 2008 and ending on May 31, 2009 must count for at least 0.16 % of the electricity sold in New Jersey. By June 1, 2020, that requirement will increase to 2.12%.

Suppliers and Providers of energy to New Jersey 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. Solar generation requirements can only be met by submitting Solar Renewable Energy Certificates (“SRECs”), although SRECs can also be used to comply with Class I and Class II renewable energy requirements. One SREC represents one MWh of solar electric generation. Suppliers and Providers who hold too few RECs or SRECs to meet the RPS generation requirements must offset the shortfall by paying an Alternative Compliance Payment (“ACP”) or Solar Alternative Compliance Payment (“SACP”). 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 (“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 New Jersey Renewable Portfolio Standards (Non-Docketed). CPM continued to issue SRECs and BTM RECs 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 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 New Jersey Department of Treasury ("Treasury") has extended the CPM Contract several times, with the extension currently in effect granted through September 30, 2008. Treasury is considering a request to extend the CPM Contract for a transitional period through June 30, 2009 and has issued pre approval of the requested waiver extension. Upon final approval, if granted by Treasury, this extension would cover: (i) generators registered in the New Jersey BTM REC platform prior to the expiration of the current CPM Contract (September 30, 2008), and (ii) new generators of less than 10 kilowatts ("kW") capacity that opt to participate in the New Jersey BTM REC platform. This means that after September 30, 2008 new generators of 10kW capacity or greater, will not be able to have SRECs issued from the BTM REC platform.

GATS now has the ability to issue SRECs and is doing so for the RPS in three other states. PJM-EIS GATS is developing some of the features to facilitate transitioning from the New Jersey BTM REC platform to GATS. Particularly important is the ability to track pricing information associated with every SREC transaction, not only with the retirement of SRECs by Suppliers and Providers.

Staff advised the Board that the use of GATS for both Solar and Class I RECs 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.

On June 13, 2008, the Board posted on the Clean Energy Program website a notice requesting written comments from interested parties on the matter ("Notice"). The Notice was also sent to the renewable energy stakeholder e-mail lists, and on June 16, 2008 it was posted on the Board's website. On June 25, 2008, Staff hosted a conference call for stakeholder discussions on the transition of services provided by the NJ BTM REC platform to PJM-EIS GATS.

Two stakeholders have submitted written comments to the Board: Public Service Electric & Gas Company ("PSE&G") and Constellation Energy. PSE&G supports the transition of SREC tracking and trading services to GATS, although it recommends ensuring that the system's ability to track SREC transaction pricing information be included in the transition planning and is fully functional upon transition to GATS. Constellation Energy supports the use of RECS issued by GATS for compliance with the Board's RPS rules and argues for implementation no later than October 1, 2008. These concerns are addressed in this Order.

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 SRECs will promote its policy goals with respect to renewable generation. The Board further FINDS that this transition should start on, or before

October 1, 2008, if possible, for new generators, including new generators of 10kW or greater, not registered in the New Jersey BTM REC platform before September 30, 2008. Generators registered prior to that date may be granted a longer transition period if Treasury agrees to extend the CPM Contract through June 30, 2009.

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. On July 30, 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.

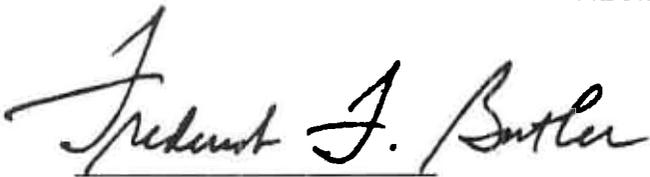
Pursuant to the provisions of EDECA and the RPS rules, the Board HEREBY APPROVES the use of PJM-EIS GATS for the issuance, tracking and trading of SRECs. PJM-EIS GATS shall be authorized to issue SRECs commencing on or before October 1, 2008. SRECs issued by PJM-EIS GATS shall be eligible for RPS compliance in reporting year 2009. The Board DIRECTS PJM-EIS GATS to make available for reporting SREC and 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 initiate transition of SRECs issuing, tracking and trade facilitation responsibilities from the New Jersey BTM REC platform to PJM-EIS GATS.

DATED: 9/24/08

BOARD OF PUBLIC UTILITIES  
BY:



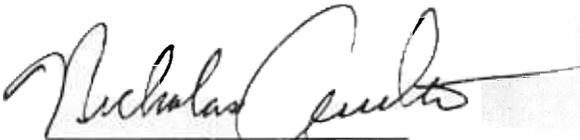
JEANNE M. FOX  
PRESIDENT



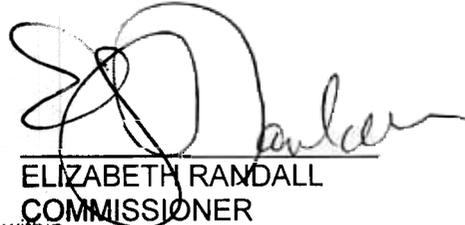
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ATTEST:



KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
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Utilities

