



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center, Suite 801**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

DIVISION OF ENERGY &  
OFFICE OF CLEAN ENERGY

IN THE MATTER OF PETITION OF PUBLIC )	ORDER APPROVING
SERVICE ELECTRIC AND GAS COMPANY )	STIPULATION ON BILATERAL
FOR APPROVAL OF A SOLAR GENERATION )	SALE CONTRACT
INVESTMENT PROGRAM AND AN )	
ASSOCIATED COST RECOVERY )	
MECHANISM )	DOCKET NO. EO09020125

(SERVICE LIST AND STIPULATION ATTACHED)

BY THE BOARD<sup>1</sup>:

On February 10, 2009, PSE&G filed a solar program petition, *I/M/O Petition of Public Electric Service and Gas Company Petition for Approval of a Solar Generation Investment Program and Associated Cost Recovery Mechanism*; Docket No. EO09020125 ("Solar 4 All Program" or "Program"). By Order dated May 15, 2009 ("May Order") the Board retained this matter for review and hearing, and granted the interventions of Petra Solar Inc ("Petra Solar"), NextEra Energy Resources ("NextEra"), Mid-Atlantic Solar Energy Industries Association ("MSEIA"), New Jersey Solar Industry Manufacturers Association ("NJSIMA"), Solar Alliance ("SA"), New Jersey Natural Gas Company ("NJNG"), Resource Energy Systems, L.L.C. ("Resource Energy") and New Jersey Large Energy Users Coalition ("NJLEUC"). The May Order also designated Commissioner Fiordaliso as presiding officer in these proceedings. By Order dated June 8, 2009, Commissioner Fiordaliso granted the motion to intervene of New Jersey Home and Mortgage Finance Agency ("HMFA").

Settlement conferences commenced on May 28, 2009, and on July 27, 2009, PSE&G, Staff, Rate Counsel, Petra Solar, SA, NJSIMA, NJHMFA, Resource Energy and MSEIA ("Parties") entered into a stipulation ("Program Stipulation") agreeing on the relevant issues of the Solar 4 All Program. NJNG, NextEra and NJLEUC sent letters expressing no opposition to the Program Stipulation. By Order dated August 03, 2009 under this docket, the Board approved the

<sup>1</sup> Commissioner Nicholas Asselta did not participate in this meeting.

Program Stipulation in its entirety allowing PSE&G to invest in 80 MW of utility-owned solar generation.

By Order dated April 21, 2011 under Docket No. EO09070573, the Board granted the petition of the New Jersey Meadowlands Commission ("NJMC") to waive certain requirements of the customer onsite renewable energy ("CORE") program guidelines in order to keep the full CORE rebate previously granted by the Board pursuant to its Order dated August 24, 2007 under that docket. The Board, however, established certain conditions, one of which was that the NJMC shall arrange for a third party supplier ("TPS") to take at least 580kW from a 3MW solar project located at a landfill site owned by the NJMC ("Project") and deliver an equivalent amount of energy to the NJMC's headquarters building.

PSE&G is negotiating the purchase of the Project under segment 1B of the Solar 4 All Program. As part of the purchase negotiations, PSE&G has agreed to enter into a bilateral supply agreement with a TPS. However, pursuant to the Program Stipulation PSE&G must sell the energy generated under the Solar 4 All Program in the PJM markets and use the revenues to offset Program costs.

On May 10, 2011, PSE&G filed a petition to approve a stipulation ("Stipulation") waiving the Program's requirement that PSE&G sell the energy into the PJM markets, and allowing PSE&G to enter into a bilateral supply contract with a TPS for a portion of the energy to be generated by the Project. The Stipulation was signed by PSE&G, Rate Counsel, Staff, MSEIA and Petra Solar. On May 13, 2011, HMFA indicated that it does not oppose to the Stipulation. On May 16, 2011, the Board received the signatures of NJSIMA and SA. PSE&G asserts that Resource Energy has been served multiple times and has not replied.

### **PROPOSED STIPULATION**

The Stipulation waives the Program requirement that PSE&G sell the energy generated into the PJM markets, and allows PSE&G to enter into a bilateral supply contract with a TPS to sell part of the energy to be generated by the Project. The contract price under the bilateral supply contract with the TPS will equal the price that PSE&G would receive if the energy had been sold in the applicable PJM market. PSE&G will sell the remaining energy from the Project in the PJM markets as required by the Program Stipulation.

Regarding the offset of Program costs, the Stipulation provides that the use of all energy revenues from the bilateral contract and from sales into the PJM markets will be used to offset the Program costs. Additionally, PSE&G will retain the full capacity rights of the Project and own all the solar renewable energy certificates ("SRECs") that the Project receives. PSE&G will apply the net revenues it receive from the PJM capacity auctions and the net revenues from the sale of SRECs as an offset to the revenue requirements as required by the Program Stipulation.

The Stipulation further provides that PSE&G will retain all its obligations under the Program Stipulation to: (i) file with the Board an annual petition for cost recovery adjustments including actual costs incurred under the Program in the previous year so that these costs can be reviewed; and (ii) to respond to discovery propounded by the Parties regarding the reasonableness and prudence of such Program costs.

**DISCUSSION AND FINDINGS**

The Stipulation allows PSE&G to accommodate the needs of the Project in order to comply with the Board's conditions established by Order dated April 21, 2011 under docket EO09070573 while ensuring that all revenue offsets required under the Program remain intact and that appropriate reporting and review of actual Program costs remains in place. The Board **THEREFORE FINDS** that the Stipulation appropriately addresses all the issues of this transaction in a manner as to not adversely impact New Jersey ratepayers.

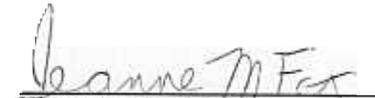
Following a careful review of the documentation filed by the Parties under this docket and under docket EO09070573, and based on the consent of all of the Parties, the Board **HEREBY APPROVES** the Stipulation and incorporates its terms and conditions as if fully stated in this Order.

DATED: 5/16/11

BOARD OF PUBLIC UTILITIES  
BY:



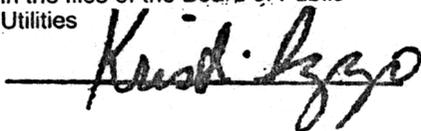
LEE A. SOLOMON  
PRESIDENT

  
JEANNE M. FOX  
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



Tamara L. Linde  
Vice President – Regulatory

Law Department  
80 Park Plaza, T-5G, Newark, New Jersey 07102-4194  
tel: 973.430.8058 fax: 973.430.5983  
cell phone: 973.204.2386  
email: tamara.linde@pseg.com



May 10, 2011

In the Matter of the Petition of  
Public Service Electric and Gas  
Company for Approval of a Solar  
Generation Investment Program  
and All Associated Cost Recovery Mechanism

BPU Docket No., EO09020125

***VIA ELECTRONIC & REGULAR MAIL***

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

Dear Secretary Izzo:

Enclosed for filing is a Stipulation on Bi-Lateral Sale of Energy for a Segment 1B Project in the above referenced proceeding.

The Stipulation has been executed by the Division of Rate Counsel, the New Jersey Attorney General's Office on behalf of the Board of Public Utilities Staff, Petra Solar, Inc., and Public Service Electric and Gas Company (PSE&G). Further, we have been advised by MSEA and the Solar Alliance that they agree to the Stipulation and will provide their authorizing signatures promptly. The remaining parties have been contacted and have not objected to the Stipulation.

PSE&G respectfully requests that the Board consider and approve this Stipulation at its May 16, 2011 public agenda meeting.

Respectfully submitted,

*Original signed by  
Tamara L. Linde, Esq.*

Enclosure  
C Attached Service List (E-Mail Only)

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
SOLAR 4 ALL  
BPU DOCKET NO. EO09020125**

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**BPU**

Alice Bator, Bureau Chief  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-2448  
FAX: (973) 648-7420  
[alice.bator@bpu.state.nj.us](mailto:alice.bator@bpu.state.nj.us)

Kristi Izzo, Secretary  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-3426  
FAX: (973) 638-2409  
[kristi.izzo@bpu.state.nj.us](mailto:kristi.izzo@bpu.state.nj.us)

Jacqueline O'Grady  
New Jersey Board of Public Utilities  
Office of The Economist  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-3451  
FAX: (973) 648-4410  
[jackie.ogrady@bpu.state.nj.us](mailto:jackie.ogrady@bpu.state.nj.us)

Benjamin Hunter  
Renewable Energy Program Administrator  
New Jersey Board of Public Utilities  
Office of Clean Energy  
44 South Clinton Avenue  
PO Box 350  
Trenton, NJ 08625-0350  
PHONE: (609) 777-3300  
FAX: (609) 777-3330  
[Benjamin.Hunter@bpu.state.nj.us](mailto:Benjamin.Hunter@bpu.state.nj.us)

Victor Fortkiewicz, Executive Director  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-4852  
FAX: (973) 648-2409  
[victor.fortkiewicz@bpu.state.nj.us](mailto:victor.fortkiewicz@bpu.state.nj.us)

Nnajindu Ugoji  
New Jersey Board of Public Utilities  
Division of Energy  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-2219  
FAX: (973) 648-7420  
[nnajindu.ugoji@bpu.state.nj.us](mailto:nnajindu.ugoji@bpu.state.nj.us)

Jerome May  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-4950  
FAX: (973) 648-2467  
[Jerome.may@bpu.state.nj.us](mailto:Jerome.may@bpu.state.nj.us)

Lance Miller, Chief of Policy  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-3175  
FAX: (973) 648-4195  
[lance.miller@bpu.state.nj.us](mailto:lance.miller@bpu.state.nj.us)

Andrea Reid  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: ( ) - -  
FAX: ( ) - -  
[andrea.reid@bpu.state.nj.us](mailto:andrea.reid@bpu.state.nj.us)

Suzanne Patnaude  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-3858  
FAX: (973) 648-2467  
[suzanne.patnaude@bpu.state.nj.us](mailto:suzanne.patnaude@bpu.state.nj.us)

Stacy Peterson  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-2143  
FAX: (973) 648-2467  
[stacy.peterson@bpu.state.nj.us](mailto:stacy.peterson@bpu.state.nj.us)

Andrea Sarmentero-Garzon  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-2587  
FAX: (973) 648-2209  
[andrea.sarmentero-garzon@bpu.state.nj.us](mailto:andrea.sarmentero-garzon@bpu.state.nj.us)

Michael Winka, Director  
New Jersey Board of Public Utilities  
Office of Clean Energy  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-7270  
FAX: (609) 777-3330  
[michael.winka@bpu.state.nj.us](mailto:michael.winka@bpu.state.nj.us)

Samuel Wolfe, Chief Counsel  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-2016  
FAX: (973) 648-2209  
[samuel.wolfe@bpu.state.nj.us](mailto:samuel.wolfe@bpu.state.nj.us)

John Teague  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-3403  
FAX: (973) 648-  
[john.teague@bpu.state.nj.us](mailto:john.teague@bpu.state.nj.us)

Mark Beyer, Chief Economist  
New Jersey Board of Public Utilities  
Office of the Economist  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-3414  
FAX: (973) 648-4410  
[mark.beyer@bpu.state.nj.us](mailto:mark.beyer@bpu.state.nj.us)

Christine Lin  
New Jersey Board of Public Utilities  
Office of the Economist  
Two Gateway Center  
Newark, NJ 07102  
PHONE: (973) 648-3407  
FAX: (973) 648-4410  
[christine.lin@bpu.state.nj.us](mailto:christine.lin@bpu.state.nj.us)

Regina Csira  
New Jersey Board of Public Utilities  
44 South Clinton Avenue  
PO Box 350  
Trenton, NJ 08625-0350  
PHONE: (609) 777-3335  
FAX: (609) 777-3330  
[regina.csira@bpu.state.nj.us](mailto:regina.csira@bpu.state.nj.us)

Eleana Lihan  
 New Jersey Board of Public Utilities  
 Two Gateway Center  
 Newark, NJ 07102  
 PHONE: (973) 648-\_\_\_\_  
 FAX: (973)648-\_\_\_\_  
[Eleana.Lihan@bpu.state.nj.us](mailto:Eleana.Lihan@bpu.state.nj.us)

**DAG**  
 Alex Moreau, DAG  
 Dept. of Law & Public Safety  
 Division of Law  
 124 Halsey Street, 5th Fl.  
 P. O. Box 45029  
 Newark, NJ 07102  
 PHONE: (973) 648-3762  
 FAX: (973) 648-3555/3879  
[Alex.Moreau@dol.lps.state.nj.us](mailto:Alex.Moreau@dol.lps.state.nj.us)

Robert Shaughnessy, DAG  
 Division of Law  
 Dept. of Law and Public Policy  
 R.J. Hughes Justice Complex  
 25 Market Street  
 PO Box 106  
 Trenton, NJ 08625-0106  
 PHONE: (609) 984-0183  
 FAX: (609) 282-6007  
[Robert.shaughnessy@dol.lps.state.nj.us](mailto:Robert.shaughnessy@dol.lps.state.nj.us)

**ADVOCATE**

Stefanie Brand, Esq.  
 Director  
 Department of the Public Advocate  
 31 Clinton Street, 11th Floor  
 P.O. Box 46005  
 Newark, NJ 07102  
 PHONE: (973) 648-2690  
 FAX: (973) 624-1047  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

Kerri Kirschbaum  
 Dept. of Law & Public Safety  
 Division of Law  
 124 Halsey Street, 5th Fl.  
 P. O. Box 45029  
 Newark, NJ 07102  
 PHONE: (973) 648-3762  
 FAX: (973) 648-3555  
[Kerri.Kirschbaum@dol.lps.state.nj.us](mailto:Kerri.Kirschbaum@dol.lps.state.nj.us)

**CONSULTANTS**

Andrea Crane  
 The Columbia Group  
 199 Ethan Allen Highway, 2<sup>nd</sup> Floor  
 Ridgefield, CT 06877  
 PHONE: (203) 438-2999  
 FAX: (203) 894-3274  
[ctcolumbia@aol.com](mailto:ctcolumbia@aol.com)

Ami Morita, Esq.  
 Department of the Public Advocate  
 31 Clinton Street, 11th Floor  
 P.O. Box 46005  
 Newark, NJ 07102  
 PHONE: (973) 648-2690  
 FAX: (973) 624-1047  
[amorita@rpa.state.nj.us](mailto:amorita@rpa.state.nj.us)

Anne Marie Shatto  
 Dept. of Law & Public Safety  
 Division of Law  
 124 Halsey Street, 5th Fl.  
 P. O. Box 45029  
 Newark, NJ 07102  
 PHONE: (973) 648-3762  
 FAX: (973) 648-3555  
[Anne.Shatto@dol.lps.state.nj.us](mailto:Anne.Shatto@dol.lps.state.nj.us)

David Dismukes  
 Acadian Consulting Group  
 6455 Overton Street  
 Baton Rouge, LA 70808  
 PHONE: (225) 769-8296  
 FAX: (\_\_\_\_) \_\_\_\_\_  
[dismukes@lsu.edu](mailto:dismukes@lsu.edu)

James Glassen, Esq.  
 Department of the Public Advocate  
 31 Clinton Street, 11th Floor  
 P.O. Box 46005  
 Newark, NJ 07102  
 PHONE: (973) 648-2690  
 FAX: (973) 624-1047  
[jglassen@rpa.state.nj.us](mailto:jglassen@rpa.state.nj.us)

Caroline Vachier  
 Dept. of Law & Public Safety  
 Division of Law  
 124 Halsey Street, 5th Fl.  
 P. O. Box 45029  
 Newark, NJ 07102  
 PHONE: (973) 648-3709  
 FAX: (973) 648-3555  
[caroline.vachier@dol.lps.state.nj.us](mailto:caroline.vachier@dol.lps.state.nj.us)

**HMFA**

Mary Sheehy  
 Green Homes Administrator  
 NJHMFA  
 637 South Clinton Avenue  
 PO Box 18550  
 Trenton, NJ 08650  
 PHONE: (609) 278-7408  
 FAX: (\_\_\_\_) \_\_\_\_\_  
[msheehy@njhmfa.state.nj.us](mailto:msheehy@njhmfa.state.nj.us)

Paul Flanagan, Litigation Manager  
 Department of the Public Advocate  
 31 Clinton Street, 11th Floor  
 P.O. Box 46005  
 Newark, NJ 07102  
 PHONE: (973) 648-2690  
 FAX: (973) 642-1047  
[pflanagan@rpa.state.nj.us](mailto:pflanagan@rpa.state.nj.us)

Jessica L. Campbell, DAG  
 Dept. of Law & Public Safety  
 Division of Law  
 124 Halsey Street, 5th Fl.  
 P. O. Box 45029  
 Newark, NJ 07102  
 PHONE: (973) 648-4726  
 FAX: (973) 648-3555  
[Jessica.Campbell@dol.lps.state.nj.us](mailto:Jessica.Campbell@dol.lps.state.nj.us)

**NJ NATURAL GAS CO.**

Tracey Thayer, Esq.  
 New Jersey Natural Gas Company  
 1415 Wyckoff Road  
 PO Box 1464  
 Wall, NJ 07719  
 PHONE: (732) 919-8025  
 FAX: (732) 938-2620  
[tthayer@njng.com](mailto:tthayer@njng.com)  
 France Karras  
 New Jersey Natural Gas Company  
 1415 Wyckoff Road  
 PO Box 1464  
 Wall, NJ 07719  
 PHONE: (732) 938-7004  
 FAX: (732) 938-2620  
[fkarras@njng.com](mailto:fkarras@njng.com)

Felicia Thomas-Friel, Esq.  
 Managing Attorney - Gas  
 Department of the Public Advocate  
 31 Clinton Street, 11th Floor  
 P.O. Box 46005  
 Newark, NJ 07102  
 PHONE: (973) 648-2690  
 FAX: (973) 624-1047  
[ftomas@rpa.state.nj.us](mailto:ftomas@rpa.state.nj.us)

Babette Tanzer  
 Dept. of Law & Public Safety  
 Division of Law  
 124 Halsey Street, 5th Fl.  
 P. O. Box 45029  
 Newark, NJ 07102  
 PHONE: (973) 648-7811  
 FAX: (973) 648-3555  
[Babette.Tanzer@dol.lps.state.nj.us](mailto:Babette.Tanzer@dol.lps.state.nj.us)

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
SOLAR 4 ALL  
BPU DOCKET NO. EO09020125**

Page 3 of 3

**NJLEUC**

Paul F. Forshay, Esq.  
Sutherland Asbill & Brennan LLP  
1275 Pennsylvania Avenue, NW  
Washington, D.C. 20004  
PHONE: (202)383-0100  
FAX: (202)637-3593  
[pforshay@sablaw.com](mailto:pforshay@sablaw.com)

Steven S. Goldenberg  
Fox Rothschild, LLP  
Princeton Pike corporate Center  
997 Lenox Drive, Building 3  
Lawrenceville, NJ 08648-2311  
PHONE: (609) 896-4586  
FAX: (609) 896-1469  
[sgoldenberg@foxrothschild.com](mailto:sgoldenberg@foxrothschild.com)

**SOLAR ALLIANCE**

Susan P. LeGros, Attorney for Solar Alliance  
Stevens & Lee Lawyers & Consultants  
620 Freedom Business Center  
Suite 200  
P.O. Box 62330  
King of Prussia, PA 19406  
PHONE: (610)205-6000  
FAX: (610)337-4374  
[spl@stevenslee.com](mailto:spl@stevenslee.com)

**PETRA SOLAR, INC.**

Basem Ramadan, Esq.  
One Gateway Center  
Suite 105  
Newark, NJ 07102  
PHONE: (973)639-0600  
FAX: (973)639-9898  
[Bramadlan@aol.com](mailto:Bramadlan@aol.com)

Shihab Kuran  
Petra Solar  
300-G Corporate Court  
South Plainfield, NJ 07080  
PHONE: (732) 379-5566  
FAX: (908) 755-0369  
[Shihab.kuran@petrasolar.com](mailto:Shihab.kuran@petrasolar.com)

Evan Vogel  
Petra Solar  
300-G Corporate Court  
South Plainfield, NJ 07080  
PHONE: (732) 379-5566  
FAX: (908) 755-0369  
[Evan.Vogel@petrasolar.com](mailto:Evan.Vogel@petrasolar.com)

Marcelo Figueira  
Petra Solar  
300-G Corporate Court  
South Plainfield, NJ 07080  
PHONE: (732) 379-5566  
FAX: (908) 755-0369  
[Marcelo.figueira@petrasolar.com](mailto:Marcelo.figueira@petrasolar.com)

Scott A. Weiner  
Vice President & General Counsel  
Petra Solar  
300-G Corporate Court  
South Plainfield, NJ 07080  
PHONE: (732) 379-5566  
FAX: (908) 755-0369  
[Scott.weiner@petrasolar.com](mailto:Scott.weiner@petrasolar.com)

**NEXTERA ENERGY RESOURCES, LLC**

Louis Cappelli, Jr.  
Jenny Christopher  
Attorneys for NextEra Resources, LLC  
Florio Perrucci Steinhardt & Fader, LLC  
109 Euclid Street  
Woodbury, NJ 08096  
PHONE: (856)853-5530  
FAX: (856)853-5531  
[lcappelli@florioperrucci.com](mailto:lcappelli@florioperrucci.com)  
[jchristopher@florioperrucci.com](mailto:jchristopher@florioperrucci.com)

**ADVANCED SOLAR PRODUCTS, INC.**

Lyle K. Rawlings, P.E.  
Chief Executive Officer  
Advanced Solar Products, Inc.  
66 Snydertown Road  
Hopewell, NJ 08525  
PHONE: (609) 466-4495  
FAX: (609) 466-8685  
[lyle@advancedsolarproducts.com](mailto:lyle@advancedsolarproducts.com)

**RESOURCE ENERGY SYSTEMS, LLC**

Richard Plutzer, Esq.  
General Counsel  
Resource Energy Systems, LLC  
350 West Passaic Street  
Rochelle Park, NJ 07662  
PHONE: (201)845-8855  
FAX: (201)845-0854  
[rplutzer@resglobal.com](mailto:rplutzer@resglobal.com)

**MID-ATLANTIC SOLAR ENERGY  
INDUSTRIES ASSOCIATION**

R. William Potter  
Potter & Dickson  
194 Nassau Street, Suite 32  
Princeton, NJ 08542-7003  
PHONE: (609)921-9555  
FAX: (609)921-2181  
[potterrex@CS.com](mailto:potterrex@CS.com)

**TRINITY SOLAR SYSTEMS**

Edward Merrick  
Trinity Solar Systems  
800 Highway 9, South  
Freehold, NJ 07728  
PHONE: (732) 780-3779  
FAX: (732) 780-6671  
[ed.merrick@trinitysolarsystems.com](mailto:ed.merrick@trinitysolarsystems.com)

**NJ SOLAR INDUSTRY  
MANUFACTURERS ASSOC.**

Basem Ramadan, Esq.  
One Gateway Center  
Suite 105  
Newark, NJ 07102  
PHONE: (973)639-0600  
FAX: (973)639-9898  
[Bramadan@aol.com](mailto:Bramadan@aol.com)

**PSE&G**

Tamara L. Linde  
Vice President – Regulatory  
PSEG Services Corporation  
80 Park Plaza – T5G  
Newark, NJ 07102  
PHONE: (973) 430-8058  
FAX: (973) 430-5983  
[Tamara.linde@pseg.com](mailto:Tamara.linde@pseg.com)

Frederick Lynk, Manager  
Market Strategy & Planning  
PSEG Services Corporation  
80 Park Plaza – T5G  
Newark, NJ 07102  
PHONE: (973) 430-8155  
FAX: (973) 504-7045  
[Frederick.lynk@pseg.com](mailto:Frederick.lynk@pseg.com)

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF )  
PUBLIC SERVICE ELBCTRIC AND GAS )  
COMPANY FOR APPROVAL OF A SOLAR )  
SOLAR GENERATION INVESTMENT )  
PROGRAM AND AN ASSOCIATED )  
COST RECOVERY MECHANISM )

STIPULATION ON  
BI-LATERAL SALE OF  
ENERGY FOR A SEGMENT 1B  
PROJECT

BPU Docket No. EO09020125

WHEREAS, by an Order dated August 3, 2009 approving a Settlement Agreement ("August 3 Order"; "Settlement"), the Board of Public Utilities ("Board" or "BPU") approved Public Service Electric and Gas Company's ("PSE&G" or "Company") request to implement a solar generation investment program ("Solar 4 All Program") and associated cost recovery mechanism; and

WHEREAS, PSE&G has been implementing the Solar 4 All Program pursuant to the August 3 Order; and

WHEREAS, PSE&G is considering owning a Solar System of approximately 3 megawatts DC ("Project") under Segment 1B of the Solar 4 All Program; and

WHEREAS, that the Project will be located on a site known as the 1-A Landfill, which is owned by the New Jersey Meadowlands Commission ("NJMC") and is located in the Town of Kearny, New Jersey; and

WHEREAS, PSE&G will transport the Energy from site 1-A Landfill, through its distribution and transmission system to NJMC; and

WHEREAS, the NJMC desires to utilize a portion of the energy which shall be no less than the energy from 580 kW from the 1A Landfill Project for its administration building or other NJMC facilities within the NJMC district as set forth in N.J.S.A. 13:17-4; and

WHEREAS, the use by the NJMC of a portion of the energy from the Project is required under the terms of the approved third extension of its Customer Onsite Renewable Energy (CORE) rebate as authorized by the Board in I/M/O the Clean Energy Program Customer On-site Renewable Energy (CORE) – Request for Extension of Completion Timeframe for Existing Commitment – New Jersey Meadowlands Commission, Docket No. EO09070573, dated April 21, 2011, initially approved by the Board in I/M/O Petition of New Jersey Meadowlands Commission for Allocation of the 2008 Rebate Funds, Docket No. EO07070560, dated August 24, 2007; and

WHEREAS, PSE&G is considering entering into a bilateral contract to sell a portion of the energy from the Project to a third-party supplier (“TPS”), who in turn will sell a like amount of energy on a contract path basis to the NJMC; and

WHEREAS, Paragraph 29 of the Solar 4 All Program Settlement provides that

PSE&G will sell the energy generated by the Solar Systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for the Solar Systems, and will do so if these systems qualify for capacity payments, and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource. PSE&G will apply the net revenues it receives from the sales in the PJM markets as an offset to the Program revenue requirements.

and

WHEREAS, the Company has consulted with the parties to the Settlement concerning this Project and the above- referenced bilateral contract. As a result of these discussions, the undersigned parties (“Parties”) have entered into this Stipulation, and support the Board’s prompt issuance of an Order approving it without modification.

**NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

1. PSE&G shall be permitted, as a one-time exception from the Solar 4 All Program Settlement, to enter into a bilateral contract to sell all or a portion of the energy from

the Project to a TPS for the NJMC which shall be at a minimum energy from 580 kW of the 3 MW 1A Landfill Project.

2. The sale of the energy from at minimum 580 kW from the 3 MW 1A landfill Project shall be consistent with the provisions of the third CORE extension as authorized by the Board in I/M/O the Clean Energy Program Customer On-site Renewable Energy (CORE) – Request for Extension of Completion Timeframe for Existing Commitment – New Jersey Meadowlands Commission, Docket No. EO09070573, dated April 21, 2011.

3. The contract price under such a bilateral contract shall be equal to the same price that PSE&G would receive if it sold the energy in the applicable PJM markets as provided for in Paragraph 29 of the Solar 4 All Program Settlement. PSE&G will apply the net revenues it receives under the bilateral contract as an offset to the Solar 4 All Program revenue requirements.

4. PSE&G will sell the remaining energy from the Project in the applicable PJM energy markets and will apply the net revenues it receives from the sales in the PJM markets as an offset to the Solar 4 All Program revenue requirements.

5. PSE&G will retain the full capacity rights for the Project and will own all Solar Renewable Energy Certificates (“SRECs”) that the Project receives. PSE&G will apply the net revenues it receives in the PJM capacity auctions and the net revenues from sales of SRECs from the Project as an offset to the Solar 4 All Program revenue requirements.

6. The Parties agree that this Stipulation shall be filed with the BPU for review and approval.

7. The Parties agree that this Stipulation is being entered into exclusively for the purpose of resolving the issues set forth herein.

8. The Parties agree that this Stipulation was negotiated and agreed to in its entirety with each section being mutually dependent on approval of all other sections. Therefore, if the Board modifies any of the terms of this Stipulation, each Party is given the option, before implementation of any different terms in this matter, to accept the change or to resume negotiations on the issues set forth herein as if no Stipulation had been reached.

9. The Parties hereby agree that this Stipulation has been made exclusively for the purpose of obtaining a waiver of Paragraph 29 of the Solar 4 All Program Settlement for the purpose described above in this proceeding and that this Stipulation, in total or by specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation. Specifically, nothing in this Stipulation shall be construed as an endorsement by the Parties of future arrangements wherein the output of a PSE&G-owned solar system is sold via a bilateral contract. Further, the Parties agree that nothing in this Stipulation shall be interpreted as modifying the remaining provisions of the Solar 4 All Program Settlement including Paragraph 41, and the provisions in such Paragraph 41, relating to PSE&G's obligation to make a filing to present the actual costs incurred for all Solar 4 All projects - inclusive of this specific project - and the review of those costs for reasonableness and prudence and the parties' rights to seek a full accounting of all costs and to challenge the reasonableness and prudence of such costs.

PAULA T. DOW  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

By: \_\_\_\_\_

Alex Moreau  
Deputy Attorney General

PUBLIC SERVICE ELECTRIC AND  
GAS COMPANY

By: \_\_\_\_\_

Tamara L. Linde  
VP Regulatory

DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND, DIRECTOR

By: \_\_\_\_\_

Stefanie A. Brand  
Stefanie A. Brand, Esq.  
Director

MID-ATLANTIC SOLAR ENERGY  
INDUSTRIES ASSOCIATION

By: \_\_\_\_\_

Lyle K. Rawlings

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY  
ATTORNEY GENERAL OF NEW JERSEY

By: \_\_\_\_\_

Marge DellaVecchia  
Executive Director

Attorney for the NJ Housing & Mortgage Finance Agency  
Approved as to Form

By: \_\_\_\_\_

Robert Shaughnessy  
Deputy Attorney General

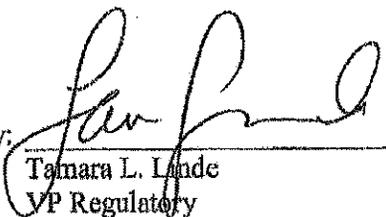
PETRA SOLAR, INC.

By: \_\_\_\_\_

PAULA T. DOW  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

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Alex Moreau  
Deputy Attorney General

PUBLIC SERVICE ELECTRIC AND  
GAS COMPANY

By:   
Tamara L. Linde  
VP Regulatory

DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND, DIRECTOR

By: \_\_\_\_\_  
Stefanie A. Brand, Esq.  
Director

MID-ATLANTIC SOLAR ENERGY  
INDUSTRIES ASSOCIATION

By: \_\_\_\_\_  
Lyle K. Rawlings

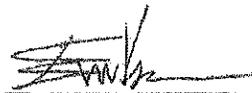
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Deputy Attorney General

PETRA SOLAR, INC.

By:   
Evan Vogel, SVP, Corporate Development

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NEW JERSEY SOLAR INDUSTRY  
MANUFACTURERS ASSOCIATION

By: \_\_\_\_\_

THE SOLAR ALLIANCE

By: \_\_\_\_\_

RESOURCE ENERGY SYSTEMS, L.L.C.

By: \_\_\_\_\_  
Richard Pluzter, Esq.