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STEFANIE A. BRAND
Director

May 31, 2011

Via Hand Delivery and Electronic Mail

Honorable Kristi Izzo, Secretary
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

**Re: New Jersey's Renewable Portfolio Standard Rules
2010 Annual Report (Draft Version Dated: April 13, 2011)**

Dear Secretary Izzo:

Enclosed please find an original and ten copies of comments submitted on behalf of the New Jersey Division of Rate Counsel in connection with the above-captioned matters. Copies of the comments are being provided to all parties by electronic mail and hard copies will be provided upon request to our office.

We are enclosing one additional copy of the comments. Please stamp and date the extra copy as "filed" and return it to our courier.

Thank you for your consideration and assistance.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

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Comments of the New Jersey Division of Rate Counsel

New Jersey's Renewable Portfolio Standard Rules 2010 Annual Report (Draft Version Dated: April 13, 2011)

**Comments Dated:
May 31, 2011**

The New Jersey Division of Rate Counsel ("Rate Counsel") appreciates the opportunity to provide its comments on the Office of Clean Energy's ("OCE") Draft 2010 Annual Renewable Portfolio Standard Rules Report ("Draft RPS Report"), issued April 13, 2011.

Rate Counsel believes the current Draft RPS Report provides a succinct overview of the renewable energy ("RE") regulatory and market events over the past year. However, we disagree with the stated purpose of the report that limits it to "...providing policy makers, market participants, and other decision makers with information to judge the status of the RPS rules and the affected renewable energy markets." Rate Counsel does not believe a report of this nature, as we noted in our comments last year, should be restricted to such a narrow purpose.

Rate Counsel recommends that the year-end RPS Report should provide some type of analysis and assessment of the successes and challenges in RE development that have arisen over the past year, as well on a cumulative programmatic basis. One of the more particular deficiencies in this year's report (similar to last year) is the failure to include any kind of rate impact analysis associated with the RE program. The report discusses general costs, but does not detail these costs by customer classes or by major electric distribution company ("EDC"). The report also fails to show that the costs incurred to promote solar energy have not exceeded the threshold established by Board's solar transition rules effective March 16, 2009.

A second and somewhat related deficiency of the Draft RPS Report is a failure to identify the benefits ratepayers have attained over the past year for their support of above-market cost renewable energy. For example:

- There is no quantification of the scope of the renewable energy market in terms of the change in renewable energy service providers and developers even though the report does cryptically reference "continues to attract diverse participants including facility owners of all sizes, renewable energy generation project developers, system installers, energy brokers, aggregators and auction hosts."
- There is no quantification of whether the policy goals of creating a "competitive" renewable energy market have been successful in terms of the relative concentration of the industry across different types of renewable energy resources.

- There is no quantification of the penetration, besides solar energy, of how renewable energy opportunities have been extended across all New Jersey sectors (i.e., from households, to small businesses, to industry, and utilities.)
- There is insufficient demonstration of the new business creation opportunities and green job opportunities developed in the last year from the state's RPS activities. The RPS was developed to create green jobs, lower long term rates, diversify in-state energy resources, and reduce harmful air emissions. The Draft RPS Report does not provide any analyses of how 2010, or the program on a cumulative basis, has done in meeting the original RPS goals.

In conclusion, it is Rate Counsel's position that the current Draft RPS Report, while good in describing the past year's market activity, and adequate in providing general statistics on annual RE activity, provides limited insight that would assure ratepayers that they are getting good value for their investment and why they should continue to support the state's renewable energy investment strategy. Future versions of the RPS Report should communicate that message.