



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

IN THE MATTER OF OFF-SHORE WIND)
SET-ASIDE CHANGES TO THE NEW) ORDER
JERSEY RENEWABLE ENERGY)
PORTFOLIO STANDARDS (NJRPS)) DOCKET NO. EX08100930
RULES, N.J.A.C. 14:8-2)

BY THE BOARD:

On October 23, 2008, Governor Corzine released the Energy Master Plan which establishes the goals and strategies to place New Jersey at the forefront of a growing clean energy economy with aggressive energy efficiency and renewable energy goals and action items. Under regulations already in place, New Jersey's Renewable Portfolio Standards (RPS) requires that renewable energy sources generate 22.5% of the State's electricity consumption by 2020 and to achieve this goal it requires electric power suppliers and basic generation service providers (referred to as "supplier/providers," defined in N.J.A.C. 14:8-1.2) to include minimum percentages of qualified renewable energy in the electricity they sell; those minimum percentages increase over time. The RPS rules further specify a separate minimum percentages for solar electric generation, for Class I renewable energy, and for Class II renewable energy (N.J.A.C. 14:8-1.2 defines each of these categories of renewable energy). However, the Energy Master Plan recognizes that continuing improvement in renewable energy technologies make it possible to exceed this goal, and calls for a 30% goal by 2020.

To meet this new goal of 30% by 2020, the EMP calls for a minimum percentage of Class I Renewables including a minimum of 1000 Megawatts of off-shore wind (OSW) capacity to be developed by 2012 and a minimum of 3000 MW of off-shore wind by 2020. This target requires the Board to amend its Renewable Portfolio Standards for Class I resources by incorporating an off-shore wind carve out that calls for 1,000 MW by 2012 and 3,000 MW by 2020, similar to New Jersey's solar set aside.

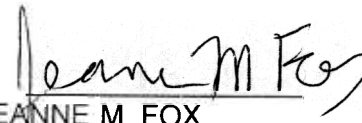
1. How should the off-shore wind set aside be structured to effectively meet its targets?
2. What is the appropriate schedule to meet the goals of 1,000 MW by 2012 and 3,000MW by 2020?
3. Should only off-shore wind connected to the distribution system serving NJ qualify for this carve out?
4. What formula should be used to determine annual OSW obligation for each of the suppliers?
5. How should the Alternative Compliance Payments (ACP) for OSW be structured to provide adequate incentive for development of OSW while minimizing cost to ratepayers?
6. What should the initial cost of the OSW ACP be? Since a supplier or provider will have the option of paying the OSW ACP or obtaining OSW RECs to comply with the RPS, the amount of the ACP in practice becomes the upper limit on the price of a OSW Renewable Energy Credits (RECs) - effectively capping the size of the incentive associated with OSW.
7. Should an eight year rolling ACP be established for OSW, similar to the solar ACP, for eight consecutive reporting years beginning with the June 1, 2009 - May 31, 2010 reporting year.
8. Should the ACP schedule reflect an annual decrease of three percent or some other percentage?
9. N.J.A.C. 14:8-2.8 currently requires that all RECs be used for compliance during the same reporting year in which they were generated. Should the REC trading life be extended to 2 yrs similar to SREC trading life?
10. Currently, Class I REC ACP is \$50.00 per megawatt-hour. The existing rules at N.J.A.C. 14:8-2.10 establish a procedure that the Board follows in setting the ACP, and call for the Board to evaluate the ACP level at least annually.

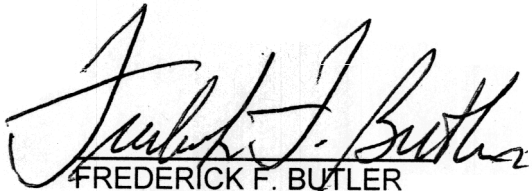
The Board **FINDS** that a public stakeholder process, followed by a public hearing, on the proposed RPS amendment will provide the Board with valuable input from stakeholders and interested members of the public. The Board hereby **ORDERS** that a proceeding be convened to begin the public stakeholder process in developing answers to the questions set forth above, along with other questions that may arise which Staff determines are relevant to the amendments to the RPS. The Board **HEREBY DESIGNATES** President Jeanne M. Fox as the presiding commissioner in this proceeding, and to preside over a legislative-type hearing be held no later than June 1, 2009. The Board further **DIRECTS** Staff to hold up to three informal stakeholder meetings, to be completed by June 1, 2009, and to solicit written comments from interested parties to be submitted by May 30, 2009. The Board further **DIRECTS** Staff to cause the date, time, and location of the first stakeholder meeting to be published in the New Jersey Register and posted on the Board's website, and to establish an electronic mailing list for service of documents in this proceeding, with instructions for subscribing to the mailing to be posted on the Board's website. The Board further **DIRECTS** Staff to post a copy of this Order on the Board's website, to provide notice to the following parties of the opportunity to participate in the informal stakeholder meetings, and provide them with an electronic copy of this Order including: All parties on the Renewable Energy Committee service list; All respondents to the Off-Shore Wind Grant Solicitation; All electric power suppliers and basic generation service providers selling electricity to New Jersey retail customers; The New Jersey Department of Environmental Protection; A list of environmental advocates, to be obtained from the New Jersey Department of Environmental Protection; and any other parties who register for the electronic mailing list described above or otherwise request notice.

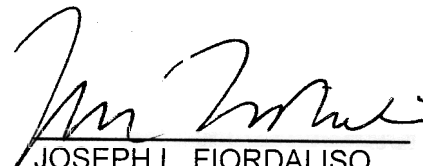
The Board retains the right to modify this schedule as necessary and appropriate. The Board further **AUTHORIZES** the presiding Commissioner to make reasonable adjustments to the schedule, provided that the adjustments do not postpone the date for filing written comments by more than two months.

DATED: 10/23/08

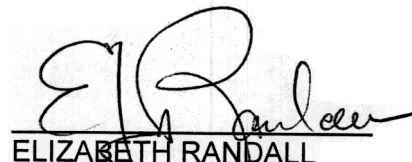
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KRISTI IZZO
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I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
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