



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

CLEAN ENERGY

)  
IN THE MATTER OF THE OFFICE OF CLEAN ENERGY  
CUSTOMER ON-SITE RENEWABLE ENERGY (CORE)  
PROGRAM

ORDER REVISING REBATE  
LEVEL AND  
ACCOMPANYING  
PROCEDURAL CHANGES

)  
DOCKET NO. EOO4121550

(SERVICE LIST ATTACHED)

BY THE BOARD:

The Customer-Sited Clean Energy Generation Program now known as the Customer Onsite Renewable Energy (CORE) program was established on March 9, 2001. The Board set the Clean Energy Program four-year funding level for 2005-2008 by Order dated December 23, 2004 in the within docket. Various Orders in this docket reflect the Board's directives that the CORE program be closely monitored and adjusted to reflect market changes, and managed to stay within its four-year funding level and program budget. The CORE program has grown almost 300% annually for the last three years. The total four-year funding level for renewable energy programs as approved by the Board is \$273 million, plus \$86.6 million in carryover from prior year commitments.<sup>1</sup> The majority of the CORE commitments (approximately 95%) are solar photovoltaic projects. Staff recommended immediate changes to the CORE rebate level to ensure the program does not over-commit projects relative to the four-year funding level. Those changes are set forth herein.

Staff recommended the following five programmatic changes:

1. Eliminate the 90-day grace period for submission of executed contracts by private sector applicants of projects greater than 10 kW, effective February 1, 2006;

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<sup>1</sup> Carryover is for a rebate or grant/loan commitment made in a prior year that may be paid in a subsequent year if the project is constructed. The majority (approximately 80%) of the carryover was for CORE rebate commitments. The remaining 20% of the carryover was for other renewable energy grant and loan programs. Administrative budgets are not included within carryover calculations and are allocated only on an annual year program budget basis. Any unspent administrative cost is rolled over into either the renewable energy or energy efficiency program rebate budgets.

2. Hold all private sector applications for CORE rebates in queue until commitments are freed from project cancellation or expiration<sup>2</sup>;
3. Require installers to document anticipated project start and completion dates, and verify the adequacy of solar module supplies;
4. Reduce the CORE rebate levels for both private and public sector projects; and
5. Limit residential single family CORE rebate applications to the first 10 kW of project capacity, and create an exemption process for farms, non-profit organizations (including houses of worship), and multifamily dwellings on residential rates.

Staff set forth a number of reasons for the proposed changes. These include the following:

1. The amount of CORE rebate application approvals (rebate commitments) is approaching the overall remaining funding level.
2. Based on this projected rebate commitment rate, cash flow could approach the CORE program budget limits; and
3. The reduction in CORE rebate levels, as approved in the December 21, 2005 Board Order in Docket No. E004121550, (Clean Energy Customer On-Site Renewable Energy Policy – Rebate Revisions) effective February 1, 2006, which was announced via various e-mail distribution lists and the New Jersey Clean Energy Program website to give the industry 30 days notice of the change, resulted in a significant surge of CORE rebate applications requesting commitments at the higher levels currently in place.

Therefore, Staff recommended that the Board impose a subsequent rebate reduction, effective March 15, 2006, along with other procedural changes set forth below, to offset that surge of applications and maintain the CORE program within budgetary constraints, as directed by the Board.

In May, 2005, the CORE program instituted contract requirements in order to reduce the incidence of speculative applications for rebate commitments. Those requirements are currently posted on the Clean Energy CORE website and distributed with applications. Fully executed installation contracts are currently required to be submitted along with the rebate application package for all projects of less than 10 kW. Private sector applications for projects greater than 10 kW are currently required to submit a fully executed contract within 90 days of rebate commitment approval. Applicants for public sector projects over 10kW in size are required to provide such a contract within 180 days of approval. At the Board's February 1, 2006 Agenda Meeting, Staff recommended that the Board expand its current application standards to require private sector applicants for projects over 10kW to submit installation contracts concurrently with their applications, thereby eliminating the 90-day time frame between application approval and commitment to a contract. Applicants subject to this requirement would achieve compliance only by submitting copies of any and all contracts executed with an installer, evidencing the entire contractual relationship between the parties with respect to the project for which a CORE rebate is sought. Applicants already in queue on the effective date of this Order would have 90 days to comply with this new requirement. An application currently in queue that is not amended with a contract within 90 days from the effective date of this Order would be deemed to be an incomplete application and rejected. The applicant would be allowed to resubmit the application at the rebate level in place at the time of the new submission. Staff also recommended that the Board clarify that all application approvals and rebate

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<sup>2</sup> At the Renewable Energy Committee meeting on January 10, 2006, based upon the unprecedented level of budget commitments and expected expenditures, senior management of the Board of Public Utilities instructed CORE processing staff to process new applications without issuing new approval letters. Applications are now being date and time stamped, numbered and held "in queue" in anticipation of budget space becoming available.

commitments remain subject to the availability of funds budgeted for the CORE Program budget year and overall funding level.

Staff further recommended that all private sector applications for CORE rebates be held in queue until the ratio of CORE commitments to budgetary funding level, minus actual rebates paid, is reduced. This reduction would be caused by the availability of additional funding, either through the cancellation or expiration of project commitments or a line item transfer into the CORE program budget. Staff therefore recommended the Board authorize staff to issue rebate commitment approvals only as either budgeted funds become available through the cancellation or expiration of previously issued project commitments or as additional funds are line item transferred into the CORE program budget, until the aforementioned ratio is reduced to an acceptable level.

Staff recommended that installers be required to document anticipated project start and completion dates, and verify the adequacy of solar module supplies. Staff recommended that the Board direct the Office of Clean Energy to revise the application to require this information to be submitted with all new applications and require applicants in queue to submit this information for their application to be considered complete. An application currently in queue that is not amended with such information within 45 days from the effective date of this Order would be deemed incomplete and rejected. The applicant could resubmit its application at the rebate level in place at the time of the new submission.

Staff further recommended that the Board reduce the CORE rebate levels for both private and public sector projects, effective March 15, 2006. Staff also recommends the Board approve retaining two distinct tiers of rebates with a slight modification. Those proposed rebate levels are set forth below.

Rebate Applied to Solar PV System Capacity	All Sector Applicants in-place since 2003 to 6/24/05 (per watt)	All Sector Applicants effective 7/1/05 to 12/31/05 (per watt)	Private sector Applicants effective 8/8/05 if placed in service after 12/31/05 for the Federal Investment Tax Credit (FITC)	Private Sector Applicants Eligible for FITC , effective 2/1/06 (per watt)	Public, Non-profit or FITC Ineligible Applicants, effective 2/1/06 (per watt)	All Private Sector Applicants effective 3/15/06 (per watt)	All Public and Non-profit Applicants effective 3/15/06 (per watt)
0 to 10,000 watts	\$5.50	\$5.30	\$5.10	\$4.95	\$5.30	\$4.35	\$5.15
10,001 to 40,000 watts	\$4.00	\$4.35	\$3.90	\$3.70	\$4.35	\$3.20	\$4.15
40,001 to 100,000 watts	\$4.00	\$3.75	\$3.45	\$3.20	\$3.75	\$3.00	\$3.50
100,001 to 700,000 watts	\$3.75 *	\$3.60	\$3.20	\$3.05	\$3.60	\$2.80	\$3.40

\* The rebate size was limited to up to 500 kW with \$0.03 per watt at >500 to 1 MW

Staff recommended that the CORE program limit rebates for the first 10kW of project capacity for applicants served under residential tariffs. Under this revision, a residential applicant could install any size system, but the program would only rebate the first 10 kW. Staff has noted that the average residential rebate request has been increasing as the program matures. The average residential system completed in 2003 was 5.3 kW, with no systems exceeding 10 kW. The average residential system in 2005 was 7 kW with ten or 2% of the completed systems exceeding 10 kW. Of the 185 systems recently submitted for check processing, twenty or more than 11% exceed 10 kW with the average system size now exceeding 8 kW. It is not uncommon for residential applications to approach 20 or 30 kW with one recent residential application requesting 80 kW.

Staff also recommended that farmers, non-profit organizations including, but not limited to, houses of worship and multifamily units on residential tariffs be exempted from this requirement. These types of users, often taking service on residential tariffs, exhibit demand characteristics more akin to commercial customers, and are generally not the source of the recent upsurge in rebate applications. To qualify for an exemption, these customers will be required to submit appropriate documentation to substantiate their request. The Office recommends this provision be implemented with 30 days' notice, and that if the Board approves the exemption, the application be revised to denote whether the installation is for a single family home, a house of worship, a multi-family dwelling or a commercial/industrial operation. Eligibility for the exemption would be subject to an initial or final verification inspection..

Upon a careful review of the foregoing recommendations, the Board HEREBY AUTHORIZES the Office of Clean Energy to eliminate 90-day grace period for submission of executed contracts by private sector applicants of projects greater than 10 kW, effective on the date of this order, as referenced above.

The Board also HEREBY DIRECTS the Office of Clean Energy to hold all private sector applications for CORE rebates in queue until budgeted funds become available as a result of project cancellation or expiration, as specified in policies and procedures for projects placed in CORE program queue that shall be presented to the Board for review and approval.

The Board further HEREBY AUTHORIZES the Office of Clean energy to require installers to document anticipated project start and completion dates, and verify the adequacy of solar module supplies, as discussed above.

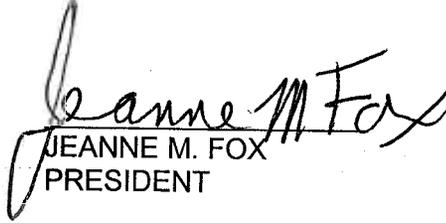
The Board also HEREBY ADOPTS Staff's recommendation to reduce the CORE rebate levels for both private and public sector projects for March 15, 2006 in accordance with the levels recommend above and further HEREBY DIRECTS the Office of Clean Energy to implement those rebate changes in accordance with this Order.

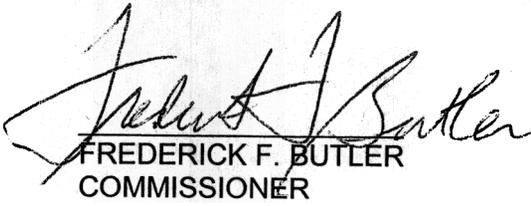
The Board HEREBY DIRECTS the Office of Clean Energy to limit residential single family CORE rebate applications to the first 10 kW of project capacity, and create an exemption process for farms, non-profit organizations (including, but not limited to, houses of worship) and multifamily dwellings on residential rates. The Board HEREBY ORDERS the Office of Clean Energy to report back to the Board within 60 days for the Board to specifically review and adopt any proposed exemption criteria before such exemptions are granted or implemented by the Office of Clean Energy.

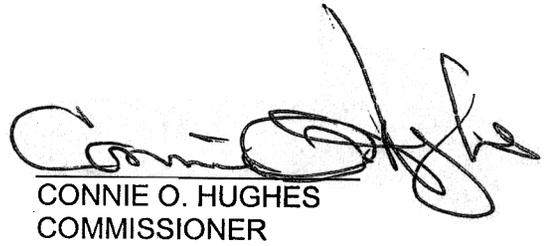
The Board HEREBY CLARIFIES that all application approvals are subject to the availability of funds budgeted for the CORE Program budget year.

DATED: 2/13/06

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

  
CONNIE O. HUGHES  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

ATTEST:

  
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

