



State of New Jersey
DEPARTMENT OF THE PUBLIC ADVOCATE
DIVISION OF RATE COUNSEL
31 CLINTON STREET, 11TH FL
P. O. BOX 46005
NEWARK, NEW JERSEY 07101

JON S. CORZINE
Governor

RONALD K. CHEN
Public Advocate
STEFANIE A. BRAND
Director

July 14, 2009

VIA ELECTRONIC MAIL

Anne Marie McShea
NJ BPU Office of Clean Energy
Program Administrator
Policy, Regulatory Development & Special Projects
Two Gateway Center
Newark, NJ 07102

Re: *Community-Based Renewable Energy Program*

Dear Ms. McShea:

Please accept for filing the Comments of the New Jersey Department of the Public Advocate, Division of Rate Counsel to Office of Clean Energy Staff's Request for Comments of June 23, 2009 regarding this proceeding.

Respectfully Submitted,

RONALD K. CHEN
PUBLIC ADVOCATE

By: *Felicia-Thomas Friel*
Felicia-Thomas Friel
Deputy Rate Counsel

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FTF/sm

cc: Mike Winka, OCE
Benjamin Hunter, OCE

**Comments of the New Jersey Department of the Public Advocate
Division of Rate Counsel**

**Community-Based Renewable Energy Program
Docket No. EA-07110885**

Reply to Staff's June 23, 2009 Request for Comments

**Submitted:
July 14, 2009**

The New Jersey Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") appreciates the opportunity to provide additional comments on the development of a community renewable energy program.

As we noted in our comments on November 21, 2008, Rate Counsel supports the development of a community-based renewable energy program that can assist smaller-scale customers in pooling their resources to attain the cost and efficiency benefits of larger-scale renewable energy projects currently limited to only larger customer classes.

The Office of Clean Energy ("OCE") has outlined five different models or "platforms" for facilitating a Communities Renewables Program. These include:

- Competitive/Third Party Supplier ("TPS") model: based on a framework where competitive energy providers develop solar energy for communities and sell that renewable energy-based generation under a purchase power agreement ("PPA") with various "communities" of end users.
- Community Choice Aggregation ("CCA") model: allows municipalities to aggregate their loads and service these loads (a "community") through renewable energy procurement or development.
- Community Net Metering ("CNM") model: allows a group of neighboring customers to jointly participate in a local renewable energy development and use the power from this development to offset their own on-site usage.
- Clean Power Choice Program ("CPC") model: currently in place for New Jersey customers and allows them to voluntarily participate in renewable energy developments. The program could be expanded to support a greater level of New Jersey-specific community projects.
- Regional Greenhouse Gas Initiative ("RGGI") model: allows development of programs through the Board's authority provided under *N.J.S.A. 48:3-*

98.1. The recent “Solar 4 All” filing made by Public Service Electric & Gas Company (“PSE&G”) is an example of such a RGGI program.

The OCE Request for Public Comment was issued on June 23, 2009 and solicited comments on five different questions. Rate Counsel’s response to each of these questions is provided below.

Responses to Board Questions

1. *Should the Board select one program platform over the other to advance the Community Renewable Pilot Program, or allow for multiple platforms?*

RATE COUNSEL COMMENTS: Rate Counsel believes that the Board should continue to explore multiple platforms for the delivery of community renewable energy programs that would include the list provided by the OCE in its request for comments, as well as additional opportunities that may arise in the future.

However some of the platforms that have been identified by the OCE need additional regulatory, policy, and legal research. Rate Counsel is particularly concerned about the use of the CNM and CCA platforms. Rate Counsel would suggest that these platforms move on a slower track relative to the other Staff suggestions that would appear to have a much easier path to development (i.e., the TPS, CPC, and RGGI platforms).

Rate Counsel believes that the CNM and CCA programs raise too many issues at this point in time for initial implementation. For instance, the additional costs associated with net metering a community of users have not been determined. The transferability of billing requirements for net metering participants that leave a community mid-way through a renewable energy development’s life has also not been determined. Rules regarding community expansion would also need to be outlined.

Rate Counsel recommends that the parties attempt to develop individual “straw” proposals for each of these platforms. These straw proposals can work through many of the specific legal and regulatory issues and attempt to develop creative solutions to those potential problems. The comments and suggestions of the electric distribution companies (“EDCs”) will be important for both programs.

2. *Which program platform is the best suited for demonstrating the potential advantages and challenges of Community Renewables?*

RATE COUNSEL COMMENTS: Rate Counsel believes that the TPS, CPC and RGGI models are better suited to facilitate near-term community renewable energy development. All three are existing platforms that have had successful, or are anticipated to have successful, community-based programs. Additional

experience with the RGGI-based PSE&G Solar 4 All proposal is a good example of a new program that has been facilitated by one of these existing platforms.

3. *Should the Board solicit pilot projects for each program platform in each service territory, so as to gather data on a variety of situations?*

RATE COUNSEL COMMENTS: Rate Counsel supports the development of pilot programs, especially within the TPS, CPC, and RGGI frameworks. Additional detail and information, through the development of straw proposals would be needed before Rate Counsel could firmly support Pilot Programs for the other two platforms.

4. *Should the Board solicit pilot projects for one program platform per service territory, so as to narrow the focus on the program pending additional experience and information?*

RATE COUNSEL COMMENTS: Rate Counsel has some concerns about “too many” community renewable energy programs. However, limiting community renewable proposals to just one per EDC service territory may also constrain new development opportunities. Rate Counsel would suggest evaluation of these proposals on a case-by-case basis. The review criteria for these proposals should become more stringent as additional community renewable programs are proposed in any given service territory.

5. *Are the proposed criteria for a Community Renewable Pilot Program adequate and relevant?*

RATE COUNSEL COMMENTS: Rate Counsel believes the proposed criteria offered by OCE are a good starting point. These criteria are both adequate and relevant. We would reserve our right to file additional comments, however, on the issues of limiting the size of a program (5 to 50 customers) and virtual net metering, until additional cost and rate impact information can be provided. All projects developed under this program should be required to provide a rate impact analysis.