



Agenda Date: 12/20/07
Agenda Item: 8E

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

CLEAN ENERGY

ORDER

IN THE MATTER OF A REQUEST TO SUSPEND
THE ACCEPTANCE AND PROCESSING OF NEW
SOLAR APPLICATIONS IN NEW JERSEY'S
CUSTOMER ON-SITE RENEWABLE ENERGY
(CORE) REBATE PROGRAM

)
) Suspension of
) Acceptance and Processing
) of New Solar Applications in
) CORE Rebate Program

)
) DOCKET NO. EO07100773

(SERVICE LIST ATTACHED)

BY THE BOARD:

The Customer On-Site Renewable Energy Program ("CORE") is a Board approved Clean Energy program which provides rebates to customers that install renewable energy systems. The CORE program is currently delivered by Honeywell as the renewable energy Market Manager pursuant to a Board approved contract. The Board directed staff during the August 1, 2007 Board Agenda meeting to develop a budget for the 2008 CORE rebate program utilizing the renewable energy funding established for 2008. Staff worked with the Renewable Energy Committee to the Clean Energy Council and other stakeholders to fashion a 2008 CORE budget which is fair, equitable and most effectively enables the Board to reach its renewable energy goals.

In late 2005 and early 2006, the pace of submission of new solar applications for CORE rebates increased significantly. The Board took a number of steps including reducing rebate levels, imposing size limits on residential systems and tightening program participation standards to help manage the program to remain within the four year renewable energy funding level set by the Board by Order dated December 23, 2004, Docket No. EX04040276.

By Order dated February 13, 2006, Docket No. EO04121550, the Board directed staff to hold all private sector solar applications for CORE rebates in queue until budgeted funds became available as a result of project cancellations or expirations or until additional funds were allocated to the CORE Program. Since that time private sector applicants have been placed in queue. Projects have been released from the queue and received rebate approval letters as additional funding became available.

The Board has established five rebate budget categories for the CORE Program:

1. Less than or equal to 10 kw, private
2. Greater than 10 kw, private
3. Public, non-schools
4. Public, schools, K-12
5. SUNLIT

A queue currently exists in the first three budget categories.

As of November 30, 2007, the Market Manager reported that over \$120.5 million in rebate applications will remain in the queue after all of the remaining funding is committed.

By Order dated December 23, 2004 Docket No. EX04040276, the Board had established a 2008 funding level of \$102 million for the entire renewable energy portion of the Clean Energy Program. All renewable energy initiatives, including CORE, must be funded from these monies. On August 1, 2007, the Board requested that staff provide recommendations regarding a preliminary 2008 CORE Program budget to enable the release of projects from the queue prior to consideration of the final 2008 budget. The Board anticipated making a final decision on 2008 programs and budgets by December 2007.

Monthly public stakeholder meetings of the Renewable Energy Committees, chaired by staff, began to include discussion of the 2008 program plans and budgets starting in June 2007. Discussions ensued at the meetings held on June 12th, July 17th, August 14th, September 18th, October 9th, October 31st, and November 13, 2007. At each of these meetings Honeywell discussed proposed changes to the programs and budgets and solicited comments from meeting participants regarding other suggested changes to the programs.

During the August, September, and October Renewable Energy Committee meetings staff and the Market Managers presented and discussed several preliminary 2008 CORE budget allocations. These various allocations were distributed to the Renewable Energy committee for comments.

The Board, based on the above circumstances, issued a public notice on October 25, 2007 requesting comments on suspending the acceptance and processing of new solar applications. Comments were sought by November 26, 2007 on whether the Board should suspend the submission by applicants and processing of new solar CORE rebate applications across all or some of the market segments. Interested parties were given two means by which to respond, email to OCE@bpu.state.nj.us or submit comments in writing to the Secretary of the Board. Staff received two e-mailed responses to this notice of opportunity for public comment. Ms. Joann Higgins emailed "Don't suspend the rebates". Mr. Joseph Augustyn, a NJ Professional Planner, recommended that solar installation rebates at NJ schools should be our number one priority due to the benefits from rebate investments on schools. Mr. Augustyn further implored the Board to find a "permanent, progressive, self-sustaining and perpetual rebate funding source."

Further, Premier Power Renewable Energy, Inc. suggested that the Board explore the possibility of combining the rebate program with other financial mechanisms aimed at reducing the up front cost of solar installations rather than suspending the solar rebates.

The current level of projects in the queues at \$120.5 million exceeds the maximum level of renewable energy funding available in the 2008 Clean Energy Program budget considered by

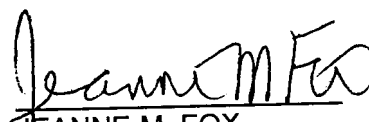
and approved by the Board at its December 20, 2007 Agenda Meeting. Therefore, sufficient funding does not exist to reach all of the projects currently in the queue.

Based on the above, staff recommends that the Board direct Honeywell to cease accepting new applications from all private sector applicants effective immediately upon the date of this Order and cease accepting applications for all public projects effective April 1, 2008.

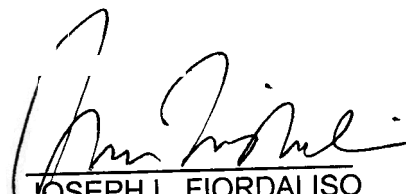
Therefore, the Board **HEREBY DIRECTS** the Office of Clean Energy to coordinate with Honeywell to prepare, and release as soon as practicable, a notice to the solar industry that the CORE Program will cease accepting applications for all private sector projects immediately on the date of this Order and public sector projects effective April 1, 2008. Any applications received after these dates shall be returned to the applicant.

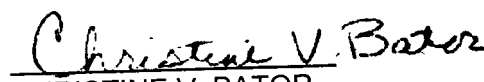
DATED: 12/20/07

BOARD OF PUBLIC UTILITIES
BY:

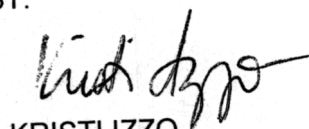

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COMMISSIONER

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

