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

Renewable Portfolio Standards (“RPS”) Stakeholders Working Group

Staff Request for Comments

**Submitted:
Wednesday, June 9, 2010**

The New Jersey Department of the Public Advocate, Division of Rate Counsel (“Rate Counsel”) appreciates the opportunity to provide additional comments on the proposed rule revisions resulting from the Solar Energy Advancement & Fair Competition Act (Section 38 P.L. 1999, c.23 (C.48:3-87)).

Rate Counsel has the following comments on the proposed rules and topics of discussion at the May 25, 2010 RPS Stakeholders Working Group Meeting.

Comments on OCE Proposed Rule Revisions.

Rate Counsel generally supports the proposed rule revisions offered by the Office of Clean Energy (“OCE”) with the following exceptions.

SREC Definition: SRECs (solar renewable energy certificates) are limited to solar generators that are connected to the electric *distribution* system in New Jersey. This position denies SRECs to solar generators that are connected to the *transmission* system in New Jersey. While there are, no doubt, commendable reasons for permitting SRECs for generators connected to distribution system facilities, SRECs should also be permitted for solar generators connected to electric transmission facilities. The reasons for this are primarily practical, technical, and/or economic in nature.

There is a lot of variation as to what many EDCs consider to be transmission as compared to distribution facilities. Eliminating the distinction between the two for SREC purposes eliminates the need to try to define transmission and distribution so as to achieve some degree of consistency across the state.

Most distribution circuits operating at voltages in the 12kV to 15 kV range¹ typically have maximum normal capacities of about 10 Mega Volt Amperes (“MVA”) or less. But even injections of power considerably less than 10 MVA can affect the stability of and the voltage of such a distribution circuit. Such injections can be reliably be handled by transmission facilities. Also, as more solar generators interconnect with distribution facilities, there may be no more room under current interconnection limits to connect any more solar generation to the distribution system without building more distribution facilities. In some such cases, new transmission facilities could be less expensive and more reliable than new distribution facilities for connecting additional amounts of solar generation to the grid. Eliminating the distinction between transmission and distribution for SREC purposes frees up the EDC to interconnect solar generation to the electric system in the most reliable and efficient fashion possible.

From an economic (and policy) perspective, given the observations above, larger solar installations will tend to be interconnected at higher voltage levels than smaller installations. These larger installations can be developed at lower unit costs, and offer greater capacity additions, than smaller, typically behind-the-meter, distribution-level, installations. Rate Counsel, as we have noted in the past, supports the development of lower-unit cost solar installations because it reduced the overall ratepayer impact per unit of solar capacity installed. Thus, Rate Counsel cannot support rules that would set up barriers to the development of lower unit cost solar energy resources for ratepayers.

Removal of Engineering Estimates: This would require a meter for all solar generation that is seeking to be granted SRECs. Currently, the use of estimates is permitted for generators with less than 10 kW of capacity. This proposed change would help ensure that all SRECs that are granted are verifiable by actual meter readings. (Also addressed in Appendix 4.)²

¹Circuits operating at this voltage range are typically the most numerous of the distribution circuits.

² March 12, 2010 Meeting Notes from the RPS Rules Revision & EDC Solar Financing Stakeholder meetings, Appendix 4, document circulated prior to the May 25, 2010 RPS Stakeholder meetings.

Retail Electric Supplier Association (“RESA”) Proposal

Rate Counsel has two primary concerns associated with the proposal offered by the RESA. First, Rate Counsel believes that the supplier obligation reconciliation option offered by RESA is inconsistent with recently-passed legislation. The new legislation was developed for one of the express purposes of changing the solar energy RPS target from a percentage of load basis, to an absolute installed capacity target. The RESA reconciliation approach attempts to change the Board’s rules to set supplier obligations on a forecasted percentage basis, not an absolute capacity requirement. While Rate Counsel understands RESA’s position regarding solar requirement uncertainty, the new legislative requirement is explicitly based on capacity, not percentages. If the Board were to adopt RESA’s proposal, it would be, through its rules, allowing one segment of the market to use a percentage-based requirement, as opposed to a capacity-based requirement. There could be potential legal ramifications of designing a rule in such a fashion.

Second, as RESA notes in its introductory comments, the purpose of its recommendations are to help alleviate the uncertainty, or “moving targets,” that third party suppliers face with these new capacity requirements. The RESA proposal, however, would shift the uncertainty and risk of meeting these uncertain supplier solar obligations away from themselves and towards ratepayers. Rate Counsel cannot support a proposal that would unnecessarily shift additional solar energy requirement risk away from suppliers to ratepayers. Given these concerns, Rate Counsel cannot support the RESA proposal at this time.

Very truly yours,

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