



Agenda Date: 09/13/12  
Agenda Item: 2E

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

DIVISION OF ENERGY AND  
OFFICE OF CLEAN ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC	)	ORDER DESIGNATING
SERVICE ELECTRIC AND GAS COMPANY FOR	)	COMMISSIONER AND
APPROVAL OF A SOLAR LOAN III PROGRAM AND AN	)	SETTING MANNER
ASSOCIATED COST RECOVERY MECHANISM AND	)	OF SERVICE
FOR CHANGES IN THE TARIFF FOR ELECTRIC	)	
SERVICE, B.P.U.N.J. NO. 15 ELECTRIC PURSUANT	)	
TO <u>N.J.S.A. 48:2-21</u> , <u>N.J.S.A. 48:2-21.1</u> and	)	
<u>N.J.S.A. 48:3-98.1</u>	)	DOCKET NO. EO12080726

(NOTIFICATION LIST ATTACHED)

**Matthew M. Weissman, Esq.**, Attorney for Petitioner, Public Service Electric and Gas Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

**BACKGROUND AND PROCEDURAL HISTORY**

On January 13, 2008, L. 2007, c. 340 ("Act") was signed into law by former Governor Corzine based on the New Jersey Legislature's findings that energy efficiency and conservation measures must be essential elements of the State's energy future, and that greater reliance on energy efficiency and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and energy efficiency industries are essential to maximize efficiencies. N.J.S.A. 26:2C-45.

Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1 (a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the New Jersey Board of Public Utilities ("Board"), including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. An electric or gas public

utility seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board.

In the fall of 2011, the staff of the Board's Office of Clean Energy commenced a stakeholder process to develop recommendations related to the Solar Renewable Energy Certificate ("SREC") programs of the electric distribution companies ("EDCs") ("EDC SREC Financing Programs"). The review was to include Public Service Electric and Gas Company's ("PSE&G" or "Company") current loan programs (Solar Loan I and Solar Loan II), as well as its Solar 4 All Program. In addition, on December 6, 2011, Governor Christie released New Jersey's Energy Master Plan ("EMP"), which discussed the State's energy development in New Jersey, including solar energy. The EMP contained several recommendations designed to ensure the continued growth of the solar market in New Jersey. By Order dated May 23, 2012, the Board approved an extension of the EDC SREC Financing Programs over a three year period, subject to the development of programs that appropriately implement the goals stated in the Order with subsequent Board review and approval ("May 2012 Order").<sup>1</sup> In addition, the May 2012 Order directed the EDCs, including PSE&G to file, within five business days of service of the Order, a notice of their intention to participate or not participate. Subsequently, on June 1, 2012, the Company notified the Board of its interest in participating in the extension of EDC SREC Financing Programs.

### **August 2012 Filing**

On August 1, 2012, PSE&G filed the instant petition with the Board. By letter dated August 31, 2012, Board Staff notified PSE&G that the filing was administratively complete.<sup>2</sup>

In the filing, the Company requests approval of a three-year Solar Loan III program. In addition, the Company proposes to recover all program costs through a new component of its electric Regional Greenhouse Gas Initiative Recovery Charge ("RRC") using its weighted average cost of capital to calculate a return on its investment. According to the petition, PSE&G intends to invest up to \$193 million over a three-year period by providing loans to parties to develop PSE&G's allocation of 97.5 MW dc of solar systems as delineated in the May 2012 Order. Of the 97.5 MW, 9.8 MW will be allocated to a residential segment, and the remaining 87.7 MW will be allocated to a non-residential segment.

### **DISCUSSION**

The Board has determined that the petition described above should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Joseph L. Fiordaliso as the presiding officer who is authorized to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.

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<sup>1</sup> In re Review of Utility Supported Solar Programs, BPU Docket No. EO11050311V, Order dated May 23, 2012.


<sup>2</sup> N.J.S.A. 48: 3-98.1 requires the Board to decide cost recovery issues within 180 days. Pursuant to the Board Order issued in response to a further statutory directive within that section, Board Staff must review a petition for completeness within 30 days and, when a petition is determined to be complete, set the beginning of the 180-day period. In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1, Dkt. No. EO08030164 (May 8, 2008). Accordingly, the 180-day period for a Board determination commenced on August 1, 2012.

In the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, and also providing two hard copies to each party, unless otherwise requested by the parties. Finally, the Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.

DATED: 9/13/12

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARY-ANNA HOLDEN  
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



In the Matter of the Petition of Public Service Electric and Gas Company for Approval of a Solar Loan III Program and an Associated Cost Recovery Mechanism and for Changes in the Tariff for Electric Service, Pursuant to N.J.S.A. 48:2-21, 48:2-21.1 and N.J.S.A. 48:3-98.1  
DOCKET NO. EO12080726

NOTIFICATION LIST

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