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**Market Manager Draft Recommendations on the 2009 Clean Energy Program
Renewable Energy Programs
Comments of the New Jersey Department of the Public Advocate
Division of Rate Counsel**

October 24, 2008

The New Jersey Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") appreciates the opportunity to comment on the draft recommendations offered by the Clean Energy Programs Market Manager ("market manager") for the 2009 Clean Energy Program.

Rate Counsel's comments below address only three concerns related to the renewable energy program proposals for the upcoming year.

Issue 1: Reconciliation of the Budget Proposals in the CEP and the CRA

Rate Counsel recommends that the market manager attempt to reconcile the more recent renewable energy ("RE") budget estimates included in its current proposals with those offered to the Board for approval in the Comprehensive Energy Efficiency and Renewable Energy Resource Analysis ("CRA") for 2009-2012 proceeding. This will provide stakeholders with a better understanding of how the overall budget policies of the Board will be aligned (or, are proposed to be changed) with the market manager's plans in the upcoming year.

Issue 2: Performance-Based Solar Rebates

Rate Counsel is disappointed with the market manager's summary dismissal of performance-based approaches to solar energy rebates. The discussion on this issue is brief and has no support. Rate Counsel recommends that the market manager continue to assess the potential opportunities for moving away from capacity-oriented rebates and towards performance-based ones. Rate Counsel believes that this will become increasingly more important in future years as the "low hanging fruit" of solar installations diminishes under the capacity-rebate approach.

Issue 3: Wind and Sustainable Biomass

Rate Counsel recommends that the market manager, working in concert with the Office of Clean Energy (“OCE”) and other stakeholders, begin the process of exploring the ongoing challenges to wind and biomass. It would appear that while the current business model using rebates for small-scale, on-site applications works very well for solar energy, this same model may have challenges for wind and biomass. For instance, rebate-based approaches may work well for applications which are inherently small scale, like residential solar, but may not work well for projects that tend to be larger in scale like wind and biomass. Small scale wind projects will continue to be challenged given current trends in local siting ordinances and regulations. Developing programs which properly incent larger scale, more remote applications may be needed and may serve as a better use of ratepayer funds. These potential mechanisms, and their potential rate impacts, need to be explored.

Respectfully submitted,

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